China Expertise Global Capacity

FOSUN 复星

Fosun International Limited

(Incorporated in Hong Kong with Limited Liability under the Companies Ordinance)

Stock Code:00656

Annual Report 2012

Profit attributable to owners of the parent

3,707.2 RMB million

To become a premium investment group with a focus on China's growth momentum

Note to the cover design

2012 marks 20th anniversary of the establishment of Fosun. It was during these two decades when Fosun evolved from an entrepreneurial start-up into a large-scale internationally renowned group and also established its unique competitive edges of "China Expertise + Global Capacity". This particular check point on the 20-year timeline reminds Fosun of the need to revisiting its passion emerged when it was just established, to uphold its determination as a business grown-up and to regain its entrepreneurial spirit, so as to glitter even more dazzling glamour in the next 20 years. 2013 marks the first year when Fosun anchors on its new guidance of "Regain Entrepreneurial Spirit, Start Afresh at 20", Fosun will continue to implement its unique investment model of "Combining China's growth momentum with global resources" in its pursuit of becoming a China expert with global capacity. Fosun will also strive for transforming itself into an insurance-oriented investment group and effectively implementing its philosophy of value investment, thereby enabling Fosun to make strides towards its vision of becoming a "premium investment group with a focus on China's growth momentum".

To showcase Fosun's determination to "Regain Entrepreneurial Spirit" and pay tribute to Taichi culture that Fosun advocates, Fosun adopts the Chinese character "Chuang" as the main design theme of this year's annual report. "Chuang" puts Fosun's new guidance of "Regain Entrepreneurial Spirit, Start Afresh at 20" into the right perspective. By using Taichi's core metaphors of "transcending the cloud, treading the water" as the design element, it symbolizes Fosun's unparalleled capability in overcoming uncertainties and seizing opportunities amid a volatile global economy. Fosun is now here, standing on the world stage demonstrating its charisma.

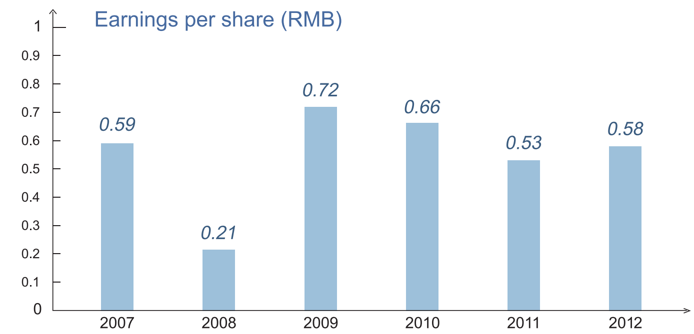
CONTENTS

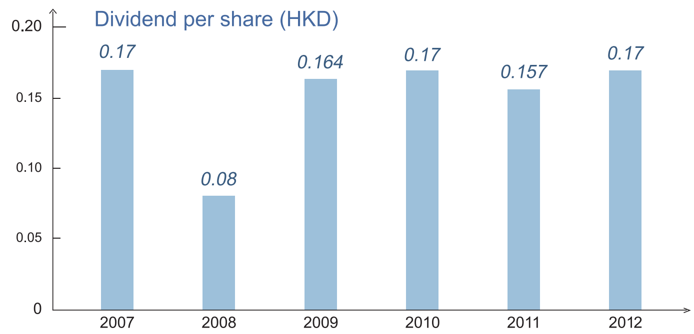
FINANCIAL SUMMARY

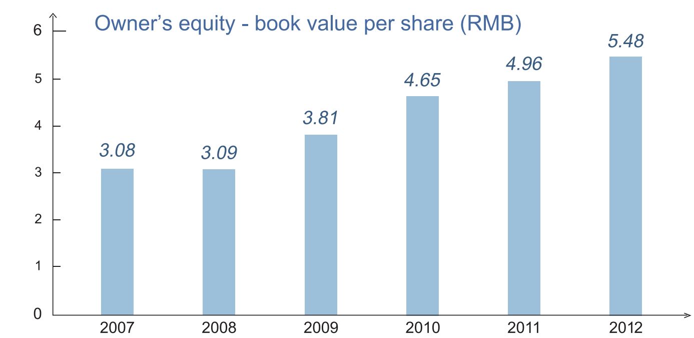
In RMB million	2012	2011
	For the year ended 31 December	
Revenue	***51,764.7***	*56,816.2*
Insurance	**—**	—
Industrial Operations	***51,625.0***	*56,812.4*
Investment	***242.1***	*361.6*
Asset Management	***310.8***	*125.3*
Eliminations	***(413.2)***	*(483.1)*
Profit attributable to owners of the parent	***3,707.2***	*3,403.6*
Insurance	***(54.9)***	—
Industrial Operations	***2,419.0***	*3,182.4*
Investment	***2,005.8***	*517.1*
Asset Management	***61.0***	*6.4*
Unallocated expenses	***(468.2)***	*(316.2)*
Eliminations	***(255.5)***	*13.9*
Earnings per share (in RMB)	***0.58***	*0.53*
Dividend per share (in HKD)	***0.17***	*0.157*

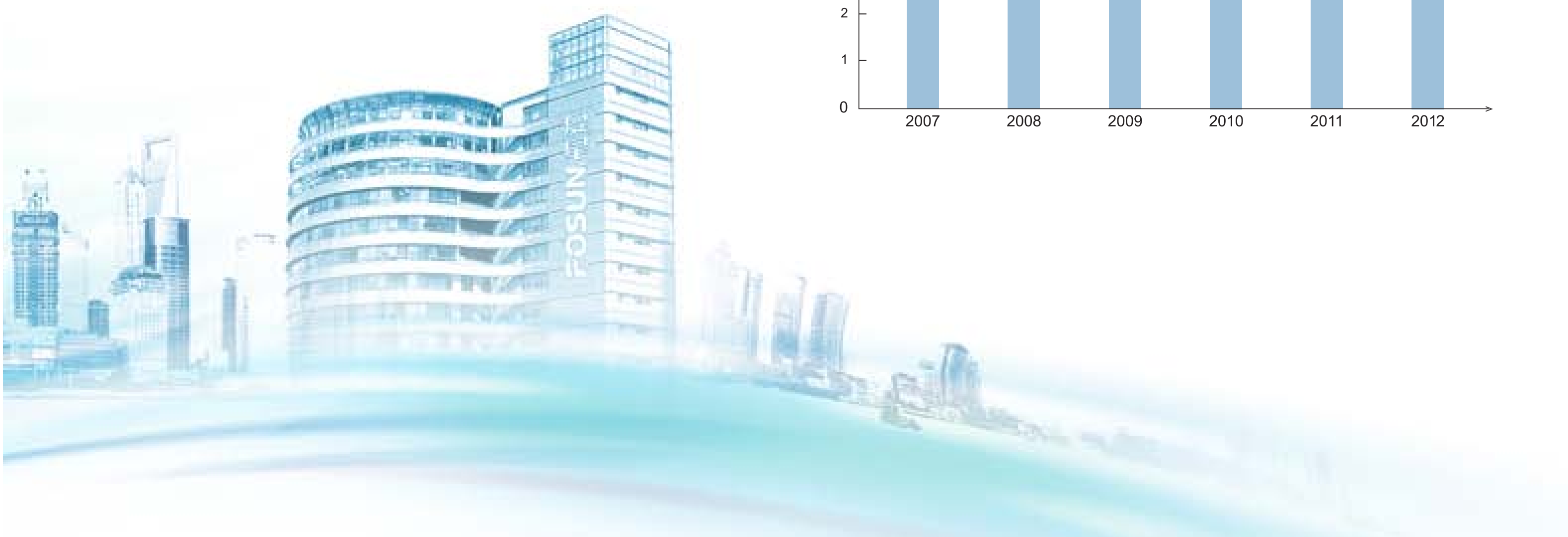
BUSINESS OVERVIEW

Fosun is a large-scale group which places importance on China's growth momentum. Its operating activities include insurance, industrial operations, investment and asset management.









Industrial Operations

Insurance

INSURANCE

The Group's insurance segment mainly includes Yong'an P&C Insurance, which is a property and casualty insurance company headquartered in Xi'an with a nationwide presence, Pramerica Fosun Life Insurance, which commenced its operations in October 2012 and focused on providing life insurance, health insurance, casualty insurance and all other kinds of personal insurance products approved by China Insurance Regulatory Commission and related services, and Peak Reinsurance, which obtained its certificate of authorization in respect of reinsurance business from the Office of the Commissioner of Insurance in Hong Kong in December 2012 and focused on providing reinsurance services and investing its investable assets.

INDUSTRIAL OPERATIONS

Our principal industrial companies include Fosun Pharma, Forte, Nanjing Nangang and Hainan Mining.

FOSUN PHARMA – We operate pharmaceuticals and healthcare business through a subsidiary, Fosun Pharma. Fosun Pharma is a leading healthcare company in China listed on the Shanghai Stock Exchange (600196.SH) and the Hong Kong Stock Exchange (02196.HK). Its main business includes pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services, and diagnostic products and medical devices. Fosun Pharma has established a leading position in the pharmaceutical distribution sector through its shareholding in Sinopharm.

FORTE – We operate property business through a subsidiary, Forte. Forte's property development projects are located in Shanghai, Beijing, Tianjin, Nanjing, Chongqing, Chengdu, Xi'an, Wuhan, Datong, Wuxi, Hangzhou, Taiyuan, Changsha and Changchun, etc. Forte holds a 19.55% equity interest in Zendai, a company listed on the Hong Kong Stock Exchange (00755.HK).

NANJING NANGANG – We operate steel business through a subsidiary, Nanjing Nangang. Nanjing Iron & Steel, the main subsidiary of Nanjing Nangang, is listed on the Shanghai Stock Exchange (600282.SH). Located in East China, Nanjing Iron & Steel is an integrated steel company with a complete production process, including mining, coking, sintering, iron smelting, steel smelting and steel rolling. Nanjing Iron & Steel's principal products include medium and heavy steel plates, high strength ship plates, boiler and pressure vessel plates, pipeline steel plates (straight seam) and bearing steel. Nanjing Iron & Steel is one of the few steel product producers in China with the ability to produce 9% Ni steel.

HAINAN MINING – We engage in iron ore production and operation principally through a subsidiary, Hainan Mining. Hainan Mining owns a large open-pit, high-grade iron ore mine in China. Its core business includes mining and sales of iron ore. By investing in the existing mining projects and other mining companies, Hainan Mining aims to accelerate the expansion of its scale and industry position.

INVESTMENT

We adhere to our unique investment model of "combining China's growth momentum with global resources" and capture investment opportunities of benefiting from China's growth momentum through our in-depth understanding of China's macroeconomic and microeconomic trends and our insightful analysis of the global market, together with our established operational experience that has been accumulated over many years and our strong execution capabilities.

ASSET MANAGEMENT

The Group engages in asset management business through raising and managing funds from third parties and collects management fee revenue and shares investment gains. We act as a general partner of the funds that we manage. We currently manage (i) US dollar fund, namely, Pramerica-Fosun China Opportunity Fund, (ii) QFLP Fund, namely Carlyle-Fosun, (iii) RMB Private Equity Fund, (iv) Star Capital, and (v) real estate series funds of Forte.

2012
Fosun's Achievements

Focusing on large-scale investments to deliver high returns

The Group invested in shares of Minsheng Bank and participated in the privatization plan of Focus Media, showcasing our principle of value investment: value discovery, value creation and value actualization.

Establishing a large-scale financing system

Fosun Pharma was successfully listed in Hong Kong in a transaction that raised HKD3,965.6 million.

Receiving wider recognition for the asset management business

Fosun named once again one of the Top 50 Private Equity Investment Institutions in China in 2012 by Zero2IPO and being ranked third in the league.

Improving the internal control system

The Group exercised more precise control over each investment project with an all-round comprehensive Grid-and-Flat management system.

Focusing on pillar sectors, insurance segment taking shape

Pramerica Fosun Life Insurance commenced its operations smoothly. Peak Reinsurance has officially started its operation. That represents a crucial breakthrough for the Group in our insurance and globalization strategy.

CHAIRMAN'S STATEMENT

Dear shareholders,

As at the end of the Reporting Period, equity attributable to owners of the parent of the Group reached RMB35,197.3 million, representing an increase of 10.6% from the end of 2011. Of which equity equivalent to RMB11,161.2 million were net assets in listed subsidiaries and associates attributable to the Group, and such equity amounted to RMB16,253.3 million measured by attributable market capitalization. The Board had resolved to propose payment of a final dividend of HKD0.17 per ordinary share for the year ended 31 December 2012.

Mr. Guo Guangchang

Fosun International Limited
Chairman

Making strides towards its vision of becoming a "premium investment group with a focus on China's growth momentum"

The year 2012 marked a milestone as well as a promising new start for Fosun. Two decades of development has groomed Fosun into what it is today in terms of business scale, resources and reputations. We believe the next twenty years will see Fosun putting more of its dreams into reality and achieving leapfrog development.

2012 was also a year of exceptional external uncertainties. It was against this backdrop that Fosun persevered in pursuing excellence in each of its business segments and invested enterprises, tackled difficulties brought about by the unfavorable external environment and achieved respectable results amid volatility in the economy. These efforts helped facilitate the steady progression of the Group closer to its vision of becoming "a premium investment group with a focus on China's growth momentum".

2012 BUSINESS REVIEW

In 2012, our industrial operations as a whole delivered a sound performance, realizing RMB2,419.0 million in profit attributable to owners of the parent. Fosun Pharma's principal businesses of pharmaceuticals manufacturing and distribution are gradually on track for positive development after years of investment, integration and accumulation of experience. During the Reporting Period, Fosun Pharma successfully listed its shares in Hong Kong in a move that raised HKD3,965.6 million. Forte's persisting investments in previous years despite the dwindling market fundamentals had finally paid off. It saw its revenue grow and net profit maintain at relatively high levels in its corporate history amid a slight decline resulting from macroeconomic control measures on the industry. Nanjing Nangang, bucking the industry's down trend, delivered respectable achievements in enhancing its operations and internal efficiency. The unrelenting efforts by the management of Nanjing Nangang against a backdrop of mounting uncertainties were further illustrated in its implementation of an integrated marketing strategy and development of non-steel-related activities. Hainan Mining continued to explore its production and sales potential. Meanwhile, Hainan Mining is proactively pursuing its initial public offering with its listing prospectus (application version) released in April 2012.

Achievement one: focusing on large-scale investments to deliver high returns

In 2012, we made certain achievements in promoting share listings of investees, capitalizing on opportunities in the secondary markets and in property investments.

During the Reporting Period, four of our investees launched share listings and we completed six investments in the secondary markets.

For our investment business, we invested in the shares of Minsheng Bank, pursuing the Group's strategy of tapping strategic business expansion opportunities based on the principle of value investment. We also participated in the privatization plan of Focus Media as this would help us reap gains from the partial disposal and enable us to continue to benefit from its business growth.

For our property business, Forte successfully won a tender for land parcels of the Hexin Island Project in Chengdu and the Group acquired land parcels in Zhenru sub-CBD in Shanghai. Sales of Nantong and Harbin projects by Star Capital hit records. Meanwhile, in addition to accelerating the development of Forte, we have established a new platform namely Fosun Property Holdings, to identify new opportunities in the property industry. Star Capital, which specializes in the construction of urban complex projects, is a leading brand in the property fund sector in China. The first high-end healthcare program under the Starcastle Senior Living (星堡老年服務) has commenced operation in early 2013, while other property product lines that leveraged Fosun's industrial resources were also making steady progress.

Achievement two: establishing a large-scale financing system

During the Reporting Period, Fosun Pharma successfully listed its shares in Hong Kong in the transaction that raised HKD3,965.6 million. Star Capital Phase II Fund (星浩二期基金) was successfully closed for subscription. In July 2012, the Group signed a HKD30,000.0 million cooperation agreement for development finance with China Development Bank. In addition, Fosun Group, Fosun Pharma, Yuyuan, Nanjing Nangang and Hainan Mining all made significant inroads in the use of new financing instruments in a move that added depths to their financing channels.

Achievement three: expanding insurance business

In 2012, we made significant progress in our insurance business with important breakthroughs. Yong'an P&C Insurance has completed a smooth transition of the management in the course of further growth of its business, with its new development strategy approved by shareholders. Pramerica Fosun Life Insurance commenced its operations smoothly and made steady progress in product and channel development. The preparatory work for the establishment of Peak Reinsurance, a subsidiary co-invested by the Group and International Finance Corporation under the World Bank, was satisfactorily completed and it has officially started its operation. That represents a crucial breakthrough for the Group in its insurance and globalization strategy.

The Group has initially established an insurance business model driven by "three growth drivers", namely property and casualty insurance, life insurance and re-insurance. This has been a crucial step in our pursuit of a secured source of high-quality capital in the long run and continuously strengthening of our investment capabilities. Currently, funds available for investing from the insurance business comprise RMB8,900.0 million and USD550.0 million.

Achievement four: improving the internal control system

In 2012, Fosun implemented a risk warning system for investment projects. It played an important role in achieving more effective post-investment management. Furthermore, the Group exercised more precise control over each investment project with an all-round comprehensive Grid-and-Flat management system. Meanwhile, the Environmental, Health, Safety and Quality Supervision Department set up by the Group in 2011 completed more stringent audits on states of implementation of production safety and environmental protection measures among the investees, as part of the initiatives to supervise and help those investees achieve better enterprise efficiency in a more environmentally friendly and sustainable manner.

Achievement five: receiving wider recognition of asset management business

In 2012, our asset management business received even wider recognition from the industry. Fosun ranked third among the top 50 private equity investment institutions in China in 2012 by Zero2IPO during the year, up five notches from the previous year.

During the Reporting Period, the asset management of the Group raised funds amounting to RMB16,658.1 million, of which RMB3,088.0 million came from our own funds. Management fee income from our asset management business amounted to RMB343.7 million.

We made a significant amount of preliminary work in preparation for fund-raising activities for our RMB-denominated Weishi Fund and a new fund denominated in USD in 2012, which may come to fruition in 2013.

The Group has initially established an insurance business model driven by "three growth drivers", namely property and casualty insurance, life insurance and re-insurance.

DEVELOPMENT OPPORTUNITIES FOR FOSUN

China will remain as the main driver of global economic growth in the future. China's economy has begun to stabilize since the second half of 2012, when the country's PMI hovered above the 50% expansion/decline watershed for three consecutive months in the fourth quarter. China's annual GDP growth will hover between 7% and 9% in the next five years. Meanwhile, starting from a relatively underdeveloped basis, the midwest regions of China will experience more rapid growth than the eastern region driven by the new round of urbanization development initiatives (In 2012, the GDP growth rates of provinces in the midwest regions such as Sichuan, Yunnan and Inner Mongolia were generally in excess of 10%, significantly higher than those in the developed eastern region).

Following a phase of explosive growth in the last five years, the internet has initiated profound changes in some industries (such as distribution of computer software via CD-ROMs, traditional printed books, production of audio and video works, newspapers and magazines and mobile handsets) and has inflicted long-lasting impacts on some industries (such as retail, electrical appliances, hotel, finance, telecommunications and logistics). Fosun believes that the internet will impact further on traditional industries such as property and manufacturing industries, etc. However, we have taken note of the fact that certain services that involve customer experience will never be completely substituted by the internet (such as fitness, food & beverage, travel and cinemas). Meanwhile, integration of the internet and traditional industries has given birth to a number of new business models, effected adjustments to relevant investment logics, given rise to emergence of new investment opportunities that one cannot afford to ignore.

As for manufacturing industries, in the short term, the cost advantage of China's manufacturing industries will mainly rest with supply chain management and production outsourcing services, etc. In the long run, advanced manufacturing technologies such as 3D printing and industrial robotics may change the landscape and division of labor within the value chain throughout the manufacturing industries in the medium to long term. The manufacturing industry reflux to developed countries will bring about investment opportunities to these countries in the area of localization of manufacturing operations. Also, countries that are still benefiting from their abundance of population dividends, like India, will bring new competition to China's low-end manufacturing industries in the form of job migrations.

With a new round of monetary easing policies implemented by major economies around the world, inflation will probably become a major subject of discussion in economics for the long term. Industries that derive benefits from inflation, that are capable of beating inflation or immune to inflation will embrace investment opportunities in the long run.

In the area of changing demographic structure, the world will be facing a long-term problem of ageing of the population. For example, in China, the dependency ratio will increase substantially in the next 40 years, but the social security system in China does not have the full capacity to meet the expenditure demand from the distribution of benefits arising from the ageing population. Therefore, the insurance industry, in particular the life insurance industry, will have long-term growth opportunities. At the same time, ageing will also be embracing long-term growth opportunities in the sectors of pharmaceuticals and healthcare, caring for the elderly and property development for the elderly.

In China, apart from the transformation of the overall economic structure of China towards consumption-driven and service industry-driven, we have also observed three major trends:

First, rapid growth in affluence of Chinese residents will bring about long-term opportunities to the wealth management business and the luxury goods industry. China has become the world's fourth largest country with the highest concentration of high net worth individuals and the second largest market in luxury products consumption;

Second, ratio of direct financing in China will continue to increase. This change in financing structure will drive the long-term growth in the securities industry and the private equity industry;

Third, China will continue to deepen its urbanization. Newer styles in building of cities and towns will propagate the urbanization process throughout the heartland of China in a development model that better accommodates the needs of economic transformation in the country. A new round of urbanization will bring about development opportunities to the property industry, energy conservation and environmental protection industries and modern agricultural industry.

THE DEVELOPMENT DIRECTION OF FOSUN

For industrial operations, Fosun Pharma will continue to deepen structural adjustments of its businesses to secure sustainable rapid development of its core businesses, while accelerating the pace of mergers and acquisitions within the industry. This will allow Fosun Pharma to become a leading company in healthcare products and services. Forte will adhere strictly to a rapid asset turnover model, enhance its systematic project development capabilities, strengthen cost management, deepen implementation of standardized project series and raise the quality of its growth. It will deepen its foothold in first and second-tier cities, strive to replenish its land bank at reasonable costs, rebalance its product portfolios in selected cities. Meanwhile, Forte's property funds platform will be optimized and integrated, with more stringent risk management in place, aiming at creating better returns for shareholders. In 2013, Nanjing Nangang will leverage its edge in integrated management of production, sales and research activities to upgrade its products and improve quality, striving to achieve profitability. Hainan Mining will further improve its production and sales capabilities. In addition to optimizing production and operations at its base, it will develop and enhance its management and investment capabilities to groom itself into a leading domestic large-scale mining company with world-renowned edges in management and resources, and will proactively pursue its share listing.

For investment, against a backdrop of major economic trends outlined above, we will adhere to our investment philosophy and stay on identifying and tapping more growth investment opportunities in the China market. We will adhere to value investment as we target our radar screen on industries and enterprises that we see potential. We will pursue our investments during down cycles, add value to the investees through optimizing their management, make our divestures at more favorable timings in order to better realize value discovery, value creation and value actualization. We will adhere to our China momentum-driven principles. Opportunities that fit into our investment model of "combining China's growth momentum with global resources" will emerge systematically as a result of the changing economic dynamics in China. We will be able to accumulate more cases of success that are guided by this investment principle. We will invest more in industries that benefit from inflation, high-growth industries that are able to beat inflation and immune to inflation. We will invest more in industries and enterprises that benefit from the development of the internet.

For asset management, we will proceed further with the establishment of an integrated financing platform for limited partners. Through product innovation, we will greatly expand cooperation with insurance companies in the areas of property development for the elderly and healthcare treatment, and a fund management system centered on serving limited partners will be established. Meanwhile, we will strengthen our fund raising capabilities in the overseas markets and enhance our financing team buildings.

For insurance business, Yong'an P&C Insurance will catalyze on opportunities arising from the construction of an international shipping center in Shanghai to expand into marine insurance, including coverage for vessels and freights. Pramerica Fosun Life Insurance will continue to proliferate its existing sales channels to facilitate its access to the high-end insurance market and further improve the quality of its product lines. Peak Reinsurance is a newly invested reinsurance company by the Group in Hong Kong, which will inflict strategic implications on the Group's development in the future.

MISSION, VISION AND OBJECTIVES OF FOSUN

Our vision is to become a premium investment group.

In the future, we will establish an investment platform gradually and selectively through various methods (such as by attracting talents, establishing teams, through investment and mergers and acquisitions, etc.) on a global basis, across different industries, throughout the whole industrial chain and in a fully commercial manner, so as to make more high-return investments and accelerate the pursuit of our strategic development objective of becoming a premium investment group.

We will continue to adhere to our development principle of "Together We Make a Difference", insisting on our core values of "self-improvement, teamwork, performance and contribution to society", conforming to our corporate culture of frank exchange of views, staying legally compliant and highly transparent, embracing openness and harmony, perpetual learning and gratitude, adhering to entrepreneurial mindsets and unrelenting pursuit of excellence.

Regaining entrepreneurial spirits after 20 years since our establishment constitutes a realization of Fosun's culture and value at the current stage – firstly, it is required to put past results aside and start afresh in a clean slate; secondly, we need to establish and enhance our capabilities in various areas continuously to meet with challenges in the future; finally, we still need to adhere to our entrepreneurial spirits and avoid strong determination inefficiencies commonly associated with larger enterprises.

Facing the future with our mission, visionary objectives, culture and values, we will:

– continue to adhere to the business model of positive cycle value chain by focusing on the team of entrepreneurs as our core, sustaining connection with high-quality financing, continuing to capture investment opportunities and continuing to optimize management as our core capabilities, so as to create a premium investment group and assist investees to grow into domestic or global top-notch enterprises in their respective industries.

– continue to deepen our investment principle of "combining China's growth momentum with global resources" by tapping development momentum from consumption upgrading, resources and energy, manufacturing upgrading and financial services sector and staying connected with high-quality capital globally, premium brands, professional management and excellent team resources to maximize investment value.

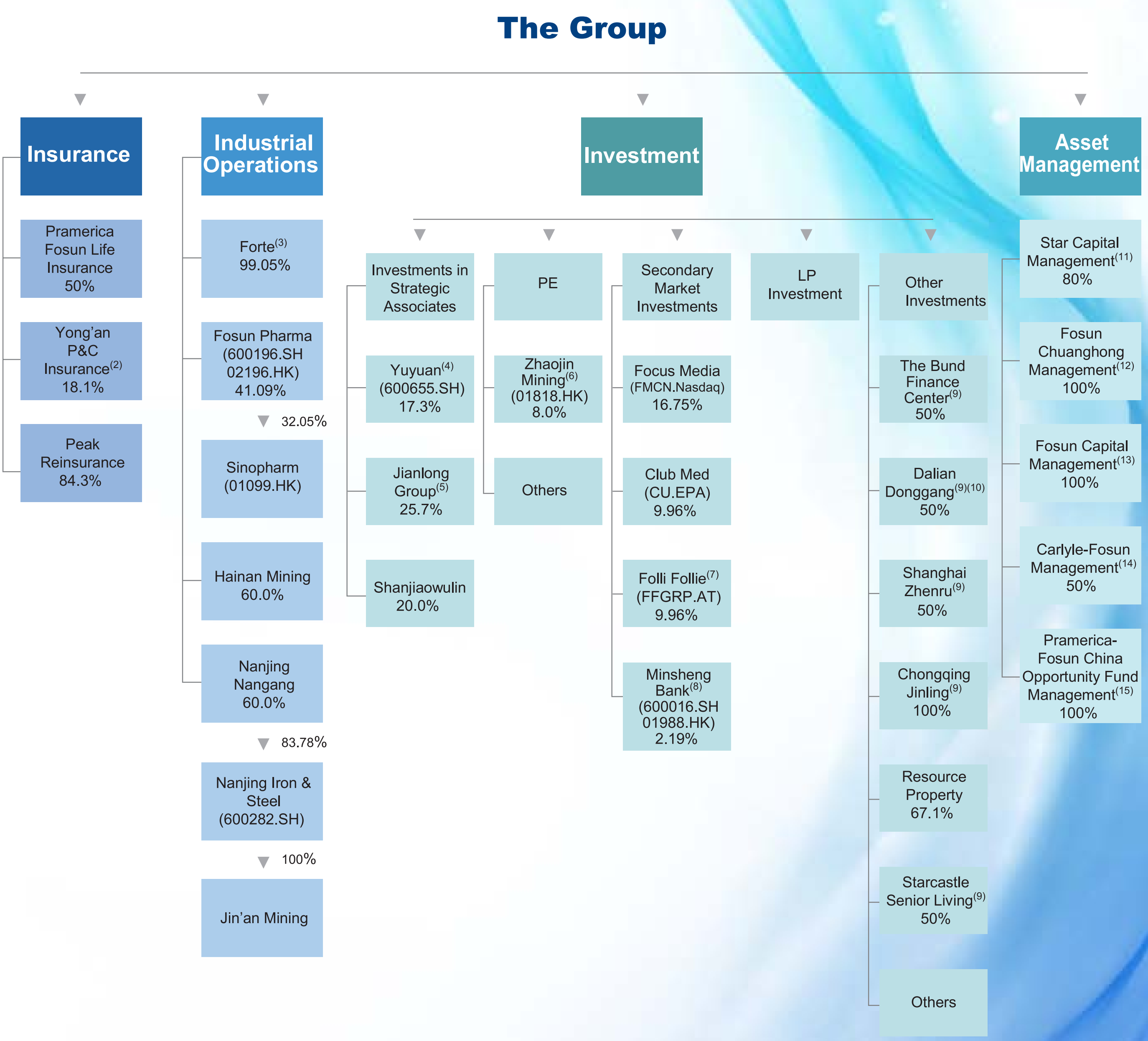
– continue to establish the four major profit engines of insurance, industrial operations, investment and asset management, in particular, with more efforts on financial and insurance businesses which will be groomed into a major funding source to support our investments in the future.

I would like to take this opportunity to express my heart-felt thanks to members of the Board, all the staff of the Group, the team of entrepreneurs the Group invested in and cooperation partners for your confidence in and support for Fosun.

In 2013, we are going forward hand in hand!

Guo Guangchang
26 March 2013

CORPORATE STRUCTURE[1]



1. Shareholding percentages represent effective equity interests as at 31 December 2012.
2. The Group held the equity interests in Yong'an P&C Insurance through the subsidiaries, Shanghai Fosun Industrial Technology Development Co., Ltd. ("Fosun Industrial Development"), Shanghai Fosun Industrial Investment Co., Ltd. ("Fosun Industrial Investment") and Fosun Pharma, as to 13.0%, 3.8% and 3.2% respectively. On 20 July 2012, Fosun Pharma and Fosun Industrial Development entered into a share transfer agreement upon which all the equity interests in Yong'an P&C Insurance held by Fosun Pharma were transferred to Fosun Industrial Development. After the completion of the transfer, the Group will hold 19.93% equity interest in Yong'an P&C Insurance.
3. Results of real estate series funds of Forte are included.
4. After the Reporting Period, the Company acquired additional shares in Yuyuan through its wholly-owned subsidiary. As at 6 March 2013, the Group held 20% equity interest in Yuyuan.
5. On 12 September 2012, Jianlong Group completed its acquisition of 80% equity interest in Huaxia Mining and the Group currently holds a 20.6% equity interest in Huaxia Mining through Jianlong Group.
6. The Group held 3.6% equity interest in Zhaojin Mining via its subsidiary Fosun Industrial Investment. As Yuyuan, 17.3% owned associate of the Group, also held a 25.69% equity interest in Zhaojin Mining, the Group held totally 8.0% effective equity interest in Zhaojin Mining.
7. In addition, Pramerica-Fosun China Opportunity Fund held 3.89% in Folli Follie.
8. Nanjing Nangang, a subsidiary of the Group, held Minsheng Bank's A shares through its subsidiaries representing 0.86% of its total number of A shares. The Company and its wholly-owned subsidiary Topper Link Limited held Minsheng Bank's H shares representing 5.69% of its total number of H shares. The Company held Minsheng Bank's A shares through its wholly-owned subsidiary Fosun Industrial Development, representing 0.44% of its total number of A shares. In addition, Pramerica-Fosun China Opportunity Fund held Minsheng Bank's H shares representing 0.1% of its total number of shares.
9. The names of the Group's investment projects.
10. The Group directly held 50% equity interest while the other 50% were held by Star Capital through its three subsidiaries.
11. Shanghai Star Capital Investment Management Co., Ltd., general partner ("GP") of Star Capital.
12. Tibet Fosun Investment Management Co., Ltd., GP of Fosun Chuanghong.
13. Shanghai Fosun Capital Investment Management Co., Ltd., GP of Fosun Capital.
14. Carlyle-Fosun (Shanghai) Equity Investment and Management Co., Ltd., GP of Carlyle-Fosun.
15. Fosun Equity Investment Ltd., GP of Pramerica-Fosun China Opportunity Fund.

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

As at the end of the Reporting Period, equity attributable to owners of the parent of the Group reached RMB35,197.3 million, representing an increase of 10.6% from the end of 2011. During the Reporting Period, profit attributable to owners of the parent of the Group amounted to RMB3,707.2 million, representing an increase of 8.9% over the same period of 2011, primarily due to the sound operation of the Group's segments and the gain on fair value adjustment of equity investments at fair value through profit or loss as a result of their rising share prices.

ASSET ALLOCATION OF THE GROUP

During the Reporting Period, the Group stuck to the philosophy of value investment, actively optimized its asset allocation and continued to implement the investment mode of "combining China's growth momentum with global resources" to build an investment portfolio benefiting from China's growth momentum. Meanwhile, the Group adjusted the business structure to describe its business strategy more clearly.

Unit: RMB million

Segment	**Total assets in 2012 (As at 31 December 2012)**	Total assets in 2011 (As at 31 December 2011)	Change over the same period last year
Insurance	**7,793.5**	608.1	+1,181.6%
Industrial Operations	**117,931.4**	106,715.4	+10.5%
Including: Fosun Pharma	**25,420.8**	22,103.1	+15.0%
Forte	**50,508.0**	42,526.7	+18.8%
Nanjing Nangang	**37,288.8**	37,375.7	-0.2%
Hainan Mining	**4,713.8**	4,709.9	+0.1%
Investment	**41,297.9**	35,688.7	+15.7%
Asset Management	**13,987.7**	12,526.0	+11.7%
Eliminations	**(18,812.1)**	(18,000.6)	+4.5%
Total	**162,198.4**	137,537.6	+17.9%

INSURANCE

Yong'an P&C Insurance

Pramerica Fosun Life Insurance

Peak Reinsurance

The Group's insurance segment mainly includes Yong'an P&C Insurance, Pramerica Fosun Life Insurance and Peak Reinsurance.

Since 2007, the Group has been putting great efforts in the development of insurance business. Further to the investment in Yong'an P&C Insurance, in 2012, Pramerica Fosun Life Insurance and Peak Reinsurance invested by the Group also obtained operation approval and certificate of authorization from regulatory authorities, and commenced operation in Shanghai and Hong Kong respectively. The Group regarded the development of insurance business as a good means to connect Fosun's investment capability to high quality long-term capital. In this way, the above three insurance companies can improve their profits from underwriting by leveraging on the Group's extensive industrial operation experience and expertise in insurance and finance, and also realize their investment revenue through the Group's excellent investment capabilities. As a result, insurance business will be one of our core businesses to focus on in the future.

YONG'AN P&C INSURANCE

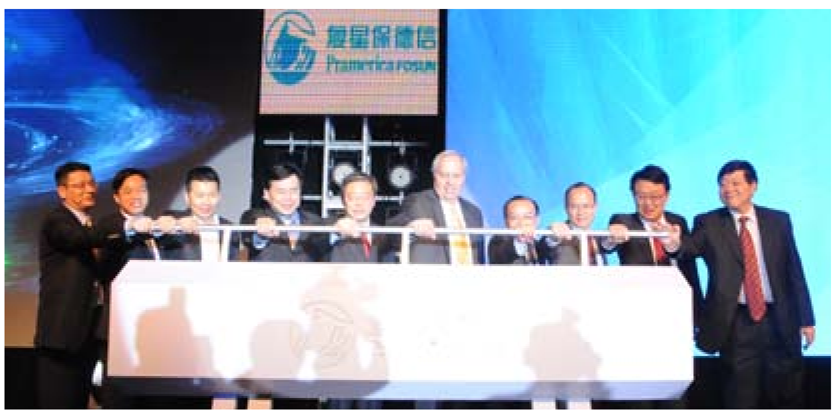
During the Reporting Period, China Insurance Regulatory Commission approved the commencement of operation of the nationwide insurance sales company of Yong'an P&C Insurance in March 2012. The Shanghai branch of Yong'an P&C Insurance was officially opened in July 2012. Meanwhile, the marine insurance operation center in Shanghai focusing on marine insurance business has already been approved to prepare for establishment by China Insurance Regulatory Commission in December 2012. In 2012, the annual premium income and net profit of Yong'an P&C Insurance were RMB7,025.3 million and RMB181.7 million, representing an increase of 8.5% and a decrease of 36.1% as compared with the same period of 2011, respectively.

PRAMERICA FOSUN LIFE INSURANCE

Pramerica Fosun Life Insurance is jointly owned by the Group and Prudential Financial, Inc. of the United States with each holding 50% of its equity interest. Pramerica Fosun Life Insurance commenced its operations in October 2012 with an initial registered capital of RMB500.0 million. Pramerica Fosun Life Insurance is the first joint venture insurance company in China established by a domestic non-state owned company and a foreign investor. The headquarters of Pramerica Fosun Life Insurance is located in Shanghai. The principal business of it includes offering life insurance, health insurance, casualty insurance and all other kinds of personal insurance products approved by China Insurance Regulatory Commission and related services to individual and group customers in China.

PEAK REINSURANCE

Peak Reinsurance obtained its certificate of authorization in respect of reinsurance business from the Office of the Commissioner of Insurance in Hong Kong at the end of 2012 with an issued capital of USD550.0 million. The Group holds 85.1% equity interest in Peak Reinsurance through an indirect subsidiary of Forte and International Finance Corporation holds the remaining 14.9% equity interest. Peak Reinsurance focuses on providing reinsurance products to companies mainly engaged in property and casualty insurance in Asia. In addition, Peak Reinsurance will also engage in the investment of its investable assets, with a view to realizing investment revenue while maintaining its financial soundness.



INDUSTRIAL OPERATIONS

Fosun Pharma

Forte

Nanjing Nangang

Hainan Mining

The industrial operations of the Group include Fosun Pharma, Forte, Nanjing Nangang and Hainan Mining.

Fosun Pharma

During the Reporting Period, Fosun Pharma successfully completed the initial public offering (IPO) in Hong Kong. In addition, Fosun Pharma further improved its financing channels and optimized its debt structure with the issuance of corporate bonds amounting to RMB1,500.0 million and short-term commercial paper amounting to RMB500.0 million.

For industrial operations, Fosun Pharma persisted in the path of growing through organic growth and external expansion and continuously strengthened the competitiveness and profitability of its principal businesses with drug manufacturing as the core business. As a result, Fosun Pharma managed to enhance its position in the industry on a sustained basis. Key products in the therapeutic field such as metabolism, digestive tract, cardiovascular, nervous system and anti-infection continued to develop rapidly. A number of products maintained a leading position in their respective market segments. Fosun Pharma also further strengthened its operational strength in the healthcare service industry, and basically developed a pattern of providing premium healthcare services through United Family Healthcare in first tier cities and specialist and general healthcare services in second and third tier cities.

During the Reporting Period, Sinopharm, 32.05% equity interest of which is owned by Fosun Pharma, continued to accelerate industry consolidation and maintained rapid business growth. Accordingly, Sinopharm further strengthened its leading position as the largest distributor and provider of supply chain services for pharmaceutical and healthcare products. During the Reporting Period, the distribution network of Sinopharm was expanded to cover 30 provinces, autonomous regions and municipalities directly under the Central Government in China, creating an extensive distribution network consisting of 51 distribution centers in total and actually covering 180 cities. Sinopharm's direct customers comprised 10,351 hospitals (including 1,321 largest class-three hospitals of the highest grade), representing approximately 76.7% of all hospitals in China and 94.4% of class-three hospitals. During the Reporting Period, the pharmaceutical distribution business of Sinopharm achieved revenue of RMB 128,319.7 million, representing a year-on-year growth of 33.2%. Meanwhile, the pharmaceutical retail business of Sinopharm maintained growth and achieved revenue of RMB 3,982.6 million in 2012, representing a year-on-year growth of 30.8%. The pharmacy network of Sinopharm expanded further and the number of retail pharmacies owned by it reached 1,785.

During the Reporting Period, net profit from the core enterprises of Fosun Pharma, such as Chongqing Yaoyou Pharmaceuticals Co., Ltd. and Jiangsu Wanbang Biopharmaceutical Company Limited, achieved rapid growth. Meanwhile, Fosun Pharma strengthened its competitiveness in the therapeutic field of central nervous system by acquiring Hunan Dongting Pharmaceutical Co., Ltd.. Fosun Pharma also completed the acquisition of Jiangsu Suqian Zhongwu Hospital (江蘇宿遷市鐘吾醫院), thus laying a more solid foundation for developing its medical service business.

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

Unit: RMB million

	2012	2011	Change over the same period last year
Revenue	**7,278.3**	6,432.6	+13.1%
Profit attributable to owners of the parent	**723.4**	560.3	+29.1%

During the Reporting Period, the increase in both the revenue and profit attributable to owners of the parent of Fosun Pharma was mainly attributable to the rapid development of its business in areas such as pharmaceutical manufacturing, research and development, pharmaceutical commerce and investment.

Forte

In 2012, China's property market entered the third year since austerity measures have been imposed on the sector. During the year, the property market regulation as the main regulatory priority has not been relaxed, the policies launched, however, have been gradually adjusted from frequent and escalating launches in 2010 and 2011 to more moderate and reasonable policies to stabilize the market. The fundamentals of the overall industry have turned upwards, where demands for first-time housing and improvement housing were released gradually and first and second tier cities led the market with a rise in transaction volume, which even picked up to a moderate extent at the year-end. Throughout the year, a total of RMB7.2 trillion was invested in property development across the country, representing an increase of 16.2% as compared to 2011, while the total sales of commercial housing in China reached RMB6.4 trillion, representing an increase of 10% over 2011.

Forte further fine-tuned and worked out its own strategy of "synchronous development of residential and commercial housing, rapid pace of turnaround, deep presence in regions, launch of quality housing to market" for the property development segment. Against the backdrop of macro control, Forte responded promptly to changes in the market to reorient operation strategy and speeded up its turnaround with prudent bidding for land reserves. In addition, it drew up specific sales plans according to the actual conditions in different cities. Forte executed the sales strategy of proactive de-inventory at the beginning of the year, which was then tuned up to supply mass new housing to the market in light of the improved market conditions during the second half of the year. By hastening the sales vigorously, Forte finally reaped satisfactory performance in the whole year.

During the Reporting Period, Forte's GFA under development was 7,764,703 sq.m., and attributable GFA amounted to 5,216,618 sq.m., representing an increase of 23.6% compared with the same period of 2011 (2011: attributable GFA of approximately 4,219,877 sq.m.).

In addition, during the Reporting Period, the GFA of newly commenced projects was 3,745,239 sq.m., and attributable GFA amounted to 2,417,522 sq.m., representing an increase of 66.0% compared with the same period of 2011 (2011: attributable GFA of approximately 1,456,779 sq.m.).

During the Reporting Period, the GFA of completed projects was 2,140,614 sq.m., and attributable GFA was 1,543,510 sq.m., representing an increase of 19.4% compared with the same period of 2011 (2011: attributable GFA of approximately 1,292,803 sq.m.).

Development projects in 2012

	GFA (sq.m.)	
City	**Total**	**Attributable**
Shanghai	995,113	661,802
Nanjing[Note 1]	824,606	558,564
Wuxi	413,599	311,615
Chongqing	690,524	590,044
Chengdu	1,624,533	737,996
Tianjin	318,270	222,789
Fuyang	304,089	99,702
Hangzhou	374,024	302,711
Cixi	157,028	109,920
Changchun	543,099	543,099
Wuhan	762,175	533,523
Changsha	171,200	115,783
Xi'an	254,882	127,441
Datong	181,900	181,900
Taiyuan	149,661	119,729
Total	**7,764,703**	**5,216,618**

Note 1: On 10 March 2011, Chongqing Runjiang Real Estate Co., Ltd., a subsidiary of Forte, entered into the Military Land Use Right Transfer Contract with The Second Military Medical University for the acquisition of the land use right of a piece of land located at No. 2 Maqun Street, Maqun Area, Qixia District, Nanjing, the PRC, with a total area of approximately 229,697.5 sq.m., The land was used for residential use and residential community centre, and 81.08% interest was held by Forte. This project is expected to complete in 2013-2016 in phases.

Note 2: including the projects of jointly-controlled entities and associates with equity interests but excluding the projects developed by the associate Zendai.

PROJECT RESERVES

During the Reporting Period, Forte obtained projects in four cities with planned GFA of 2,737,385 sq.m. newly added as project reserves, and attributable GFA was 1,428,882 sq.m., representing a decrease of 46.9% compared with the same period of 2011 (2011: attributable GFA of approximately 2,690,000 sq.m.).

Newly added project reserves in 2012

Unit: sq.m.

City	Project name	Planned GFA	Attributable GFA	Equity	Usage
Chengdu	Huanglong Project	381,335	190,668	50%	Residence
Chengdu	Chengdu Hexin Island (Note)	969,660	639,976	66%	Complex
Wuhan	Guangxia Village	566,600	368,290	65%	Residence
Hainan	Huike Clearwater Bay	387,293	116,188	30%	Residence, business, science and education
Hainan	Huike Haitang Bay	31,760	9,528	30%	Scientific research
Hangzhou	Xintiandi	400,737	104,232	26%	Business
	Sub-total	**2,737,385**	**1,428,882**		

Note: On 4 September 2012, Chengdu Forte Pearl Real Estate Co., Ltd., a subsidiary of Forte, succeeded in a bid for land use rights of land located at Yumin Area, Gaoxin District, Chengdu, the PRC, with net site area of 119,968.67 sq.m. and received a confirmation thereof on 6 September 2012. 66% interest was held by Forte. As at the end of the Reporting Period, this project is not commenced and is expected to complete in 2016-2018 in phases.

As of 31 December 2012, Forte totally owned project reserves with planned GFA of 17,726,873 sq.m., and attributable GFA was 10,823,475 sq.m., representing a decrease of 3.1% compared with the same period of 2011 (2011: attributable GFA of approximately 11,170,000 sq.m.).

Project reserves (as at 31 December 2012)

Unit: sq.m.

	Total		Undeveloped		Under development	
City	Total	Attributable	Total	Attributable	Total	Attributable
Shanghai	1,834,851	1,153,282	1,141,019	685,183	693,832	468,099
Nanjing	1,470,799	929,118	946,300	571,139	524,499	357,979
Wuxi	600,385	405,008	251,000	125,500	349,385	279,508
Chongqing	1,594,336	1,027,622	1,112,672	606,464	481,664	421,158
Chengdu	3,793,676	1,919,424	2,359,497	1,337,138	1,434,179	582,286
Tianjin	763,968	644,191	701,368	600,371	62,600	43,820
Hangzhou	1,157,733	555,571	584,305	205,500	573,428	350,071
Cixi	521,200	364,840	364,172	254,920	157,028	109,920
Changchun	210,688	210,688	0	0	210,688	210,688
Wuhan	1,426,200	970,011	850,425	566,968	575,775	403,043
Changsha	300,092	202,953	128,892	87,170	171,200	115,783
Xi'an	2,161,420	1,080,710	2,103,172	1,051,586	58,248	29,124
Hainan	593,240	177,972	593,240	177,972	0	0
Datong	717,285	717,285	535,385	535,385	181,900	181,900
Taiyuan	581,000	464,800	431,339	345,071	149,661	119,729
Total	**17,726,873**	**10,823,475**	**12,102,786**	**7,150,367**	**5,624,087**	**3,673,108**

Note: project reserves include projects under development and undeveloped projects (jointly-controlled entities and associates with equity interests inclusive but excluding the projects developed by Zendai).

PROPERTY SALES

During the Reporting Period, property contract sales area and contract sales revenue of 1,504,777 sq.m. and RMB16,878.2 million were realized, and attributable contract sales area and contract sales revenue amounted to 1,100,954 sq.m. and RMB12,144.0 million, representing an increase of 18.6% and 29.0% respectively, compared with the same period of 2011 (2011: attributable contract sales area and contract sales revenue of approximately 927,972 sq.m. and RMB9,416.6 million).

Area and revenue contracted for sale in 2012

		Total		Attributable		
Project name	City	Area (sq.m.)	Revenue (RMB/million)	Area (sq.m.)	Revenue (RMB/million)	Equity
Yi He Hua Cheng	Shanghai	17,327	478.4	8,664	239.2	50%
Golden City	Shanghai	41,774	1,189.1	16,710	475.6	40%
Villa Espana	Shanghai	2,035	42.1	1,119	23.2	55%
Forte Glorious Time	Shanghai	12,003	226.1	12,003	226.1	100%
Jinshan Chempark	Shanghai	8,733	79.6	8,733	79.6	100%
Forte Zhonghuan Community	Shanghai	59,388	722.4	41,571	505.7	70%
Recidence of Honor	Shanghai	22,432	1,147.5	22,432	1,147.5	100%
Gubei New City	Shanghai	14,778	470.1	7,389	235.1	50%
Peking House	Beijing	1,111	15.7	1,111	15.7	100%
Xirongxian 26	Beijing	1,250	27.4	1,250	27.4	100%
Windsor Villa	Tianjin	51,731	500.0	36,212	350.0	70%
Forte Uptown	Chongqing	104,765	609.2	104,765	609.2	100%
Forte Times	Chongqing	9,378	127.2	9,378	127.2	100%
Forte Mountain	Chongqing	57,617	612.7	28,808	306.3	50%
The Villa in the Flower Island	Chongqing	37,703	370.8	37,703	370.8	100%
Gorgeous Lakeside	Chengdu	39,210	484.7	32,074	396.5	82%
Forte Times	Chengdu	75,802	565.9	75,802	565.9	100%
Forte Kingdom Fragrance	Chengdu	29,384	300.0	14,986	153.0	51%
Taiyue Bay	Chengdu	37,550	412.6	7,510	82.5	20%
Forte Times	Hangzhou	54,408	637.6	27,204	318.8	50%
Invaluable City	Hangzhou	82,682	758.8	62,011	569.1	75%
Forte Uptown	Hangzhou	17,993	154.9	10,796	92.9	60%
Woodcarving City	Hangzhou	37,848	233.2	10,616	65.4	28%
Forte International East Lake	Wuhan	149,701	1,937.1	104,791	1,356.0	70%
Great Seal of the Lord	Changsha	27,411	289.5	27,411	289.5	100%
Forte Dongshan International	Taiyuan	38,236	408.1	30,589	326.5	80%
Graceful Oasis	Nanjing	105,267	780.0	43,107	319.4	41%
Ronchamp Villa	Nanjing	17,572	266.0	17,572	266.0	100%
Glorious Times	Nanjing	69,302	1,082.6	62,996	984.1	91%
Palais Luxueux	Nanjing	3,662	86.0	2,969	69.7	81%
Australian Garden	Wuxi	41,738	287.7	20,869	143.8	50%
Joy Town Residence	Wuxi	101,987	739.5	81,590	591.6	80%
Natural City	Changchun	126,324	771.1	126,324	771.1	100%
Yotown	Xi'an	1,153	23.2	1,095	22.0	95%
Chief Park City	Xi'an	5,457	39.5	2,729	19.7	50%
Other		65	1.9	65	1.9	
Total		**1,504,777**	**16,878.2**	**1,100,954**	**12,144.0**	

Note: including the projects of jointly-controlled entities and associates with equity interests but excluding the projects developed by associate Zendai.

PROPERTY BOOKED

During the Reporting Period, the property area (booked area) and property amount (booked amount) booked was 1,301,065 sq.m. and RMB13,240.0 million (including the projects of jointly-controlled entities and associates owned by Forte but excluding the projects developed by the associate Zendai) respectively. Attributable area and amount booked amounted to 973,412 sq.m. and RMB9,939.9 million, representing an increase of 8.5% and an increase of 0.5% respectively, compared with the same period of 2011 (2011: attributable area and amount booked of approximately 897,384 sq.m. and RMB9,890.8 million).

Area and amount of property booked to 2012

		Booked Area (sq.m.)		Booked Revenue (RMB million)	
Area	**Project**	**Total**	**Attributable**	**Total**	**Attributable**
Beijing	Xirongxian 26	1,662	1,662	60.2	60.2
	Peking House	4,350	4,350	102.5	102.5
	Value Stream	880	880	13.5	13.5
Changchun	Natural City	219,163	219,163	1,322.0	1,322.0
Chengdu	Gorgeous Lakeside	124,323	101,696	1,263.9	1,033.9
Hangzhou	Woodcarving City	32,867	9,219	194.1	54.5
	Invaluable City	29,374	22,031	346.4	259.8
	Forte Times	72,812	36,406	860.1	430.0
Nanjing	Glorious Time	59,447	54,037	958.0	870.8
	Ronchamp Villa	14,362	14,362	234.1	234.1
	Graceful Oasis	126,491	51,798	931.9	381.6
Shanghai	All New Shanghai	179	179	6.6	6.6
	Jinshan Chempark	17,050	17,050	124.9	124.9
	Forte Zhonghuan Community	64,268	44,988	808.3	565.8
	Villa Espana	4,656	2,560	91.6	50.4
	Yi He Hua Cheng	11,879	5,940	279.4	139.7
	Forte Glorious Time	22,600	22,600	628.1	628.1
Tianjin	Windsor Villa	86,005	60,203	844.9	591.4
Wuxi	Australian Garden	88,169	44,085	667.9	333.9
Wuhan	Forte International East Lake	200,645	140,452	2,543.6	1,780.5
Xi'an	Yotown	2,626	2,494	44.5	42.2
Chongqing	Forte Uptown	82,418	82,418	470.8	470.8
	Forte Times	34,839	34,839	442.7	442.7
Total		**1,301,065**	**973,412**	**13,240.0**	**9,939.9**

As at 31 December 2012, the area and amount sold but not booked was 1,285,750 sq.m. and RMB15,814.8 million respectively, and attributable area and amount sold but not booked amounted to 891,090 sq.m. and RMB10,934.0 million, representing an increase of 10.6% and 31.3% respectively, compared with the same period of 2011 (2011: attributable area and amount sold but not booked of approximately 805,911 sq.m. and RMB8,328.2 million) (including the projects of jointly-controlled entities and associates owned by Forte but excluding the projects developed by the associate Zendai).

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

Unit: RMB million

	2012	2011	Change over the same period last year
Revenue	**10,478.0**	9,544.7	+9.8%
Profit attributable to owners of the parent	**1,522.2**	1,645.8	-7.5%

During the Reporting Period, the increase in the revenue was mainly attributable to the increase in the sales area of Forte's property under development compared with last year. And the decrease in profit attributable to owners of the parent of Forte was in line with the drop of gross profit margin booked from property projects completed by Forte.

Nanjing Nangang

During the Reporting Period, due to the effect of the global macro-economic situation and factors such as the control measures implemented in China's property sector, and a slowdown in the growth of the vehicle market and a decrease in fixed asset investment, demand from industries which are main steel users was weakened and steel consumption and prices decreased. Its core problems were overcapacity and insufficient demand. The whole industry showed a situation of "two highs and two lows", namely, high cost, high output, low growth and low efficiency.

Against this backdrop, the economic efficiency of Nanjing Nangang was dampened to a certain extent, but its main competitiveness indicators still maintained a leading position in the industry. In the major economic indicator rankings of nationwide iron and steel enterprises with more than 5.0 million tonnes of steel from January to November 2012 newly released by the China Iron and Steel Association, the Overall Economic Efficiency Index of Nanjing Iron & Steel, a subsidiary of Nanjing Nangang, ranked 5th, showing a clear comparative advantage in the industry.

The development goal of Nanjing Nangang is to become a dominant enterprise with the greatest competitiveness in the iron and steel industry chain and a leader in the high-end niche market segment.

Main products of Nanjing Iron & Steel	Sales in 2012 ('000 tonnes)
Medium and heavy plates	**3,349.7**
High strength ship plates	**348.6**
Boiler and pressure vessel plates	**294.9**
Pipeline steel plates (straight seam)	**291.4**
Bearing steel	**232.6**

Meanwhile, Nanjing Nangang also owns a controlling stake in Jin'an Mining, the main product of which is iron concentrate. Its major production data was as follows:

	Output of iron concentrate ('000 tonnes)	Reserve volume Note
2012	909.9	78.41 million tonnes iron ore
2011	1,001.0	80.74 million tonnes iron ore
Change over the same period last year	-9.1%	

Note: Based on the standards of Solid Mineral Geology Exploration of China, the figure for 2012 was an estimated value.

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

Unit: RMB million

	2012	2011	Change over the same period last year
Revenue	**31,717.2**	38,224.1	-17.0%
(Loss)/Profit attributable to owners of the parent	**(289.4)**	233.0	-224.2%

During the Reporting Period, the declined revenue of Nanjing Nangang were primarily due to a decrease in both average selling prices and sales volume of products. Meanwhile, the fall in average selling prices of products far exceeded the fall in average prices of raw materials in the upstream industry, leading to a decrease in gross margin and the loss.

Hainan Mining

During the Reporting Period, prices of iron ore experienced a sharp decline due to a downturn in the downstream steel industry. Leveraging on its advantages, Hainan Mining strengthened the expansion of marketing channels. Its annual sales of iron ore reached 3,828.98 thousand tonnes, representing an increase of 4.2% as compared with the same period last year. Meanwhile, Hainan Mining actively promoted its listing process and disclosed the IPO prospectus (application draft) in April 2012.

The main product of Hainan Mining is iron ore. Its major production data was as follows:

	Output of iron ore ('000 tonnes)	Reserve volume Note
2012	3,878.3	252 million tonnes iron ore
2011	3,761.6	257 million tonnes iron ore
Change over the same period last year	3.1%	

Note: Based on the standards of Solid Mineral Geology Exploration of China, the figure for 2012 was an estimated value.

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

Unit: RMB million

	2012	2011	Change over the same period last year
Revenue	**2,151.5**	2,611.0	-17.6%
Profit attributable to owners of the parent	**462.8**	743.3	-37.7%

During the Reporting Period, the decrease in both the revenue and profit attributable to owners of the parent of Hainan Mining was mainly attributable to a decrease in average selling prices of iron ore and iron concentrate.

INVESTMENT

Investments in Strategic Associates

PE

Secondary Market Investments

LP Investment

Other Investments

The Group adheres to the philosophy of value investment, and makes investment in a series of enterprises benefiting from China's growth momentum in the domestic and international markets, based on its model of "combining China's growth momentum with global resources". The Group's investment business is comprised of five segments: investments in strategic associates, private equity investments ("PE"), secondary market investments, capital contribution to the Group's asset management business as a limited partner ("LP investment") and other investments.

INVESTMENTS IN STRATEGIC ASSOCIATES

The Group's investments in strategic associates include Yuyuan, Jianlong Group and Shanjiaowulin.

Yuyuan

Yuyuan is mainly engaged in commercial retail and gold and jewellery wholesale and retail, and it holds part of the stakes in Zhaojin Mining. During the Reporting Period, the principal operations of Yuyuan maintained rapid development, continued to expand and strengthen the sales of gold and jewellery, with a particular emphasis on the channel construction of high-value consumer goods. Meanwhile, Yuyuan also increased its investments in commercial properties.

During the Reporting Period, Yuyuan's operational revenue reached RMB20,297.7 million, representing a growth of 22.3% over the same period last year, with net profit attributable to shareholders of the listed company of RMB967.9 million, representing a growth of 13.2% over the same period last year. (The 2012 financial data is taken from Yuyuan's 2012 financial highlights announced on 23 March 2013.) "Laomiao Gold" and "Yayi Gold", two well-known trademarks in China, in Yuyuan's gold and jewellery sector, made full use of their brand advantages and increased their efforts in the construction of retail chain channels of gold and jewellery. As at the end of the Reporting Period, the chain outlets of these two stores increased to 1,658 from 1,446.

Jianlong Group

Jianlong Group is a steel manufacturer in North China and Northeast China, with its major steel production facilities located in Tangshan and Chengde of Hebei Province, Fushun of Liaoning Province, Shuangyashan of Heilongjiang Province and Panshi of Jilin Province. The crude steel production scale of Jianlong Group exceeded 14.0 million tonnes in 2012. Its principal products include hot rolling medium wide strips, cold rolling medium wide strips, hot rolling narrow strips, cold rolling narrow strips, hot rolling coils, reinforcing bars and wire rods and sectional material.

In 2012, Jianlong Group experienced the most serious challenge in production operations since its inception. The steel industry remained in the doldrums with industry-wide losses and prices of iron ore fell sharply. Therefore, the production operations of Jianlong Group were exposed to an enormous ordeal. In the face of such ordeal, all employees worked hard together to ensure the stability of the production operations of Jianlong Group. In 2012, Jianlong Group achieved a steel output of 13.8 million tonnes, iron concentrate of 2.9 million tonnes. Revenue from its principal business activities reached RMB67,700.0 million, and total profit amounted to RMB389.0 million, of which the steel segment accounted for RMB47.0 million and the resources segment accounted for RMB413.0 million. Tax contribution accounted for RMB2,500.0 million. Jianlong Group's net losses attributable to owners of the parent amounted to RMB160.0 million.

Jianlong Group also owns a controlling stake in Huaxia Mining, whose main product is iron concentrate. Its principal production data was as follows:

	Output of iron concentrate ('000 tonnes)	Reserve volume Note
2012	2,496.4	4.2 billion tonnes iron ore
2011	2,552.0	1.8 billion tonnes iron ore
Change over the same period last year	-2.2%	

Note: Based on the standards of Solid Mineral Geology Exploration of China, the figure for 2012 was an estimated value.

Shanjiaowulin

Shanjiaowulin is a joint venture between the Group and Shanxi Coking Coal Group Co., Ltd.. It is a new coal mine with raw coal reserves such as prime coking coal. After years of construction, Shanjiaowulin has initially formed a complete industrial chain covering from coal production to coke processing, further to the deep processing of methanol and other coal chemical industrial chains.

The main product of Shanjiaowulin is coke. Its principal production data was as follows:

	Output of coke ('000 tonnes)	Reserve volume Note
2012	835.4	767.6 million tonnes of prime coking coal, fat coal
2011	811.1	810 million tonnes of prime coking coal, fat coal
Change over the same period last year	3.0%	

Note: Based on the standards of Solid Mineral Geology Exploration of China, the number of 2012 was estimated value.

PE

The Group's investments in the PE include enterprises such as Zhaojin Mining.

Zhaojin Mining

Zhaojin Mining is a large conglomerate with exploration, mining, processing and smelting operations focusing on the gold production business. In 2012, Zhaojin Mining was committed to maintaining strategic cooperation with the local governments, large-scale geological exploration entities and large enterprises. Through equity mergers and acquisitions as well as the implementation of full-scale development, it aimed to seize high-quality resources and play a leading role in driving the industrial bases in Shandong, Xinjiang and Gansu. It also increased the efforts in resources integration in the periphery of industrial clusters, which further enhanced the company's resources strength.

The main product of Zhaojin Mining is mine-produced gold. Its principal production data was as follows:

	Output of mine-produced gold (tonne)	Reserve volume Note
2012	18.1	539.3 tonnes of gold resource
2011	15.9	558 tonnes of gold resource
Change over the same period last year	13.5%	

Note: Based on the standards of the Joint Ore Reserves Committee in Australia (the "JORC").

SECONDARY MARKET INVESTMENTS

The Group's investments in the secondary market include Focus Media, Club Med, Folli Follie and Minsheng Bank, etc.

Focus Media

Focus Media is an important investment of the Group in the culture and media industry. According to the financial statements prepared in accordance with US GAAP, Focus Media recorded the total net operating revenue of USD927.5 million for the whole year of 2012, representing a growth of 18% over the same period last year, with the net profit of USD238.1 million for the whole year of 2012, representing a growth of 46% over the same period last year. As at the end of December 2012, the Group participated in the privatization consortium for leveraged buyout of Focus Media, and jointly issued a formal offer. The Group participated in the privatization project of Focus Media and continued to be one of the significant shareholders of Focus Media, which indicated its support to Focus Media and its management team.

Club Med

Club Med was an important representative of the Group in "combining China's growth momentum with global resources" investment model in 2010. During the Reporting Period, the Group continued to increase its shareholdings to 9.96% by way of investment in the public market. With respect to its performance, under the circumstances of a continuous downturn in the European economy, especially the tourism industry in Europe, Club Med actively developed overseas markets. With performance enhancement in Asia and America, as well as the sustained effect of the hotel upgrade strategy, its results were maintained at the profitability level of financial year of 2011 with a slight increase. Its net profit remained at Euro2.0 million in financial year of 2012, and it got rid of losses for the second consecutive year. Especially after the Group invested in Club Med and entered into strategic cooperation, Club Med's development strategy in China has achieved remarkable results. The mutual cooperative relationship was reinforced and the synergies of the resources of both parties have emerged gradually. In financial year of 2012, its sales revenue in China increased by more than 30.0% over the same period last year. According to Club Med's development plan, it will have five resorts altogether in China by 2015 and China will be its second largest market after France in the world.

Folli Follie

Folli Follie, a globally renowned fashion retail group, was an overseas strategic investment of the Group in 2011. As at the end of 2012, the Group held 9.96% equity interest, and Pramerica-Fosun China Opportunity Fund, managed by the Group, held 3.89% equity interest in Folli Follie, amounting to 13.85% equity interest in total.

During the Reporting Period, the sales revenue in the third quarter of 2012 of Folli Follie was Euro841.5 million, representing a growth of 8.5% over the same period last year, and the net profit was Euro89.6 million, representing an increase of 8.8% over the same period last year.

In October 2012, Folli Follie reached an agreement with Dufry AG, a globally famous tourism retail enterprise, in respect of the transfer of 51.0% equity interest in its tourism retail operations in Greece. Pursuant to such agreement, Folli Follie would reduce its debts by Euro335.0 million and receive Euro200.5 million in cash. It was expected that both parties would complete the relevant approval procedures and carry out the settlement in the first quarter of 2013. After the completion of such transaction, Folli Follie's debt burden will be greatly reduced, and its balance of bank loans (excluding finance lease payables) will be basically the same as the carrying amount of the cash balance.

Due to the double positive stimuli of the outstanding performance of the company and the entering into of the above-mentioned agreement, the share price of Folli Follie in the secondary market strongly rebounded in the second half of 2012 with an increase of 67.4% throughout the year, which was much better than the overall performance of the Athens stock market.

Since its investment in 2011, the Group has leveraged on its solid industrial foundation and extensive channel resources in China to assist Folli Follie's development in Greater China in areas such as shop opening and brand building. Folli Follie achieved a continuous strong growth in the sales results from China and a significant enhancement of the speed of shop opening.

Minsheng Bank

Minsheng Bank is an important investment of the Group in the financial service sector. According to the financial highlights released by Minsheng Bank on 19 January 2013, the operating revenue of Minsheng Bank for the year of 2012 was RMB103,090 million, representing a growth of 25.16% over 2011. The net profit attributable to owners of the parent for the year of 2012 was RMB37,555 million, representing a growth of 34.51% over 2011. The weighted average return on equity for the year of 2012 was 25.24%, representing a growth of 1.29 percentage points over 2011. The non-performing loan ratio as at the end of 2012 was 0.76%, representing a growth of 0.13 percentage point over the end of 2011. According to the third quarterly report for 2012 of Minsheng Bank, the balance of loans for small enterprises amounted to RMB280,532 million as at the end of the third quarter of 2012, representing a growth of RMB48,037 million or 20.66% over the end of 2011.

LP INVESTMENT

The Group made investment through capital contribution as a limited partner, while proactively developing its asset management business. As at 31 December 2012, the Group committed to contribute a total of RMB3,088.0 million, of which RMB2,542.1 million was actually contributed (RMB241.9 million was contributed by Forte to real estate series funds of Forte).

OTHER INVESTMENTS

The Group's other investments included The Bund Finance Center, Shanghai Zhenru, Dalian Donggang, Chongqing Jinling, Resource Property and Starcastle Senior Living. etc.

The Bund Finance Center

The Bund Finance Center is a high-end complex project located in the core zone of the Bund in Shanghai, which made good progress in 2012 and is expected to be completed in 2015.

Shanghai Zhenru

Shanghai Zhenru is an urban complex project located in Zhenru Sub-CBD in Shanghai, and is expected to be launched for sale in 2013.

Dalian Donggang

Dalian Donggang is a high-end urban complex project located in the CBD of Donggang district of Dalian, which was launched for sale at the end of 2012, achieving contracted sales of RMB100.0 million, and the first phase of which is expected to be completed in 2014.

Chongqing Jinling

Chongqing Jinling is a residential project located in Huangjueping area of Chongqing, the construction of which is expected to commence in 2013.

The land reserve of project:

Name of project	Usage	Land area (sq.m.)	GFA (sq.m.)	Ownership of interests	Land costs (in RMB million)	Development progress	Expected completion time
The Bund Finance Center	Office, Business, Hotel	45,472	426,073	50%	9,450	Under development	2015
Shanghai Zhenru	Office, Business, Residence	69,780	301,733	50%	1,700	Commencement	2016
Dalian Donggang	Residence	141,600	763,003	64%	4,021	Under development	2015
Chongqing Jinling	Residence	178,400	324,903	100%	558	Construction not yet commenced	2016
Total		435,252	1,815,712		15,729		

Resource Property

Resource Property is an integrated service provider of property circulation industry of the Group. In 2012, it overcame the adverse situation resulting from the effect of the policy of restricting housing purchases in main cities, and maintained a continuous rising trend in its new business development.

Starcastle Senior Living

Starcastle Senior Living is a joint venture jointly established by the Group and Fortress Investment Group LLC, accounting for 50.0% interests respectively, for the purpose of developing the property market for senior citizens in China. The company's first high-end healthcare project customized for Chinese senior citizens has commenced operations in early 2013.

ASSET MANAGEMENT

In 2012, amidst severe external economic environment challenges, the Group continuously expanded the third party asset management business by upholding the investment philosophy of "combining China's growth momentum with global resources" and consistently generated long term and stable returns for limited partners. The funds currently managed by the Group cover various types of assets portfolio, such as growth fund and property development fund, i.e. Fosun Capital, Fosun Chuanghong, Star Capital, Pramerica-Fosun China Opportunity Fund, Carlyle-Fosun and real estate series funds of Forte, etc.. The asset management business of the Group mainly targeted domestic and international high-end large institutional clients and high net worth individual clients and is actively seeking institutional investors and large enterprises to become limited partners of the Group for long term cooperation.

As at the end of the Reporting Period, the asset management of the Group raised funds amounting to RMB16,658.1 million [note 1], of which the self-committed capital contribution amounted to RMB3,088.0 million [note 2], the revenue from the management fee of the asset management business amounted to RMB343.7 million [note 3]. In 2012, the asset management business of the Group invested in a total of 28 additional new projects and increased investments in 5 existing projects with an accumulated investment of RMB4,435.2 million [note 4].

Note 1: the size of real estate series funds of Forte was RMB3,437.1 million.

Note 2: Forte committed to provide funds of RMB241.9 million.

Note 3: the management fee generated from real estate series funds of Forte was RMB32.9 million which was accounted for in Forte's financial statements.

Note 4: On 29 July 2011, Star Capital obtained the land use right of a piece of land located at the centre district of Qunli New Zone, Harbin, the PRC, with a total area of approximately 445,346 square meters, of which the total site area did not exceed 1,481,500 square meters. The land was used for residential use and residential community centre, and 92% interest was held by the Group. As at the end of Reporting Period, this project is still under development and is expected to be completed in 2016.

FINANCIAL REVIEW

INTEREST EXPENSES

Interest expenses net of capitalized amounts of the Group increased to RMB2,727.8 million in 2012 from RMB2,328.7 million in 2011. The increase in interest expenses was mainly attributable to the growth in scale of the total borrowings. The interest rates of borrowings in 2012 were approximately between 1.44% and 15%, as compared with approximately between 1% and 12.18% in 2011.

TAX

Tax decreased to RMB1,334.1 million in 2012 from RMB1,818.4 million in 2011. The decrease in tax was mainly resulted from the decrease in taxable profit from the industrial operations.

BASIC EARNINGS PER SHARE OF ORDINARY SHARES

Basic earnings per share attributable to owners of the parent was RMB0.58 in 2012, representing an increase of 9.4% from RMB0.53 in 2011. The weighted average number of Shares was 6,421.6 million shares for 2012, which was same as that for 2011.

EQUITY PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

As at 31 December 2012, equity per share attributable to owners of the parent was RMB5.48, representing an increase of RMB0.52 per share from RMB4.96 per share as at 31 December 2011. The increase in equity per share attributable to owners of the parent was primarily due to the difference between RMB3,519.1 million and RMB817.3 million, which were the total comprehensive income attributable to owners of the parent in 2012 and the dividend distributed on 16 July 2012, respectively.

PROPOSED FINAL DIVIDEND

The Board has recommended the payment of a proposed final dividend of HKD0.17 per ordinary share for the year ended 31 December 2012. Subject to the approval of the Company's shareholders at the Company's annual general meeting to be held on 22 May 2013, the proposed final dividend will be paid to the Company's shareholders on or around 16 July 2013.

CAPITAL EXPENDITURES AND CAPITAL COMMITMENT

The capital expenditures of the Group mainly include the amounts spent on construction of plant, upgrade and addition of machineries and equipment, and increase in intangible assets and rights. We have been increasing our investment in the research and development of pharmaceutical products in order to produce more products with higher gross profit margin. We continued our commitment in property development, but will adjust our strategy according to market conditions. In order to enhance the production capacity of the steel segment and the optimization of product mix, we have increased the investment in the steel segment. Efforts will also be made in the mining segment with an aim to continuously strengthen our leading role in the industry. The amount of capital expenditures of the Group during the Reporting Period were RMB4,832.0 million. Details of capital expenditures of each business segment are set out in note 5 to financial statements.

As at 31 December 2012, the Group's capital commitment contracted but not provided for was RMB7,982.9 million, these were mainly committed for property development, addition of plant and machinery and investments. Details of capital commitment are set out in note 48 to financial statements.

INDEBTEDNESS AND LIQUIDITY OF THE GROUP

As at 31 December 2012, the total debt of the Group was RMB56,902.6 million, representing a relatively large increase over RMB54,057.5 million as at 31 December 2011, which was mainly due to the increase in borrowings as a result of business expansion of all segments of the Group. As at 31 December 2012, mid-to-long-term debt of the Group accounted for 52.5% of total debt, as opposed to 56.2% as at 31 December 2011. As at 31 December 2012, cash and bank balances increased by 31.7% to RMB22,088.5 million as compared with RMB16,777.8 million as at 31 December 2011.

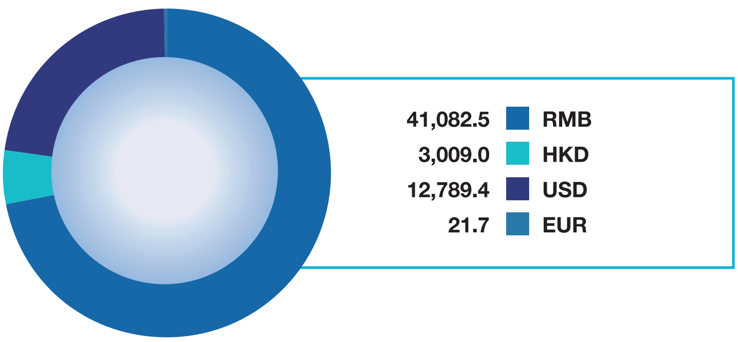
Unit: RMB million

	31 December 2012	31 December 2011
Total debt	**56,902.6**	54,057.5
Cash and bank balances	**22,088.5**	16,777.8

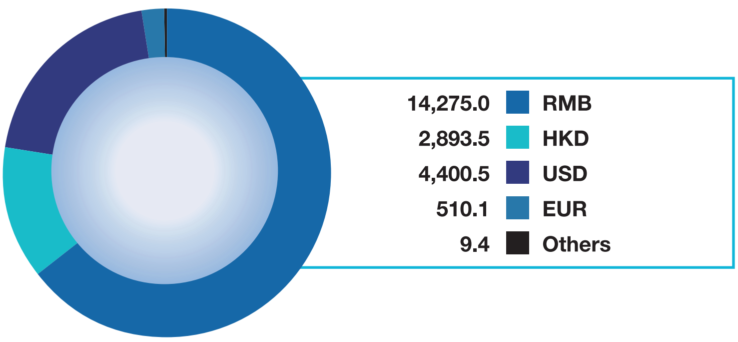
The original denomination of the Group's debt as well as cash and bank balances by currencies, equivalent in RMB, as at 31 December 2012 is summarised as follows:

Unit: RMB million equivalent

Total Debt



Cash and Bank Balances



TOTAL DEBT TO TOTAL CAPITALIZATION RATIO

As at 31 December 2012, the ratio of total debt to total capitalization was 49.9%, which was 52.7% as at 31 December 2011. Following the business expansion of the Group, the gearing ratio was maintained within a reasonable range while the financing channels were continually broadened.

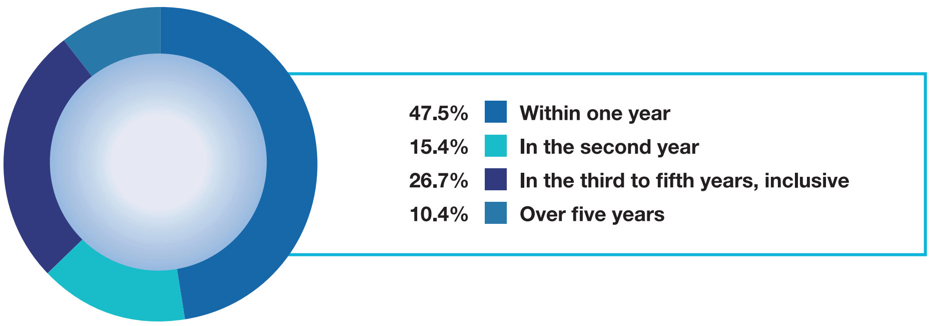
BASIS OF CALCULATING INTEREST RATE

To stabilise interest expenses, the Group endeavoured to maintain appropriate borrowings at fixed interest rates and floating interest rates. The Group made timely adjustment to the debt structure under the market circumstances. As at 31 December 2012, 65.9% of the Group's total borrowings bore interest at a floating 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 outstanding borrowings due to mature every year would not exceed the expected cash flow of that year and the Group's ability to re-finance the relevant liability in that year.

Below is the outstanding borrowings classified by year of maturity as at 31 December 2012:



AVAILABLE FACILITIES

As at 31 December 2012, save for cash and bank balances of RMB22,088.5 million, the Group had unutilised banking facilities of RMB63,098.0 million. The Group has entered into cooperation agreements with various major banks in China. According to these agreements, the banks granted the Group general banking facilities to support its capital needs. 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 31 December 2012, available banking facilities under these arrangements totaled RMB104,730.1 million, of which RMB41,632.1 million was allocated to various projects.

CASH FLOW

In 2012, net cash flow generated from operating activities was RMB7,540.2 million. Profit before tax for the year was RMB6,278.0 million. After making aggregate adjustment for the items such as investment gain and loss and financing costs included in profit before tax and offsetting the total amount of depreciation and amortization which did not result in cash outflow, cash flow generated from operating activities decreased by RMB1,194.4 million. However, owing to the increase in properties under development of RMB3,238.1 million and completed properties held for sale of RMB1,628.8 million, the increase in amount due from related companies of RMB362.1 million, interest payment of RMB661.5 million and income tax payment of RMB2,437.1 million, cash flow generated from operating activities further decreased. While the decrease in trade and notes receivables of RMB887.4 million, the increase in accounts payables and notes payables of RMB4,119.3 million, the increase in accrued liabilities and other payables of RMB3,973.4 million, as well as the increase in amount due to related companies of RMB1,699.6 million, contributed to an increase in the cash flow from operating activities. The increase in both properties under development and completed properties held for sale were mainly due to the increase in the investment in property development projects; the increase in amount due from related companies was mainly due to the financial assistance pro rata granted to co-developing and jointly developing projects in accordance with our shareholding in such projects in the property business; the decrease in trade and notes receivables was mainly due to the decrease in Nanjing Nangang's trade receivables and its increasing bill discount activities; the increase in trade payables and notes payable was mainly due to the extended commercial credit facility obtained from upstream corporations in Nanjing Nangang and the accelerated property development of Forte; and the increase in accrued liabilities and other payables is mainly due to the increase in the customers' prepayment in Forte.

In 2012, net cash flow used in investing activities was RMB6,838.1 million, mainly used for the purchase of property, plant and equipment, new investments in property projects and new investments in services business and strategic investment projects, which was partly offset by the proceeds from the disposal of interests in subsidiaries, associates and services business.

In 2012, net cash flow generated from financing activities was RMB4,586.0 million, mainly generated from the new loans obtained from banks and other financial institutions as well as the capital contribution from non-controlling shareholders of subsidiaries, which was partly offset by the repayment of bank loans and other loans, interest payment of bank loans and payment of dividends.

PLEDGED ASSETS

As at 31 December 2012, the Group had pledged assets of RMB23,939.2 million (31 December 2011: RMB17,004.0 million) for bank borrowings. Details of the major pledged assets are set out in note 36 to financial statements.

CONTINGENT LIABILITIES

As at 31 December 2012, contingent liabilities of the Group were RMB4,265.0 million (31 December 2011: RMB3,591.6 million) which were primarily applied to guarantee the mortgage loans of qualified buyers. Details of the contingent liabilities are set out in note 49 to financial statements.

INTEREST COVERAGE

In 2012, EBITDA divided by interest expense was 3.9 times as compared with 4.9 times in 2011. The decrease of interest coverage was mainly attributed to the increase of interest expenses by 17.1% resulted from the substantial increase in total debt of the Group in 2012 compared with that in 2011.

FINANCIAL POLICIES AND RISK MANAGEMENT

GENERAL POLICY

The Company maintains the financial independence of its subsidiaries in 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 centrally monitored and financial resources are being effectively applied. The Group tries to obtain funds from different channels through banks and capital markets. Finance arrangements are organized to meet the business development needs and match the Group's cash flow.

FOREIGN CURRENCY EXPOSURE

Since the Group conducts its business mainly in Mainland China, RMB is the functional and also the presentation currency. Most of the Group's revenue is received in RMB, with part of it converted into foreign currencies for the purchase of imported raw materials. Since the exchange rate reform in July 2005, the exchange rate of RMB against USD has appreciated steadily. However, we are uncertain of the stability of RMB in the future. The cost of conversion of RMB into foreign currencies will be subject to the fluctuation of the exchange rate of RMB.

With the launching of global strategy, the Group held the proportion of assets denominated in currencies other than RMB had increased. Financial settlement and currency conversion as at the reporting date of these non-RMB assets, may generate a certain amount of foreign exchange losses or gains, thereby affecting the Group's profits or net assets.

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 subject to change by the lenders according to amendments of relevant regulation issued by 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 annual report includes certain forward-looking statements which involve the financial condition, results and business of the Group. These forward-looking statements are the Group's expectation or beliefs for future events and they involve known and unknown risks and uncertainties, which may cause actual results, performance or development of the situation to differ materially from the situation expressed or implied by these statements.

FIVE-YEAR STATISTICS

Unit: RMB million

Year	2008	2009	2010	2011	**2012**
Total equity	30,043.1	36,372.3	44,999.1	48,486.2	**57,218.4**
Equity attributable to owners of the parent	19,870.3	24,484.3	29,873.1	31,830.2	**35,197.3**
Equity per share attributable to owners of the parent (in RMB)	3.09	3.81	4.65	4.96	**5.48**
Indebtedness					
Total debt	24,550.5	28,812.0	43,935.4	54,057.5	**56,902.6**
Total debt/Total capitalization	45.0%	44.2%	49.4%	52.7%	**49.9%**
Interest coverage (times)	5.1	10.4	8.0	4.9	**3.9**
Capital employed	44,420.8	53,296.3	73,808.5	85,887.7	**92,099.9**
Cash and bank balances	11,691.0	15,947.6	21,335.0	16,777.8	**22,088.5**
Property, plant and equipment	16,378.6	17,767.2	20,553.3	21,513.2	**24,295.9**
Investment property	429.0	2,057.4	2,551.2	3,026.0	**3,985.0**
Property under development	12,787.7	11,957.6	16,787.6	29,313.9	**35,300.9**
Prepaid land lease payments	893.4	1,162.7	1,278.1	1,405.9	**1,801.2**
Mining rights	1,110.7	733.6	717.7	421.6	**821.6**
Interest in associates	5,947.1	9,621.4	15,238.6	17,275.6	**15,258.7**
Available-for-sale investments	1,905.3	2,943.5	7,327.0	8,437.3	**7,382.9**
Equity investments at fair value through profit or loss	1,534.9	4,922.3	6,478.6	7,406.7	**10,656.1**
Profit attributable to owners of the parent	1,328.4	4,646.7	4,227.1	3,403.6	**3,707.2**
Basic and diluted earnings per share (in RMB)	0.21	0.72	0.66	0.53	**0.58**
Profit contribution by each business segment (note)					
Insurance	—	—	—	—	**(54.9)**
Industrial Operations	1,722.1	2,816.6	2,916.4	3,182.4	**2,419.0**
Investment	(125.5)	2,073.7	1,539.8	517.1	**2,005.8**
Asset management	—	—	(3.0)	6.4	**61.0**
EBITDA	6,887.2	11,204.9	12,014.5	11,460.5	**10,748.9**
Proposed dividend per share (in HKD)	0.080	0.164	0.170	0.157	**0.170**

Note: For comparison purpose, figures in profit contribution by each business segment for the year 2011 were restated to reflect changes of business segment.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Group for the year ended 31 December 2012.

CORPOARTE GOVERNANCE PRACTICES OF THE COMPANY

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

During the Reporting Period, the Company applied the principles of and fully complied with all code provisions as set out in the CG Code except for the failure to arrange appropriate insurance cover in respect of legal action against its Directors after 1 April 2012 in accordance with code provision A.1.8 of the CG Code. However, the Company had purchased directors and officers liability insurance with effect from 1 October 2012. In addition, Mr. Andrew Y. Yan, the independent non-executive Director, had not attended the annual general meeting of the Company held on 21 June 2012 as required under code provision A.6.7 of the CG Code due to other business commitment. The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

A. THE BOARD

a) Responsibilities

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

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

b) Delegation of Management Function

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

All Directors have full and timely access to all relevant information to ensure that Board procedures and all applicable rules and regulations are followed. Each Director is able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions and work tasks are periodically reviewed.

c) Board Composition

The Board for the year ended 31 December 2012 comprised the following Directors:

Executive Directors

Mr. Guo Guangchang *(Chairman)*
Mr. Liang Xinjun *(Vice Chairman and Chief Executive Officer)*
Mr. Wang Qunbin *(President)*
Mr. Fan Wei *(Co-President)*
Mr. Ding Guoqi
Mr. Qin Xuetang
Mr. Wu Ping

Independent Non-executive Directors

Mr. Zhang Shengman
Mr. Andrew Y. Yan
Mr. Zhang Huaqiao (appointed on 28 March 2012)
Mr. David T. Zhang (appointed on 21 June 2012)

The former independent non-executive Director Mr. Chen Kaixian resigned on 28 March 2012; and the former non-executive Director Mr. Liu Benren retired on 21 June 2012.

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules. None of the members of the Board is related to another.

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received a written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

The non-executive Directors bring a wide range of business and financial expertise, experience and independent judgment to the Board. Through active participation in Board meetings, and serving on Board committees, all non-executive Directors have made various contributions to the effective direction of the Company.

d) Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association. The Nomination Committee of the Company is responsible for reviewing the board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors.

Mr. Zhang Huaqiao was appointed as an independent non-executive Director on 28 March 2012 and has entered into a service contract with the Company for a term of 3 years from the date of his appointment. Mr. David T. Zhang was appointed as an independent non-executive Director on 21 June 2012 and has entered into a service contract with the Company for a term of 3 years from the date of his appointment. Other Directors have entered into a service contract with the Company for a term of 3 years from the date of the annual general meeting for the year 2011 of the Company.

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

e) Continuous Professional Development of Directors

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

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

During the Reporting Period, the Company organized a training session conducted by Herbert Smith Freehills for all Directors on corporate governance and update on Listing Rule amendments.

In addition, relevant reading materials including legal and regulatory update have been provided to the Directors for their reference.

f) Board Meetings

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

g) Practice and Conduct of Board Meetings

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

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

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

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

B. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The posts of Chairman and Chief Executive Officer are held by Mr. Guo Guangchang and Mr. Liang Xinjun respectively. This segregation ensures a clear distinction between the Chairman's responsibility to manage the Board and the Chief Executive Officer's responsibility to manage the Company's business. Their respective responsibilities are clearly established and set out in writing.

C. BOARD COMMITTEES

The Board has established Nomination Committee, Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company were established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website (www.fosun.com) and are available to shareholders upon request.

The majority of the members of each Board committee are independent non-executive Directors. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Remuneration Committee

The Remuneration Committee comprises four members, namely Mr. Andrew Y. Yan (Chairman), Mr. Liang Xinjun, Mr. Zhang Shengman and Mr. David T. Zhang and the majority of them are independent non-executive Directors.

The primary objectives of the Remuneration Committee include making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, as well as on the remuneration policy and structure for all Directors and senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his own remuneration, which will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The Remuneration Committee held one meeting during the Reporting Period to review and make recommendation to the Board on, among others, the remuneration policy and structure of the Company, the remuneration packages of the Directors and senior management and other related matters. The attendance records of each member of the Remuneration Committee are set out below in the section "ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS".

Audit Committee

The Audit Committee comprises four independent non-executive Directors, namely Mr. Zhang Shengman (Chairman), Mr. Andrew Y. Yan, Mr. Zhang Huaqiao and Mr. David T. Zhang. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the following:

- To review the financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function or external auditors before submission to the Board.
- To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditors.
- To review the adequacy and effectiveness of the Company's financial reporting system, internal control system (including the adequacy of resources, qualification and experience of staff of the Company's accounting and financial reporting function, their training programmes and budget) and risk management system and associated procedures.

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

The Company's annual results for the year ended 31 December 2012 have been reviewed by the Audit Committee.

Nomination Committee

The Nomination Committee comprises four members, namely Mr. Zhang Huaqiao (Chairman), Mr. Wang Qunbin (redesignated from Chairman to member of Nomination Committee on 28 March 2012), Mr. Zhang Shengman and Mr. Andrew Y. Yan and the majority of them are independent non-executive Directors.

The main duties of the Nomination Committee include the following:

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

The Nomination Committee held one meeting during the Reporting Period to review the structure, size and composition of the Board, the independence of the independent non-executive Directors and make recommendation to the Board on the change of director. The attendance records of each member of the Nomination Committee are set out below in the section "ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS".

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

D. ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board Committee meetings, and annual general meeting of the Company held for the year ended 2012 is set out in the table below:

	Attendance/Number of Meetings				
Name of Director	Board	Remuneration Committee	Audit Committee	Nomination Committee	Annual General Meeting
Guo Guangchang	4/4				1/1
Liang Xinjun	4/4	1/1			1/1
Wang Qunbin	4/4			1/1	1/1
Fan Wei	4/4				1/1
Ding Guoqi	4/4				1/1
Qin Xuetang	4/4				1/1
Wu Ping	4/4				1/1
Zhang Shengman	4/4	1/1	2/2	1/1	1/1
Andrew Y. Yan	4/4	1/1	2/2	1/1	0/1
Zhang Huaqiao(1)	3/3		1/1	N/A	1/1
David T. Zhang(2)	2/2	N/A	1/1		N/A
Chen Kaixian(3)	1/1		1/1		N/A
Liu Benren(4)	2/2				N/A

Notes:

(1) Mr. Zhang Huaqiao was appointed as an independent non-executive Director on 28 March 2012. He attended all the Board meetings, Board committee meetings and annual general meeting held subsequent to his date of appointment.

(2) Mr. David T. Zhang was appointed as an independent non-executive Director on 21 June 2012 (the annual general meeting for 2012). He attended all the Board meetings and Board committee meetings held subsequent to his date of appointment.

(3) The former independent non-executive Director of the Company Mr. Chen Kaixian resigned on 28 March 2012. He attended all the Board meeting and Board committee meetings held prior to his date of resignation.

(4) The former non-executive Director of the Company Mr. Liu Benren retired on 21 June 2012. He attended all the Board meetings held prior to his date of retirement.

E. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code.

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

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

F. DIRECTORS' RESPONSIBILITES FOR FINANCIAL REPORTING

The Board is responsible for presenting a balanced and clear assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2012.

The senior management has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company put to the Board for approval.

G. EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of Ernst & Young, the external auditors of the Company, about their reporting responsibilities for the financial statements is set out in the "Independent Auditors' Report" on page 70.

During the Reporting Period, the remuneration paid to Ernst & Young, the external auditors of the Company, in respect of professional audit services, amounted to RMB4.8 million and no significant non-audit services were provided by Ernst & Young to the Company.

H. INTERNAL CONTROLS

The Board is responsible for maintaining a robust and effective internal control system, and overseeing the effective operation of the Company's internal control system to ensure the safety and integrity of the assets of the Company and the interests of shareholders of the Company and to facilitate the implementation of the Company's development strategy. The Company identifies, evaluates and monitors significant risks faced by the Company and builds up its risk-based internal control system, taking into consideration findings of internal audits and issues revealed during operation and management as well as audit findings of external auditors. Such significant risks include decision-making risks of operation, financial control risks, and the risks arising from changes in business environment.

The internal audit department of the Company conducts independent evaluation on the effectiveness of the existing internal control system according to the audit strategy and annual audit plan of the Company. It is also responsible for monitoring the proper operation and improvement of the internal control system. Audit findings of the Company are reported to the Board and management and the management oversees the implementation of any remedial and improvement measures to be taken. After follow up and checking, such measures have been taken as expected.

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

In order to improve anti-corruption and promote probity, enhance the corporate governance structure and strengthen its internal risk prevention capacity, the Company established the Anti-Corruption and Supervision Department in April 2012, which is responsible for the supervision of the probity of managers, and established an anti-corruption hotline and mailbox to collect internal and external compliance-related information. During the Reporting Period, The Anti-Corruption and Supervision Department commenced inspections of major subsidiaries of the Company, issued supervision and inspection opinions in respect of significant risk areas such as project management and income and expenditure control, and directly reported to the Board and management. The non-compliance issues were supervised and rectified by the management and the rectification result was reported to the Board and the expected results were achieved. In October 2012, Fosun Group was named one of the First Batch of Anti-Corruption Cultural Showpieces of Non-State Owned Enterprises of Shanghai; in November 2012, Fosun Group was selected as one of the only two contact points of National Bureau of Corruption Prevention of China in Shanghai.

I. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

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

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

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

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

J. SHAREHOLDER RIGHTS

Shareholders holding not less than one-twentieth of the paid-up capital of the Company may request the Board to convene an extraordinary general meeting of the Company ("EGM") subject to Section 113 of Companies Ordinance. The objects of the meeting must be stated in the related requisition deposited at the registered office of the Company.

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

Subject to Section 115A of the Companies Ordinance, qualified shareholder(s) may put forward any proposals for discussion at the next annual general meeting of the Company by making requisition to the Board using contact details below in the section "Contact Details".

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

Putting Forward Enquiry/Requisition to the Board

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

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Name: Fosun International Limited
Address: No. 2 East Fuxing Road, Shanghai, PRC
Postal Code: 200010

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Guo Guangchang Liang Xinjun Wang Qunbin

EXECUTIVE DIRECTORS

Guo Guangchang, aged 45, is an Executive Director and Chairman of the Company. Mr. Guo was a co-founder of the Group and has been chairman of Fosun Group since its establishment in November 1994. Mr. Guo is vice chairman of Nanjing Nangang, director of Forte, Peak Reinsurance and Club Med and non-executive director of Fosun Pharma and Minsheng Bank. Mr. Guo was a non-executive director of Sinopharm. Mr. Guo is also a member of the 11th standing committee of All-China Federation of Industry & Commerce, a member of the decision-making committee of the Shanghai Federation of Industry and Commerce, honorary chairman of The Zhejiang Chamber of Commerce in Shanghai and vice council chairman of China Foundation for Glory Society. Mr. Guo is a deputy to the Tenth and Eleventh National People's Congress of the PRC and a member of the Ninth National Committee of Chinese People's Political Consultative Conference, and was appointed policy consultant to the Shanghai municipal government from 2001 to 2002. Mr. Guo was awarded "Top Ten Leaders in Future Economy of China", "Top Ten New Private Entrepreneurs in 2003", "CCTV People of Financial Year 2004", the nationwide "Outstanding Entrepreneur in Private Sector on Staff Caring", "Industry & Commerce Category Winner" of "Ernst & Young Entrepreneur of the Year", "Award of Outstanding Contribution to Guangcai Program" issued by China Society for Promotion of the Guangcai Program, the Awardee for Directors of the Year Awards 2010 (Non Hang Seng Index Constituents) issued by The Hong Kong Institute of Directors, "Outstanding Zhejiang Entrepreneur Award" at "The First World Zhejiang Entrepreneurs Convention" and "Top 25 Most Influential Enterprise Leaders 2011" at "The Tenth China Entrepreneur Summit". Mr. Guo received a bachelor's degree in philosophy in 1989 and a master's degree in business administration in 1999, both from Fudan University.

Liang Xinjun, aged 44, is an Executive Director, Vice Chairman and Chief Executive Officer of the Company. Mr. Liang was a co-founder of the Group. Mr. Liang has been vice chairman of Fosun Group since its establishment in November 1994. Mr. Liang is also a non-executive director and vice chairman of Zhaojin Mining and an independent director of Shanghai Oriental Pearl (Group) Co., Ltd. (listed on the Shanghai Stock Exchange with stock code: 600832). Mr. Liang was a director of Yuyuan. Mr. Liang is a member of the Eleventh Shanghai Committee of Chinese People's Political Consultative Conference; vice chairman of Youth Federation of Shanghai Putuo District; vice chairman of the China Young Entrepreneurs Association; executive vice council chairman of China Science and Technology Private Entrepreneurs Association; executive vice president of the Chamber of the Metallurgy Industry of All-China Federation of Industry & Commerce; chairman of the Taizhou Chamber of Commerce in Shanghai and executive chairman of the Shanghai Fudan University Alumni Association. Mr. Liang was awarded "the First Session Innovation Award of Shanghai Science and Technology Entrepreneur", "Outstanding Entrepreneur of China's Science and Technology Private Enterprise", "Management Innovation Award for Young Entrepreneur in China", "Top Ten Outstanding Youth of Shanghai", "Chinese Business Leader of the Year" at the Seventh Horasis Global China Business Meeting in Spain, "Top Ten PE Capitalists in China" in 2011 and 2012 by Zero2IPO Group and "Top Ten Financial Industry Leaders in Shanghai". Mr. Liang received a bachelor's degree in genetic engineering in 1991 from Fudan University and a master's degree in business administration in 2007 from Cheung Kong Graduate School of Business.

Wang Qunbin, aged 43, is an Executive Director and President of the Company. Mr. Wang was a co-founder of the Group. Mr. Wang has been a director of Fosun Group since its establishment in November 1994. Mr. Wang is also director of Forte, Nanjing Nangang, Peak Reinsurance and Henan Lingrui Pharmaceutical Co., Ltd. (listed on the Shanghai Stock Exchange with Stock Code: 600285), non-executive director and vice chairman of Sinopharm and non-executive director of Fosun Pharma. Mr. Wang was a director of Shanghai Friendship Group Incorporated Company (listed on the Shanghai Stock Exchange with stock code: 600827). Prior to joining Fosun Group, Mr. Wang was a lecturer at the Genetic Research Institute of Fudan University. Mr. Wang holds various positions including honorary chairman of the Shanghai BioPharmaceutics Industry Association, chairman of The Huzhou Chamber of Commerce in Shanghai and vice chairman of China Chamber of International Commerce. Mr. Wang was named one of "The Best-Performing CEOs in the World" by Harvard Business Review, "Young Global Leader Honoree 2009" of World Economic Forum, Chinese Pharmaceutical "60 Years, 60 People", "Top Ten Professional Managers in China Pharmaceutical Industry in 2004", "The Fourth Session Technology Innovation Prize of China Outstanding Youth" and "Outstanding Technical Experts Allowance by State Council". Mr. Wang received a bachelor's degree in genetic engineering from Fudan University in 1991.

Fan Wei, aged 43, is an Executive Director and Co-President of the Company. Mr. Fan was a co-founder of the Group. Mr. Fan has been a director of Fosun Group since its establishment in November 1994. Mr. Fan has been director of Forte since 1998. Mr. Fan is chairman of the Housing Industry Association of Shanghai Federation of Industry and Commerce, vice chairman of the Shanghai Real Estate Trade Association and vice council chairman of the Institute of Real Estate Shanghai Academy of Social Sciences. Mr. Fan was awarded the "Top 100 Property Entrepreneur in China in 2005" and "the First Session of Outstanding Young Entrepreneur of Shanghai in Property Sector". Mr. Fan received a bachelor's degree in genetic engineering from Fudan University in 1991.

Ding Guoqi, aged 43, is an Executive Director, Senior Vice President and Chief Financial Officer of the Company. Mr. Ding is also director and chief financial officer of Fosun Group, and director of Nanjing Nangang, Forte and Shanghai Ganglian E-Commerce Holdings Co., Ltd. (listed on the Shenzhen Stock Exchange with stock code: 300226). Prior to joining the Group in 1995, Mr. Ding worked in the accounting department of Shanghai Jinshan Petrochemical Construction Company. Mr. Ding received a bachelor's degree in accounting from Shanghai University of Finance and Economics in 1991.

Qin Xuetang, aged 49, is an Executive Director and Senior Vice President of the Company. Mr. Qin is also director of Fosun Group and supervisor of Forte. Mr. Qin was a director of Nanjing Nangang, the legal affairs director of Fosun Group and the secretary of the board of directors of Fosun Pharma. Before joining in Fosun Group in 1995, Mr. Qin was a lecturer at the law department of Fudan University. Mr. Qin received a bachelor's degree in laws in 1985 from the Southwest University of Political Science and Law and was admitted to practice law in the PRC in 1990.

Wu Ping, aged 48, is an Executive Director and Senior Vice President of the Company. Mr. Wu is also director of Fosun Group, Shanghai Friendship Group Incorporated Company and Shanghai Friendship Fosun (Holding) Co., Ltd., and vice chairman of Yuyuan. Mr. Wu joined the Group in 1995. Mr. Wu was non-executive director of Zhaojin Mining. Mr. Wu was named one of "The Best-Performing CEOs in the World" by Harvard Business Review. Mr. Wu obtained a bachelor's degree in enterprise management from Shanghai Second Polytechnic University in 1990.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Zhang Shengman, aged 55, has been an Independent Non-Executive Director of the Company since December 2006. Mr. Zhang is chairman of Asia Pacific of Citigroup (listed on the New York Stock Exchange with stock code: C), before that he was president of Asia Pacific of Citigroup. Mr. Zhang joined Citigroup in February 2006 as chairman of the Public Sector Group. He was an independent director of Cabot Corporation (listed on the New York Stock Exchange with stock code: CBT) from July 2006 to March 2010. Mr. Zhang worked in the PRC Ministry of Finance as deputy director and vice secretary from 1994 to 1995. From 1994 to 1995, Mr. Zhang was the executive director for China at the World Bank. From 1995 to 1997, Mr. Zhang was vice president and chief secretary of the World Bank. From 1997 to 2001, Mr. Zhang was senior vice director of the World Bank. Mr. Zhang was a managing director of the World Bank and chairman of World Bank's operations committee, the sanctions committee and the corporate committee on fraud and corruption policy from 2001 to 2005. Mr. Zhang received a bachelor's degree in English literature in 1978 from Fudan University and a master's degree in public administration in 1985 from University of the District of Columbia. Mr. Zhang completed the Harvard Advanced Management Program in 1997.

Andrew Y. Yan, aged 55, has been an Independent Non-Executive Director of the Company since March 2007. He is currently the founding Managing Partner of SAIF Partners. Prior to joining SAIF Partners, he was the Managing Director and Head of Hong Kong office of Emerging Markets Partnership (Principal adviser to the AIG Asian Infrastructure Funds), responsible for investment in Northeast Asia and Greater China from 1994 to 2001. From 1989 to 1994, he worked in the World Bank, the Hudson Institute (a famous American think tank) and the US Sprint International Corporation as an Economist, Research Fellow and Director of Strategic Planning and Business Development for Asia Pacific Region, respectively in Washington, DC. From 1982 to 1984, he was the Chief Engineer at the Jianghuai Airplane Corp.. Mr. Yan received a bachelor's degree in engineering from Nanjing Aeronautic Institute in 1982. He studied in the Master Program in Department of Sociology of Peking University from 1984 to 1986 and received a Master of Arts' degree from Princeton University in International Political Economy in 1989. He also studied advanced finance and accounting courses at the Wharton Business School in 1995.

Currently, Mr. Yan is also the chairman and non-executive director of NVC Lighting Holding Limited (stock code: 02222); an independent non-executive director of China Resources Land Limited (stock code: 01109) and China Petroleum & Chemical Corporation (stock code: 00386); non-executive director of Digital China Holdings Limited (stock code: 00861), MOBI Development Co., Ltd. (stock code: 00947), China Huiyuan Juice Group Limited (stock code: 01886), eSun Holdings Limited (stock code: 00571) and Guodian Technology & Environment Group Corporation Limited (stock code: 01296), all of which are listed on the Main Board of the Hong Kong Stock Exchange. Other than that China Petroleum & Chemical Corporation is also listed on the Shanghai Stock Exchange (stock code: 600028), London Stock Exchange (stock code: SNP) and New York Stock Exchange (stock code: SNP). He is also an independent director of Giant Interactive Group Inc., (listed on the New York Stock Exchange with stock code: GA); Director of Acorn International Inc. (listed on the New York Stock Exchange with stock code: ATV), ATA Inc. (listed on the Nasdaq with stock code: ATAI) and Eternal Asia Supply Chain Management Ltd. (listed on the Small and Medium Enterprise Board of the Shenzhen Stock Exchange with stock code: 002183). He was a director of Global Education & Technology Group Limited (the shares of which were withdrawn from listing on the Nasdaq, USA in December 2011) from March 2007 to December 2011; a director of China Digital TV Holding Co. Ltd. (listed on the New York Stock Exchange with stock code: STV) from May 2004 to September 2008; an independent non-executive director of China Oilfield Services Limited (listed on the Hong Kong Stock Exchange with stock code: 02883) from September 2002 to June 2009 and an independent non-executive director of Stone Group Holdings Limited (the shares of which were withdrawn from listing on the Hong Kong Stock Exchange in November 2009) from June 2001 to November 2009.

Zhang Huaqiao, aged 49, has been an Independent Non-Executive Director of the Company since March 2012. Mr. Zhang is also chairman of Guangzhou Huadu Wansui Micro Credit Co., Ltd. and a non-executive director of Boer Power Holdings Ltd. (listed on the Hong Kong Stock Exchange with stock code: 01685) and Oriental City Group Holdings Limited (listed on the Hong Kong Stock Exchange with stock code: 08325). From July 1986 to January 1989, Mr. Zhang was employed at the People's Bank of China in Beijing and from June 1999 to April 2006, Mr. Zhang worked at the Equities Department of UBS AG, Hong Kong Branch at which he first served as the head of the China research team and later became the co-head of the China research team. Mr. Zhang was the chief operating officer from March 2006 to September 2008 and executive director from May 2006 to September 2008 of Shenzhen Investment Limited (listed on the Hong Kong Stock Exchange with stock code: 00604). From September 2008 to June 2011, he was deputy head of China Investment Banking at UBS Securities Asia Limited. Mr. Zhang was an executive director and chief executive officer of Man Sang International Limited (listed on the Hong Kong Stock Exchange with stock code: 00938) from September 2011 to April 2012. Mr. Zhang graduated from the Graduate School of the People's Bank of China with a master's degree in economics in 1986; and from the Australian National University with a master's degree in economics in January 1991.

David T. Zhang, aged 50, has been an Independent Non-Executive Director of the Company since June 2012. Mr. Zhang is also a partner of Kirkland & Ellis LLP, a leading international law firm. Admitted to the practice of law in the State of New York, USA and based in Hong Kong, Mr. Zhang specialises in securities offerings and M&A transactions. He has extensive experience representing Chinese issuers and leading investment banks in US initial public offerings, Hong Kong initial public offerings and other Rule 144A and Regulation S offerings of equity, debt and convertible securities. Additionally, Mr. Zhang has represented a number of leading private equity funds, multinational corporations and sovereign wealth funds in connection with their investments and M&A transactions in the Greater China region and Southeast Asia. Mr. Zhang has been rated as a top capital markets attorney by Chambers Global, Legal 500 Asia Pacific, IFLR1000 and Chambers Asia Pacific. Prior to joining Kirkland & Ellis LLP in August 2011, Mr. Zhang was a partner of Latham & Watkins LLP, another leading international law firm, for eight years. Mr. Zhang graduated from Beijing Foreign Studies University in 1981 and received his J.D. from Tulane University Law School in 1991.

SENIOR MANAGEMENT OF THE COMPANY, FOSUN PHARMA, FORTE, NANJING NANGANG AND HAINAN MINING

The Company

Chen Qiyu, aged 40, is Vice President of the Company, the executive director and chairman of Fosun Pharma. Mr. Chen has been non-executive director of Sinopharm and director of Zhejiang D.A. Diagnostic Company Limited (a company listed on the Growth Enterprise Board of the Shenzhen Stock Exchange with stock code 300244). Mr. Chen was a non-executive director of Forte. Mr. Chen joined Fosun Pharma in April 1994 and was appointed a director in May 2005. Prior to joining the Group, Mr. Chen worked in Shanghai RAAS Blood Product Corporation, now known as Shanghai RAAS Blood Product Company Limited (listed on the Growth Enterprise Board of the Shenzhen Stock Exchange with stock code: 002252). Mr. Chen is president of China Pharmaceutical Industry Research and Development Association, vice council chairman of the Fourth Council of China Medicinal Biotechnology Association, vice president of the Eighth Council of China Pharmaceutical Industry Association, chairman of the Shanghai Biopharmaceutical Industry Association and council member of the Shanghai Society of Genetics. Mr. Chen received a bachelor's degree in genetics in 1993 from Fudan University and an EMBA degree in 2005 from China Europe International Business School.

Fosun Pharma

Chen Qiyu, aged 40, is the executive director and chairman of Fosun Pharma. Details of Mr. Chen's biography are set out in the biographical details of senior management of the Company

Yao Fang, aged 43, is executive director, vice chairman and general manager of Fosun Pharma. Mr. Yao is also a chief supervisor of Sinopharm and non-executive director of BioSino Bio-Technology and Science Incorporation (listed on the Hong Kong Stock Exchange with stock code: 08247) ("Biosino"). Mr. Yao joined Fosun Pharma in April 2010 and was appointed a director in June 2010. Prior to joining Fosun Pharma, from 1993 to 2009, Mr. Yao served successively as assistant general manager of the international business department of Shanghai Wanguo Securities Company Limited, now known as Shenyin & Wanguo Securities Company Limited , general manager of Shanghai Industrial Assets Management Company Limited, general manager of Shanghai Industrial Management (Shanghai) Company Limited, managing director of Shanghai Industrial Pharmaceutical Investment Company Limited, chairman of Shanghai Overseas Company, non-executive director of Lianhua Supermarket Holdings Company Limited (listed on the Hong Kong Stock Exchange with stock code:00980), and executive director of Shanghai Industrial Holdings Limited (listed on the Hong Kong Stock Exchange with stock code: 00363). Mr. Yao is a vice chairman of the Shanghai Pharmaceutical Industry Association since 2010. Mr. Yao obtained a bachelor's degree in economics from Fudan University in 1989 and a master's degree in business administration from The Chinese University of Hong Kong in 1993.

Qiao Zhicheng, aged 40, is the senior vice general manager, chief financial officer and secretary of board of directors of Fosun Pharma. Mr. Qiao is also a non-executive director of Biosino. Mr. Qiao joined Fosun Pharma in February 2011. Prior to joining Fosun Pharma, Mr. Qiao worked in Youngjin Group from 1998 to 2003. Mr. Qiao joined Zhuzhou Qianjin Pharmacy Company Limited (listed on the Shanghai Stock Exchange with stock code: 600479) in 2004 as the chief investment officer, and was its general manager from December 2004 to August 2010 and its vice chairman from July 2009 to August 2010. Mr. Qiao obtained a bachelor's degree in engineering and a master's degree in engineering from Tsinghua University in 1996 and 1998, respectively. Mr. Qiao obtained a doctor's degree in economics from Peking University in 2007.

Forte

Zhang Hua, aged 47, is the chairman of Forte. Mr. Zhang joined Forte in 1999 and was appointed chairman of Forte in December 2010. Mr. Zhang is State Certified Real Estate Appraiser and Engineer. Mr. Zhang has worked in the production and infrastructure department of Shanghai No.2 Commerce Bureau and Shanghai Shanglian Real Estate Co., Ltd.. Mr. Zhang has been vice general manager of Shanghai Puhua Real Estate Development Co., Ltd., general manager of Shanghai Forte Zhibao Real Estate Development Co., Ltd. and regional general manager of Shanghai Northern Region of Forte. Mr. Zhang received a bachelor's degree in management from Tongji University in 2003.

Chen Zhihua, aged 46, is the president of Forte. Mr. Chen joined Forte in December 2011 as an executive vice president and was appointed president of Forte in June 2012. Mr. Chen was previously employed by Tongji University, Shanghai Nuclear Engineering Research and Design Institute, Shanghai New Changning (Group) Co. Ltd.. In March 2008, he joined Greenland Group as a general manager of Beijing and Tianjin real estate business division and assistant to the president. Mr. Chen successfully helped Greenland Group to penetrate the Beijing markets. Mr. Chen received a bachelor's degree in engineering from Tongji University in 1988.

Ye Jiansheng, aged 38 is the vice president and chief financial officer of Forte. Mr. Ye joined Forte in April 2012. Mr. Ye previously worked for China Guangfa Bank Co., Ltd., Hopson Development Holdings Limited, Excellence Group and Kaisa Group Holdings Ltd. (listed on the Hong Kong Stock Exchange with stock code: 01638). Mr. Ye received a master's degree in business administration from Hong Kong University of Science and Technology in 2004.

Nanjing Nangang

Yang Siming, aged 59, has been chairman and chief executive officer of Nanjing Nangang. Mr. Yang is also director and general manager of Nanjing Steel United, chairman of Nanjing Iron & Steel Group Co., Ltd. and Nanjing Iron & Steel. Since June 1991, Mr. Yang held several positions in Nanjing Iron & Steel Group Co., Ltd., as vice general manager, director, general manager and party deputy secretary, etc.. Mr. Yang was named researcher level senior engineer by the government's Department of Personnel in September 2002. Mr. Yang received a doctorate in management from the University of Nanjing in June 2007.

Lü Peng, aged 50, is director and general manager of Nanjing Nangang. Mr. Lü is director and general manager of Nanjing Steel United and vice chairman of Nanjing Iron & Steel. Mr. Lü joined Fosun Group in June 2003 and worked as vice general manager of the iron and steel division of Fosun Group, and then vice general manager of Nanjing Steel United. Prior to joining Fosun Group, Mr. Lü held various positions in the Shanghai Institute of Iron & Steel Technology from July 1985 to August 1995. Mr. Lü worked as vice general manager of Shanghai No. 3 Steel Factory from 1995 to 1996. Mr. Lü was vice general manager of Bao Steel Group Shanghai Pudong Steel Limited Company from 1996 to 2003. Mr. Lü received a bachelor's degree in steel and metallurgy in 1982 from the University of Science & Technology Beijing. Mr. Lü also received a master's degree in steel and metallurgy from the University of Science & Technology Beijing in 1985.

Wang Jiafu, aged 47, is chief accountant of Nanjing Nangang. Mr. Wang is also vice general manager and chief accountant of Nanjing Steel United and director of Nanjing Iron & Steel. Before that, Mr. Wang worked as section chief of accounting section of financial department and head of financial department of Shanghai Steel Tube Co., Ltd., chief financial officer of Shanghai Zhaohui Pharmaceutical Co., Ltd. and Tangshan Jianlong Industrial Co., Ltd.. Mr. Wang was chief accountant of Nanjing Steel United from April 2003 to April 2008. After that, he worked as vice chairman and vice general manager of Jiangsu New Huafa Group Co., Ltd. from April 2008 to March 2010. He worked as vice chairman and chief financial officer of Jiangsu Prosperity Steel Co., Ltd. from April 2010 to December 2011. Mr. Wang graduated from Shanghai University of Technology in 1991 and received a degree of MBA from Macau University of Science and Technology in 2009.

Hainan Mining

Chen Guoping, aged 55, is the chairman and party deputy secretary of Hainan Mining. Mr. Chen is also senior assistant to the president of Fosun Group. Mr. Chen was a non-executive director of Zhaojin Mining. Mr. Chen joined Fosun Group in September 2003 and held various positions such as chief technology officer, vice general manager of the iron and steel division, general manager of the mineral resources division of Fosun Group. Prior to joining Fosun Group, Mr. Chen held various positions in Shanghai Pudong Iron and Steel Company from June 1983 to July 1998. He was the technology marketing manager of Shanghai Krupp Stainless Co., Ltd. from July 1998 to September 2003. Mr. Chen is a deputy to the fourth People's Congress of Hainan Province. Mr. Chen obtained a bachelor's degree in engineering from Shanghai University of Technology in 1988 and qualified as a senior engineer in 1997.

Liu Mingdong, aged 45, is the director, general manager and party deputy secretary of Hainan Mining. Mr. Liu held various positions such as head of planning department, head of financial planning department, assistant to general manager, vice general manager in Hainan Iron & Steel Company from August 1989 to July 2007. He was appointed the general manager and party deputy secretary of Hainan Mining in August 2007. Mr. Liu received a master's degree in engineering from University of Science & Technology Beijing in 1996 and qualified as a senior economist in February 2001.

Feng Yilin, aged 54, is the vice general manager and chief financial officer of Hainan Mining. Mr. Feng joined Fosun Group in May 2003 and worked as chief investment officer of Fosun Group and then the supervisor of Hainan Mining, and was appointed the vice general manager and chief financial officer of Hainan Mining in May 2008. Before joining Fosun Group, Mr. Feng had worked in Shanggong Co., Ltd. for over 20 years. He was also the chief financial officer of the medical appliances department of Fosun Pharma, the vice general manager and chief financial officer of Shanghai Forever Co., Ltd. and the general manager of Shanghai Fortune ACT S&T Co., Ltd. from January 1999 to April 2003. Mr. Feng obtained a bachelor's degree in industrial accounting from the Shanghai University of Finance and Economics in July 1985 and qualified as an accountant in April 1997.

Company Secretary

Sze Mei Ming, aged 35, was appointed Company Secretary of the Company in March 2009. Ms. Sze joined the Company in November 2007. Ms. Sze holds a bachelor's degree in Arts from the University of Hong Kong, a bachelor's degree in laws from the University of London and a master's degree in Chinese and Comparative Law from the City University of Hong Kong. Ms. Sze has experience in the company secretarial industry for years and is a fellow member of the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

DIRECTORS' REPORT

The Board is pleased to present its report and the audited financial statements of the Group for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The core businesses of the Group consist of (i) insurance; (ii) industrial operations; (iii) investment; and (iv) asset management. These four segments are re-classified from the previous seven segments of (i) insurance; (ii) pharmaceuticals and healthcare; (iii) property; (iv) steel; (v) mining; (vi) retail, services, finance and other investments; and (vii) asset management.

RESULTS AND DIVIDEND

The Group's profit for the year ended 31 December 2012 and the state of affairs of the Group at that date are set out in the financial statements and the accompanying notes on pages 71 to 189.

The Board has recommended the payment of a final dividend of HKD0.17 per ordinary share for the year ended 31 December 2012 to the shareholders of the Company whose names appear on the register of members of the Company on 30 May 2013. Subject to approval by the shareholders of the Company at the annual general meeting of the Company to be held on 22 May 2013 (the "AGM"), the proposed final dividend is expected to be paid on or around 16 July 2013 to the shareholders of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 20 May 2013 to Wednesday, 22 May 2013, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates and other relevant documents, if any, must be lodged with Computershare Hong Kong Investor Services Limited, the share registrar of the Company (the "Share Registrar"), at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (the "Registrar Address"), for registration no later than 4:30 p.m. on Thursday,16 May 2013.

The register of members of the Company will also be closed from Tuesday, 28 May 2013 to Thursday, 30 May 2013, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend to be proposed at the AGM, all transfer documents accompanied by the relevant share certificates and other relevant documents, if any, must be lodged with the Share Registrar at the Registrar Address for registration no later than 4:30 p.m. on Monday, 27 May 2013.

SUMMARY FINANCIAL INFORMATION

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

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and investment properties of the Company and the Group during the Reporting Period are set out in notes 14 and 15 to financial statements, respectively.

ISSUED CAPITAL

Details of movements in the Company's share capital during the Reporting Period are set out in note 43 to financial statements.

SUBSIDIARIES

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

BORROWINGS

Particulars of borrowings of the Group are set out in note 36 to financial statements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any Shares during the Reporting Period.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in equity on pages 76 to 77 of this annual report and details of movements in the reserves of the Company during the Reporting Period and the Company's distributable reserves as at 31 December 2012 are set out in note 44 to financial statements.

CHARITABLE CONTRIBUTIONS

During the Reporting Period, the Group made charitable contributions totalling approximately RMB21.0 million.

MAJOR CUSTOMERS AND SUPPLIERS

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

During the Reporting Period, none of the Directors or any of their Associates or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any beneficial interests in the Group's five largest suppliers.

SHARE OPTION SCHEME

The Company adopted its Share Option Scheme on 19 June 2007. The major terms of the Share Option Scheme are as follows:

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

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

3) The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes must not exceed 30% (or other percentage as stipulated in the Listing Rules) of the Shares in issue from time to time. Subject to the aforesaid limit, the total number of Shares available for issue under options which may be granted under the Share Option Scheme and any other schemes must not, in aggregate, exceed 643,750,000 Shares, being 10% of the issued share capital of the Company as at 16 July 2007, the date of listing of the Shares, unless separate shareholders' approval has been obtained. The total of 643,750,000 Shares available for issue under the Share Option Scheme representing approximately 10.02% of the issued share capital as at the date of this annual report.

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

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

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

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

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

Since the adoption of the Share Option Scheme, no share option has been granted by the Company.

DIRECTORS

The Directors during the Reporting Period were:

Executive Directors

Mr. Guo Guangchang *(Chairman)*
Mr. Liang Xinjun *(Vice Chairman and Chief Executive Officer)*
Mr. Wang Qunbin *(President)*
Mr. Fan Wei *(Co-President)*
Mr. Ding Guoqi
Mr. Qin Xuetang
Mr. Wu Ping

Independent Non-Executive Directors

Mr. Zhang Shengman
Mr. Andrew Y. Yan
Mr. Zhang Huaqiao *(appointed on 28 March 2012)*
Mr. David T. Zhang *(appointed on 21 June 2012)*

The former independent non-executive Director Mr. Chen Kaixian resigned on 28 March 2012; and the former non-executive Director Mr. Liu Benren retired on 21 June 2012.

According to articles 106 and 107 of the Articles of Association, Mr. Guo Guangchang, Mr. Ding Guoqi, Mr. Zhang Shengman and Mr. Andrew Y. Yan shall retire by rotation at the AGM. All of the above four retiring Directors, being eligible, will offer themselves for re-election at the same meeting.

The Company has received annual confirmation of independence from all independent non-executive Directors, and as at the date of this report considers all of them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 48 to 53 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Mr. Zhang Huaqiao was appointed as an independent non-executive Director on 28 March 2012 and has entered into a service contract with the Company for a term of 3 years from the date of his appointment. Mr. David T. Zhang was appointed as an independent non-executive Director on 21 June 2012 and has entered into a service contract with the Company for a term of 3 years from the date of his appointment. Other Directors have entered into a service contract with the Company for a term of 3 years from the date of the annual general meeting for the year 2011 of the Company.

None of the Directors has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Remuneration Committee of the Company considers and recommends to the Board the remuneration and other benefits paid by the Company to the Directors. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate. References to the remuneration standards of the industry as well as the business development of the Company are made to ensure the level of remuneration should be sufficient to attract and retain the Directors, and the Company should avoid paying more than necessary for this purpose.

Details of the Directors' remuneration are set out in note 9 to financial statements.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B of the Listing Rules, the changes in the information of the Directors subsequent to the date of 2012 interim report are set out below:

(1) CHANGES IN THE MAJOR POSITIONS HELD WITHIN THE GROUP

Name of Director	Date of changes	Original position	Appointment/Re-designation
Guo Guangchang	23 August 2012	—	director of Peak Reinsurance
	30 October 2012	director of Fosun Pharma	non-executive director of Fosun Pharma
Wang Qunbin	23 August 2012	—	director of Peak Reinsurance
	30 October 2012	director of Fosun Pharma	non-executive director of Fosun Pharma

(2) CHANGES IN OTHER DIRECTORSHIPS HELD IN PUBLIC COMPANIES THE SECURITIES OF WHICH ARE LISTED ON ANY SECURITIES MARKET IN HONG KONG OR OVERSEAS AND OTHER MAJOR APPOINTMENTS

		Appointment (Effective date)
Guo Guangchang		17 December 2012
•	Minsheng Bank	
	(A share stock code: 600016; H share stock code: 01988)	
	non-executive director	
Zhang Huaqiao		7 September 2012
•	Oriental City Group Holdings Limited	
	(stock code: 08325)	
	non-executive director	

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2012, none of the Directors nor their respective Associates had an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules, save for the details disclosed below.

On 21 November 2011, Nanjing Iron & Steel, Tibet Fosun Investment Management Co., Ltd. ("Tibet Fosun") and Shanghai Fosun Pingyao Investment Management Company Limited ("Fosun Pingyao"), all of which are subsidiaries of the Company, entered into the limited partnership agreement with Tibet Xingye Investment Management Co., Ltd. ("Tibet Xingye") and other investors (the "LPA") in respect of the formation of Fosun Chuanghong. Pursuant to the LPA, the total capital of Fosun Chuanghong is RMB1,505,000,000, of which, among others, Nanjing Iron & Steel will contribute RMB100 million, Tibet Fosun will contribute RMB15 million, Fosun Pingyao will contribute RMB40 million and Tibet Xingye will contribute RMB470 million, representing approximately 6.64%, 1%, 2.66% and 31.23%, respectively, of the total capital of Fosun Chuanghong. By entering into the LPA, the Directors believe that it will provide a good opportunity for the Group to make investments, which is in line with the strategy of the Group. Tibet Xingye is an Associate of Mr. Guo Guangchang, a director of the Company, further details are set out in the announcement of the Company dated 13 December 2011.

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

As at 31 December 2012, the interests or short positions of the Directors or chief executive 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	5,078,198,000[1]	Corporate	79.08%
Ding Guoqi	Ordinary	12,940,000	Individual	0.20%
Qin Xuetang	Ordinary	3,880,000	Individual	0.06%
Wu Ping	Ordinary	7,760,000	Individual	0.12%

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

Name of Director/ chief executive	Name of associated corporation	Class of shares	Number of shares	Type of interests	Approximate percentage of shares in issue
Guo Guangchang	Fosun Holdings	Ordinary	1	Corporate	100.00%
	Fosun International Holdings	Ordinary	29,000	Individual	58.00%
	Fosun Pharma	A Shares[2]	114,075	Individual	0.01%
			920,641,314	Corporate	48.34%
Liang Xinjun	Fosun International Holdings	Ordinary	11,000	Individual	22.00%
Wang Qunbin	Fosun International Holdings	Ordinary	5,000	Individual	10.00%
	Fosun Pharma	A Shares[2]	114,075	Individual	0.01%
Fan Wei	Fosun International Holdings	Ordinary	5,000	Individual	10.00%
Qin Xuetang	Fosun Pharma	A Shares[2]	114,075	Individual	0.01%

Notes:

(1) Pursuant to Division 7 of Part XV of the SFO, 5,078,198,000 Shares held by Mr. Guo Guangchang are deemed corporate interests held through Fosun Holdings and Fosun International Holdings.

(2) A Shares mean the equity securities listed on the Shanghai Stock Exchange.

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

As at 31 December 2012, so far as was known to the Directors, the persons or entities, other than a Director or chief executive of the Company, who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of the substantial shareholder	Number of Shares directly or indirectly held	Approximate percentage of Shares in issue
Fosun Holdings	5,074,558,500[2]	79.02%
Fosun International Holdings[1]	5,074,558,500[2]	79.02%

Notes:

(1) Fosun International Holdings is owned as to 58%, 22%, 10% and 10% by Messrs. Guo Guangchang, Liang Xinjun, Wang Qunbin and Fan Wei, respectively.

(2) Fosun International Holdings is the beneficial owner of all the issued shares in Fosun Holdings and, therefore, Fosun International Holdings is deemed, or taken to be interested in the Shares owned by Fosun Holdings for the purpose of the SFO. Despite the interests in Shares as recorded in the register pursuant to SFO, Fosun Holdings and Fosun International Holdings (by virtue of its shareholding in Fosun Holdings) are interested and deemed or taken to be interested in 5,078,198,000 Shares as of 31 December 2012.

(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 58%, is deemed or taken to be interested in the Shares owned by Fosun Holdings for the purpose of the SFO.

Save as disclosed above, so far as was known to the Directors, as at 31 December 2012, the Company has not been notified by any persons (other than a Director or chief executive of the Company) who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance were entered into between the Company or any of its subsidiaries and any controlling shareholders or any of its subsidiaries during the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

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

CONNECTED TRANSACTION

In order to further avoid potential horizontal competition, reduce connected transaction between Hainan Mining and Hainan Haigang Group Co., Ltd. ("Haigang Group"), and eliminate potential effect on Hainan Mining by the low grade ore owned by Haigang Group, Hainan Mining entered into a purchase agreement for low grade ore with Haigang Group on 25 July 2012, pursuant to which, Haigang Group will sell all low grade ore in stock to Hainan Mining with consideration of RMB856,968,340.54 (including tax). Haigang Group is a substantial shareholder of Hainan Mining, a subsidiary of the Company, and is therefore a connected person of the Company. Further details are set out in the announcement of the Company dated 8 February 2013.

DISCLOSEABLE TRANSACTIONS

On 21 February 2012, the Company (through Spread Grand Limited and Shanghai Star Capital Co., Ltd., both of which are subsidiaries of the Company) decided to participate in a bid for land use right of land located at Putuo District, Shanghai, the PRC (the "Land") (the "Bid") with a bid pride of RMB1,700,000,000. The Company succeeded in the Bid on 23 February 2012, and received a confirmation thereof. The acquisition of land use rights of the Land constitutes a discloseable transaction of the Company under the Listing Rules. Further details are set out in the announcement of the Company dated 24 February 2012.

On 30 August 2012, Chengdu Forte Pearl Real Estate Co., Ltd. ("Forte Pearl"), a subsidiary of the Company participated in a bid for land use rights of land located at Yumin Area, Gaoxin District, Chengdu, the PRC (the "Land") (the "Bid") with a bid price of RMB1,799,385,348.00. Forte Pearl succeeded in the Bid on 4 September 2012, and received a confirmation thereof on 6 September 2012. The acquisition of land use rights of the Land constitutes a discloseable transaction under the Listing Rules. Further details are set out in the announcement of the Company dated 6 September 2012.

A total of 336,070,000 H shares of Fosun Pharma (subject to the over-allotment option) are proposed to be issued under the proposed global offering of Fosun Pharma, the equity interest in Fosun Pharma held by the Company (through Fosun Group) will be diluted up to 40.97% from 48.20%. An over-allotment option consisting a total of 50,410,000 H Shares was granted by Fosun Pharma to the joint global coordinators on behalf of the international purchasers in connection with the listing of Fosun Pharma in Hong Kong. The over-allotment option was not exercised and lapsed on 21 November 2012. This proposed global offering constitutes a deemed disposal of the Company's equity interest in Fosun Pharma and a discloseable transaction of the Company under the Listing Rules. Further details are set out in the announcement of the Company dated 17 October 2012.

On 19 December 2012, the Company entered into the rollover agreement with Giovanna Group Holdings Limited ("Holdco") and Giovanna Parent Limited, pursuant to which the Company agreed that, among other things: (a) at the closing, the Company shall subscribe for 174,084 new shares of Holdco, delivery of which shall constitute full consideration for 72,727,275 shares of Focus Media currently held by the Company ("Rollover Shares") through 14,545,455 American Depositary Shares of Focus Media; and (b) at the closing, the Rollover Shares shall be cancelled for nil consideration. This transaction constitutes a discloseable transaction of the Company under the Listing Rules. Further details are set out in the announcement of the Company dated 19 December 2012.

NON-COMPETITION UNDERTAKING

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

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

RELATED PARTY TRANSACTIONS

Related party transactions entered by the Group during the Reporting Period are disclosed in note 50 to financial statements.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events after the reporting period of the Group are set out in note 55 to financial statements.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as its code of conduct regarding Directors' securities transactions. Having made specific enquiry with the Directors, all Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the Reporting Period.

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 except for the failure to arrange appropriate insurance cover in respect of legal action against its Directors after 1 April 2012 in accordance with code provision A.1.8 of the CG Code. However, the Company had purchased directors and officers liability insurance with effect from 1 October 2012. In addition, Mr. Andrew Y. Yan, the independent non-executive Director, had not attended the annual general meeting of the Company held on 21 June 2012 as required under code provision A.6.7 of the CG Code due to other business commitment. The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

Further information on the corporate governance practices of the Company is set out in the Corporate Governance Report on pages 42 to 47 of this annual report.

AUDIT COMMITTEE

As at the end of the Reporting Period, the Audit Committee of the Company comprises four independent non-executive Directors, namely Mr. Zhang Shengman (Chairman), Mr. Andrew Y. Yan, Mr. Zhang Huaqiao and Mr. David T. Zhang. The main duties of the Audit Committee are to review and monitor the financial reporting procedures and internal control system of the Company, and to provide recommendations and advice to the Board. The Audit Committee of the Company has reviewed the 2012 annual results of the Group.

AUDITORS

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

On Behalf of the Board

Guo Guangchang
Chairman

Shanghai, the PRC
26 March 2013

CORPORATE SOCIAL RESPONSIBILITY

With the vision as becoming a premium investment group with a focus on China's growth momentum, Fosun has been adhering to the corporate values of "Self-improvement, Teamwork, Performance and Contribution to Society" so as to strive to attain the strategic goal of the corporate social responsibility ("CSR") in constructing the "Two-environments" and promoting the "Two-rejuvenation".

In 2012, Fosun's CSR work gained high recognition from the society and received honors such as "The Best Chinese Company of Corporate Social Responsibility in 2012" by Southern Weekend. In 2012, Fosun Foundation was officially established, making a new stage of Fosun's development in CSR.

Looking ahead to 2013, Fosun will involve in the social welfare activities more actively and will continue to deepen the outreach and widen the coverage of the existing social and public welfare projects, as well as continue to leverage on new resources and develop international cooperation, thereby enhancing the CSR branding of Fosun.

1 FOSUN AND ITS INVESTEES PAID TAXES OF RMB12.98 BILLION IN 2012

In 2012, the tax payment by Fosun and its investees continued to maintain a robust growth, amounting to RMB12.98 billion in aggregate. The development of Fosun and its investees supported the local economic development vigorously. From the perspective of the structure on geographical distribution of the tax paid by Fosun and its investees, the sources of tax revenue were generated from 21 provinces (municipalities) in China, including not only the developed regions along the southeast coast of China (such as Shanghai, Guangdong, Fujian, Jiangsu and Zhejiang, etc.), but also the central and western developing regions (such as Hubei, Sichuan, Guangxi, Chongqing and Tibet, etc.). Fosun seeks development in different regions while making its own contribution to the economic development of different regions at the same time.

Fosun kept ahead in ranking list of corporate tax payers in China and Shanghai over the years. The tax payment made by Fosun is growing constantly, which indicates that while Fosun is developing and growing its operation, it has a strong awareness as a tax payer in accordance with laws.

2 POLITICAL PARTICIPATION AND DISCUSSION

APPEALED TO PROMOTE THE DEVELOPMENT OF NON-STATE OWNED ECONOMY

In March 2012, Guo Guangchang, a member of the National People's Congress ("NPC") and Chairman of the Company attended the NPC meeting along with other representatives from Shanghai. During the meeting, Mr. Guo raised several motions on hot topics in the society including the development of the non-state owned economy and improvement of people's livelihood. These suggestions received great attention from local and foreign media. Mr. Guo said a key to further promote the non-state owned economy is to implement various existing policies such as "The State Council Opinions on Encouraging and Guiding the Healthy Development of Private Investment". Mr. Guo hopes the Central Government will enact more practical measures in widening sources of supply of financial capital and alleviating tax burden for individuals and companies.

3 FOSUN HELD THE 20TH ANNIVERSARY CELEBRATION

ANNOUNCED THE ESTABLISHMENT OF FOSUN FOUNDATION

On 29 November 2012, Fosun 20th anniversary celebration was held in Pudong, Shanghai. The founding team of Fosun Group and members of senior managements attended the celebration while various government leaders and over 370 entrepreneurs and partners jointly witnessed the growth of Fosun during these two decades.

"Gratitude, Culture, Future" was the theme of Fosun's 20th anniversary event. Fosun thanked the guests with different identities yet are inextricably linked to Fosun sincerely.

At the 20th anniversary celebration, official establishment of Fosun Foundation was announced. Over the years, Fosun has achieved a stable development and has gained high recognition from government leaders, entrepreneurs and partners regarding its social contribution. With the expectation from different sectors of the society and the corporate values of "Self-improvement, Teamwork, Performance and Contribution to Society", Fosun will be more determined in moving towards the next 20 years.

4 ESTABLISHMENT OF ANTI-CORRUPTION AND SUPERVISION DEPARTMENT TO FIGHT AGAINST CORRUPTION AND PROMOTE THE IMPORTANCE OF INTEGRITY

As one of the largest non-state owned enterprises in Shanghai, Fosun believes that it is necessary to oppose corruption and promote the importance of integrity, thereby setting a good example among the non-state owned enterprises.

Fosun established an Anti-Corruption and Supervision Department in 2012 as its ultimate line of defense of internal control to enhance its ability to fight against any internal corruption and market hidden rules. The Anti-Corruption and Supervision Department has established an effective and comprehensive warning system for anti-corruption. Through carrying out a specific “body check” inspection programme, the Anti-Corruption and Supervision Department has detected cases in relation to internal breach of discipline, played a role of warning and loophole-fixing through which not only the loopholes were plugged within the system, but also recovered economic loss, as well as promoting a culture of honesty and integrity with warning effect.

In November 2012, Fosun has been designated by the Shanghai Municipal Government as a model company in a pilot scheme for anti-corruption. Meanwhile, Fosun was determined as the communication station with the State Bureau of Corruption Prevention. We believe that through these two campaigns, Fosun will further promote the high moral standard of incorruptibility and business ethics, reinforce the importance of compliance with laws and regulations, thereby building a business culture in the society that values integrity and incorruptibility.

In view of Fosun’s growing international businesses and increasingly cooperation with foreign partners, Fosun has dedicated to establishing and implementing a standard in anti-corruption that is comparable to the international standard. Fosun cooperated and established funds with Prudential Financial, Inc. (“Prudential”) of the United States and The Carlyle Group respectively, and also set up a joint venture life insurance company with Prudential. Fosun takes the anti-corruption work of multinational enterprises for reference and creates outstanding business environment to fully perform the social responsibility in anti-corruption as a non-state owned enterprise.

5 SERVICING CUSTOMERS THROUGH SHARING OF RESOURCE AND WISDOM

In implementing its strategy of becoming "a premium investment group with a focus on China's growth momentum", Fosun unceasingly refines and perfects its efforts. In 2012, it advanced its investment model of combining China's growth momentum with global resources through a series of systematic initiatives. Through creating strategic value for investees by facilitating and enhancing their strategic management, Fosun has constituted a strong and synergistic "One Fosun" platform.

For new investees, Fosun has established an effective matching mechanism to help new group members to utilise the "One Fosun" platform to promote business. In 2012, in order to help its partner Prudential to enter the insurance market of China in a faster and better manner, Fosun established a special joint working team for Pramerica Fosun Life Insurance. During the preparation stage of the Pramerica Fosun Life Insurance, the team provided assistance in organisation and preparatory work, helped Pramerica Fosun Life Insurance familiarize with domestic enterprise channel resources and establish a unique insurance workplace marketing model, thereby making a head start in its market development.

6 ESTABLISHING A SAFE WORKING CULTURE

Fosun established the EHSQ Supervision Department in the end of 2011. The aim of its establishment is to fully enhance Fosun's management standard in environment, health, safety and quality (EHSQ) aspects, thus building up Fosun as a first-class enterprise.

The EHSQ Supervision Department strongly emphasized on the establishment of safe working culture. Fosun has established a supervision system of safety, quality control and environmental protection to evaluate enterprises in respect of safety organisation management, department structure, safety procedures and safety training, which also formed a unified EHSQ audit standard of Fosun. Fosun has reinforced the lines and network structure of EHSQ to ensure the system can cover every working team so that every EHSQ incident can be reported to the designated management through this network. According to the standard, the EHSQ Supervision Department carried out inspections on 13 investees in 2012 and each investee has formulated its rectification plan. All the controlled companies of the Group have submitted their respective rectification plans. In addition, the EHSQ Supervision Department held special trainings for the investees in 2012.

7 CARING FOR HEALTH AND WELL-BEING OF EMPLOYEES

In 2012, Fosun held diversified cultural activities, including a symphony orchestra for its staff and their family to celebrate the 20th anniversary of Fosun. Among the activities celebrating the anniversary there was a micro-movie and photo competition for staff. In November, Labour Union of Fosun organised the "Cheerful Sports and Fosun Carnival". A series of fun games were held which strengthened the cohesion of employees. Fosun also held regular sports activities including basketball, football and badminton games and hired Taichi mentors to teach Taichi during rest periods. Through engaging in their own hobbies and interests, employees truly realise "living healthily and working happily".

Fosun cares for the health of employees. In 2012, based on the 2011 employees' body check-up plan, Fosun upgraded the health management services provided to employees through improving body check-up procedures, optimizing body check-up packages, extending the screening scope for common diseases, tracking report interpretation, providing professional advice from health experts and providing health condition assessment report, etc. Therefore, our employees could enjoy a more professional and comprehensive body check-up plan.

8 DIVERSIFIED TRAININGS FOR TALENTS

Fosun always pays attention to its management hierarchy and initiated a succession plan in 2012 to ensure the workforce structure and formation of reserve of talents can meet the middle-to-long term strategic development requirements of the Group. Fosun not only focuses on the capability development of its employees, but also concerns on nurturing its staff and matching his/her talent to a suitable working platform so that he/she can unlock his/her potential. Fosun Management Institute has organized an Excellence Training Camp and invited domestic and foreign experts for lectures. Meanwhile, it has also invited the Chairman as tutor to give a professional coaching for the learners, thereby helping them grow fast. Besides, Fosun has also organized seminars for general managers and launched various specific trainings for dedicated posts which included courses for financial directors, HR directors, etc.

Fosun has been emphasizing on attracting talents by business and nurturing talents through on-job training. As regards its internal talent nurturing, Fosun provides "training packages" matching the needs of employees at different levels. Training approaches include job rotation, secondment, and career skill competition, with such exposure to different experiences and wider variety of skills, our employees' skill, working quality and professional standard are greatly enhanced in Fosun. As the talents training center in Fosun, Fosun Management Institute is committed to building Fosun's "Whampoa Military Academy" and establishing a talent training system with its own characteristics focusing on the Group's business.

In addition, the HR department optimized the procedures of performance assessment by building a system sharing platform to enhance digitizing of information. The online electronic human resource management of Fosun is used in managing performance assessment for the HR function with the system being open for all enterprises within Fosun.

9 REINFORCING ENVIRONMENTAL AUDIT IN INVESTMENT PROJECTS

As for environmental requirement for investment, the EHSQ Supervision Department gives guidance to enterprises on reinforcing the identification and assessment of risks in safety, quality control and environmental protection, and supervises them to control and mitigate such risks effectively, ensuring the Fosun's steady, compliant and high quality operation in respect of safety, quality control and environmental protection. At the same time, Fosun takes strict control in respect of energy saving and environmental protection through adopting relevant investment philosophy, under which the investment teams give preference in selecting those innovative, technology-oriented and low-carbon companies with high value-added and low energy consumption. Furthermore, the review of environmental issues is taken as a key criterion by our sponsors in the due diligence investigations of target companies, and projects that do not comply with the nation's industry policies and environmental standards will be certainly rejected by Fosun for investment.

10 THE "CHALLENGE CUP" – FOSUN NATIONAL COLLEGE STUDENTS BUSINESS PLAN COMPETITION

In November 2012, the 8th "Challenge Cup" – National College Students Business Plan Competition, which was jointly hosted by the Communist Youth League Central Committee, the China Association for Science and Technology, the Ministry of Education, the National Student Union and Shanghai Municipal Government, and organized by Tongji University and co-organized by Fosun, was successfully held. Over a thousand of colleges and universities and millions of students participated in this competition.

After keen competitions including assessment of written business plans and open debates, 69 works including Shanghai Weinasi Thermal Insulation Technology Co., Ltd. of Tongji University, "Chow! Task Manager" of The Chinese University of Hong Kong, etc. won Gold awards, and 126 colleges and universities including Tongji University won outstanding organization awards.

The competition attracted wide attention from venture capital sector, business sector and local business parks, with contract signing and intended investment amount totalling RMB281 million. During the competition, extensive and diversified interactive activities were held, which included exhibition of works joining the competition, talks on starting business, contest of business startup talents, demonstration area for collegiate business startup, services promotion for university student employment and business startup, etc.

11 CONTINUOUS PROMOTION OF TAICHI CULTURE

Fosun has been supporting the promotion of Taichi culture for a long time. In addition to promoting the Taichi culture through overseas branding activities held in London and Dubai, Fosun actively works for the industrialisation and standardisation of Taichi. In November 2012, the Taichi Talent Show Competition supported by Fosun was held in Shanghai. The competition was divided into three levels namely junior, intermediate and senior, and the top 3 of each division were decided.

During 2012, the high-profile "Taichi Quan Friends Club" was launched in Shanghai and Beijing and other cities to strengthen exchange and communication among Taichi fans. There were a series of health salons co-held with Zhisland to enable more entrepreneurs to experience the charm of Taichi culture. While caring for the health of entrepreneur group, Fosun is also concerned about the sub-health condition of white-collar workers and actively promotes Taichi among companies in Shanghai.

2012 MAJOR HONORS AWARDED TO FOSUN

Honors for Operation

- The Company was ranked No.1136 on "The World's 2000 Biggest Public Companies 2012" of Forbes Magazine, U.S . Since 2003, Forbes Magazine, U.S., has compiled a ranking of top 2000 listed companies worldwide for nine years, based on measures including revenue, profit, assets and market capitalization, etc. The ranking has a strong credibility and considerable market influence.
- At the 10 billion club salon cum award presentation ceremony for the "2011-2012 Best Performing Company of China" held by Global Entrepreneur magazine, Fosun was named "The Best Performing Company of China (2011-2012)".
- Fortune (Chines version) released its official "2012 List of Most Innovative Companies in China", and the Company was ranked among top 25 of the most innovative companies in China.
- Shanghai Enterprise Confederation, Shanghai Entrepreneur Association and Shanghai Federation of Economic Organisation jointly released the list of "2012 Shanghai Top 100 Enterprises". Fosun was again ranked top among the non-stated owned enterprises, securing its leading position among non-stated owned enterprises in Shanghai, and ranked 18th among Shanghai Top 100 Enterprises.
- At the "2012 China Top 500 Enterprises Announcement cum China Business Summit" jointly held by China Enterprise Confederation and China Entrepreneur Association in Changchun, Fosun was ranked No.181 among enterprises in China.
- In the 7th evaluation of the "Most Globally Competitive Chinese Companies" jointly held by Roland Berger Strategy Consultants and Global Entrepreneur magazine, 20 companies including Fosun, Lenovo, Huawei and others were selected as the "Most Globally Competitive Chinese Companies".
- Fosun was ranked among "Top 50 Chinese Emerging Multinational Companies" when the "2012 Globalization Index of Chinese Enterprises" was released. The ranking was jointly launched by China Entrepreneur magazine and Institute of Chinese Entrepreneurs after extensive research and studies over a period of more than half year.
- Fosun was ranked No. 3 among top 50 private equity investment institutions of China for 2012 when Zero2IPO released its "China Venture Capital & Private Equity Annual Ranking 2012" in Beijing. Liang Xinjun, Vice Chairman and Chief Executive Officer of the Company, was named "Top 10 China Private Equity Investor 2012".
- In December 2012, the result of the "2012 Shanghai Financier" election hosted by the Shanghai branch of Xinhua News Agency was announced in Shanghai, and Liang Xinjun, Vice Chairman and Chief Executive Officer of the Company was honored as "Top 10 Leaders of Shanghai Financial Industry 2012".

Honors for Brand

- In June 2012, Fosun was awarded "The Best Global Brand of China" at the first Global Brand Summit. Wu Ping, Executive Director and Senior Vice President of the Company attended the conference and gave a speech.
- Fosun was awarded the "Huapu Prize", the highest brand honor, at the 6th (2012) China Brand Festival.
- Fosun received the "Award for Brand Contribution Influencing China 2012" hosted by China Association of National Advertisers.

Honors for CSR

- Southern Weekend held the 4th Corporate Social Responsibility Annual Conference of China in Beijing. A blue book on corporate social responsibility of China was released at the conference and lists such as "Top Chinese Non-state Owned Enterprises for Wealth Creation" and "Top World 500 for Contribution in China" were announced. Fosun was awarded the "Best Enterprise for Corporate Social Responsibility of the Year".

- Fosun was named "National Advanced Employer" by All-China Federation of Industry and Commerce.

- In the Corporate Culture Achievements of Shanghai Enterprises 2012 jointly released by Shanghai Enterprise Confederation and Shanghai Entrepreneur Association, Fosun was named "2012 Shanghai Excellent Entity of Corporate Culture Achievements".

- At the 2012 (4th) Annual Conference of China Corporate Social Responsibility held in Beijing, Fosun was ranked among "2012 (4th) Corporate Social Responsibility Ranking Top 100 in China" and received the award of "Outstanding Enterprise in Corporate Social Responsibility".

- The Company received Gold Award of "2012 Best Corporate Governance" from The Asset, an international famous magazine. The award reflects the wide recognition of the Group's corporate governance by the market.

Human Resources

As at 31 December 2012, the Group had approximately 35,000 employees.

In 2012, the Group continued to pursue its vision for human resource management of "establishing an investment management team with entrepreneurship and members comprising leading talents in various industries". We further innovated our organizational structure according to the Group's strategic plans, expanded our business platform and recruited talents with different skill sets. In the meantime, we also enhanced our risk management capability and strengthened internal leadership pipelines through talent development, as well as the optimization of the staff performance recognition and incentive systems.

In order to strength our internal risk management and the supervision of our important investees, the Company established the Anti-Corruption and Supervision Department and issued the "Staff Management Guidelines for Anti-Corruption Practice" to raise awareness among staff of integrity and anti-corruption.

To ensure the sustainable and healthy development of the Group's operations and management, while we were recruiting external talents, we also carried out an assessment of our internal staff, stepped up our training programme, identified outstanding staff and in the meantime eliminated those underperforming staff. Through such measures, the Group's talent base was further strengthened and the Group could always remain energetic. Fosun Management Institute commenced a systematic talent development programme during the year for our outstanding staff and some were successfully promoted and deployed in suitable positions and roles in 2012. The Group now owns a better and stronger reserve talent team for every key position.

In respect of staff performance management, following the introduction of the human resources information system, the Group achieved significant enhancement of the efficiency and effectiveness of staff performance management, established a stronger link between the results of employee performance appraisal with promotions and rewards and greatly solidified the Group's corporate culture of pursuit of excellence. In respect of employee incentives and development, we engaged an external consultant to design a group-wide staff incentives and development programme. Some of the initiatives under the programme were put into action during the year of 2012.

INDEPENDENT AUDITORS' REPORT

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

We have audited the consolidated financial statements of Fosun International Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 71 to 189, which comprise the consolidated and company statements of financial position as at 31 December 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

Hong Kong
26 March 2013

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
REVENUE	6	51,764,746	56,816,215
Cost of sales		(42,439,678)	(46,249,903)
Gross profit		9,325,068	10,566,312
Other income and gains	6	5,295,763	4,111,783
Selling and distribution expenses		(2,449,870)	(2,122,999)
Administrative expenses		(3,328,291)	(2,871,202)
Other expenses		(1,034,870)	(1,989,955)
Finance costs	7	(2,773,661)	(2,381,748)
Share of profits and losses of:			
Jointly-controlled entities	22	69,077	32,076
Associates		1,174,777	1,538,827
PROFIT BEFORE TAX	8	6,277,993	6,883,094
Tax	10	(1,334,085)	(1,818,370)
PROFIT FOR THE YEAR		4,943,908	5,064,724
Attributable to:			
Owners of the parent	44	3,707,201	3,403,605
Non-controlling interests		1,236,707	1,661,119
		4,943,908	5,064,724
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic and diluted (RMB)	13	0.58	0.53

Details of the dividends payable and proposed for the year are disclosed in note 12 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	Note	2012 RMB'000	2011 RMB'000
PROFIT FOR THE YEAR		**4,943,908**	5,064,724
OTHER COMPREHENSIVE INCOME			
Available-for-sale investments:			
Changes in fair value		**(49,321)**	569,121
Reversal of changes in fair value arising from an available-for-sale investment becoming an associate		**—**	(58,283)
Reclassification adjustments for gains included in the consolidated income statement – gain on disposal		**(543,799)**	(835,022)
Income tax effect	28	**44,476**	(241,808)
		(548,644)	(565,992)
Share of other comprehensive income/(loss) of jointly-controlled entities		**10,794**	(2,514)
Share of other comprehensive income/(loss) of associates		**(78,166)**	(231,297)
Exchange differences on translation of foreign operations		**30,180**	(129,948)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**(585,836)**	(929,751)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,358,072**	4,134,973
Attributable to:			
Owners of the parent		**3,519,105**	2,285,644
Non-controlling interests		**838,967**	1,849,329
		4,358,072	4,134,973

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**24,295,887**	21,513,247
Investment properties	15	**3,985,000**	3,026,000
Prepaid land lease payments	16	**1,801,237**	1,405,937
Exploration and evaluation assets	17	**1,620**	456,722
Mining rights	18	**821,565**	421,589
Intangible assets	19	**1,244,004**	1,248,872
Goodwill	20	**1,736,060**	1,659,425
Investments in jointly-controlled entities	22	**6,760,773**	1,409,737
Investments in associates	23	**15,258,677**	17,275,611
Available-for-sale investments	24	**7,382,891**	8,437,265
Properties under development	25	**7,966,996**	6,885,559
Due from related companies	34	**—**	448,642
Loans receivable	26	**1,944,236**	2,234,432
Prepayments	27	**670,723**	676,313
Inventories	33	**372,222**	—
Deferred tax assets	28	**2,212,578**	1,521,131
Total non-current assets		**76,454,469**	68,620,482
CURRENT ASSETS			
Cash and bank balances	29	**22,088,468**	16,777,753
Equity investments at fair value through profit or loss	30	**10,656,075**	7,406,727
Trade and notes receivables	31	**5,600,118**	6,506,112
Prepayments, deposits and other receivables	32	**4,975,712**	3,853,964
Inventories	33	**6,371,599**	7,119,548
Completed properties for sale		**4,580,194**	2,583,146
Properties under development	25	**27,333,872**	22,428,345
Loans receivable	26	**807,102**	132,250
Due from related companies	34	**3,118,450**	1,856,159
		85,531,590	68,664,004
Non-current asset/assets of a disposal group classified as held for sale	35	**212,293**	253,132
Total current assets		**85,743,883**	68,917,136

	Notes	2012 RMB'000	2011 RMB'000
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	36	**26,917,695**	23,532,459
Loans from related companies	37	**115,000**	167,830
Trade and notes payables	38	**15,626,765**	11,330,982
Accrued liabilities and other payables	39	**18,818,620**	13,035,226
Tax payable		**2,727,170**	2,737,186
Finance lease payables	40	**41,981**	43,966
Derivative financial instruments		**—**	9,228
Due to the holding company	34	**2,440,986**	1,431,144
Due to related companies	34	**3,293,834**	1,914,420
		69,982,051	54,202,441
Liabilities directly associated with the assets classified as held for sale	35	**—**	57,048
Total current liabilities		**69,982,051**	54,259,489
NET CURRENT ASSETS		**15,761,832**	14,657,647
TOTAL ASSETS LESS CURRENT LIABILITIES		**92,216,301**	83,278,129
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	36	**29,779,651**	30,357,179
Loans from a related company	37	**90,250**	—
Finance lease payables	40	**83,441**	119,998
Deferred income	41	**193,592**	213,060
Due to related companies	34	**1,013,120**	824,137
Other long term payables	42	**652,102**	334,864
Deferred tax liabilities	28	**3,185,749**	2,942,737
Total non-current liabilities		**34,997,905**	34,791,975
Net assets		**57,218,396**	48,486,154
EQUITY			
Equity attributable to owners of the parent			
Issued capital	43	**621,497**	621,497
Reserves	44	**33,690,623**	30,391,347
Proposed final dividend	12	**885,181**	817,340
		35,197,301	31,830,184
Non-controlling interests		**22,021,095**	16,655,970
Total equity		**57,218,396**	48,486,154

Guo Guangchang
Director

Ding Guoqi
Director

STATEMENT OF FINANCIAL POSITION

31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
NON-CURRENT ASSETS			
Investments in subsidiaries	21	4,568,221	3,640,455
Investment in an associate	23	82,421	82,421
Total non-current assets		4,650,642	3,722,876
CURRENT ASSETS			
Cash and bank balances	29	176,428	2,223,886
Equity investments at fair value through profit or loss	30	7,171,355	4,685,741
Prepayments, deposits and other receivables	32	5,558	5,720
Due from subsidiaries	34	11,561,761	11,244,793
Due from related companies	34	3,087	—
Total current assets		18,918,189	18,160,140
CURRENT LIABILITIES			
Interest-bearing bank loans	36	866,773	441,063
Accrued liabilities and other payables	39	53,376	49,900
Tax payable		69,161	1,241
Due to the holding company	34	2,440,986	1,431,144
Total current liabilities		3,430,296	1,923,348
NET CURRENT ASSETS		15,487,893	16,236,792
TOTAL ASSETS LESS CURRENT LIABILITIES		20,138,535	19,959,668
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	36	5,764,407	6,419,398
Net assets		14,374,128	13,540,270
EQUITY			
Issued capital	43	621,497	621,497
Reserves	44	12,867,450	12,101,433
Proposed final dividend	12	885,181	817,340
Total equity		14,374,128	13,540,270

Guo Guangchang
Director

Ding Guoqi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2012

Group

	Attributable to owners of the parent												
	Issued capital RMB'000 (note 43)	Share premium RMB'000	Other deficits RMB'000 (note 44(a))	Statutory surplus reserve RMB'000 (note 44(b))	Available-for-sale investment revaluation reserve RMB'000	Capital redemption reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Proposed final dividend RMB'000 (note 12)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2012	621,497	11,789,653*	(443,540)*	2,587,017*	1,420,026*	1,465*	922,704*	14,731,384*	(617,362)*	817,340	31,830,184	16,655,970	48,486,154
Reversal of impairment loss arising from an available-for-sale investment becoming an associate (note 23)	–	–	–	–	–	–	–	166,023	–	–	166,023	–	166,023
As restated	621,497	11,789,653	(443,540)	2,587,017	1,420,026	1,465	922,704	14,897,407	(617,362)	817,340	31,996,207	16,655,970	48,652,177
Profit for the year	–	–	–	–	–	–	–	3,707,201	–	–	3,707,201	1,236,707	4,943,908
Other comprehensive income for the year:													
Changes in fair value of available-for-sale investments, net of tax	–	–	–	–	98,922	–	–	–	–	–	98,922	(103,767)	(4,845)
Reclassification adjustments for gains included in the consolidated income statement – gain on disposal	–	–	–	–	(227,892)	–	–	–	–	–	(227,892)	(315,907)	(543,799)
Share of other comprehensive income of jointly-controlled entities	–	–	–	–	–	–	10,794	–	–	–	10,794	–	10,794
Share of other comprehensive income/(loss) of associates	–	–	–	–	(15,382)	–	–	–	(72,069)	–	(87,451)	9,285	(78,166)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	17,531	–	17,531	12,649	30,180
Total comprehensive (loss)/income for the year	–	–	–	–	(144,352)	–	10,794	3,707,201	(54,538)	–	3,519,105	838,967	4,358,072
Acquisition of subsidiaries (note 45(a))	–	–	–	–	–	–	–	–	–	–	–	709,371	709,371
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	5,143,169	5,143,169
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(860,677)	(860,677)
Final 2011 dividend declared	–	–	–	–	–	–	–	–	–	(817,340)	(817,340)	–	(817,340)
Proposed final dividend	–	–	–	–	–	–	–	(885,181)	–	885,181	–	–	–
Transfer from retained profits	–	–	–	273,570	–	–	–	(273,570)	–	–	–	–	–
Share of other reserve of an associate	–	–	–	–	–	–	(79,780)	–	–	–	(79,780)	–	(79,780)
Disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	–	42,835	–	–	–	42,835	221,069	263,904
Disposal of subsidiaries (note 45(b))	–	–	–	–	–	–	–	–	–	–	–	(59,925)	(59,925)
Equity-settled share-based payments (note 46)	–	1,271	–	–	–	–	–	–	–	–	1,271	4,794	6,065
Deemed acquisition of additional interests in subsidiaries	–	–	–	–	–	–	(378)	–	–	–	(378)	378	–
Deemed disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	–	547,309	–	–	–	547,309	(547,309)	–
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	(11,928)	–	–	–	(11,928)	(84,712)	(96,640)
At 31 December 2012	621,497	11,790,924*	(443,540)*	2,860,587*	1,275,674*	1,465*	1,431,556*	17,445,857*	(671,900)*	885,181	35,197,301	22,021,095	57,218,396

* These reserve accounts comprise the consolidated reserves of RMB33,690,623,000 (2011: RMB30,391,347,000) in the consolidated statement of financial position.

Group *(Continued)*

	Attributable to owners of the parent												
	Issued capital RMB'000	Share premium RMB'000	Other deficits RMB'000	Statutory surplus reserve RMB'000	Available-for-sale investment revaluation reserve RMB'000	Capital redemption reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Proposed final dividend RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2011	621,497	11,787,763	(443,540)	2,390,537	2,432,714	1,465	384,254	12,281,599	(512,089)	928,936	29,873,136	15,125,950	44,999,086
Adjustment of contingent consideration arising from business combination	—	—	—	—	—	—	—	60,000	—	—	60,000	—	60,000
As restated	621,497	11,787,763	(443,540)	2,390,537	2,432,714	1,465	384,254	12,341,599	(512,089)	928,936	29,933,136	15,125,950	45,059,086
Profit for the year	—	—	—	—	—	—	—	3,403,605	—	—	3,403,605	1,661,119	5,064,724
Other comprehensive income for the year:													
Changes in fair value of available-for-sale investments, net of tax	—	—	—	—	(90,715)	—	—	—	—	—	(90,715)	418,028	327,313
Reversal of changes in fair value arising from the available-for-sale investment becoming an associate	—	—	—	—	(28,005)	—	—	—	—	—	(28,005)	(30,278)	(58,283)
Reclassification adjustments for gains included in the consolidated income statement – gain on disposal	—	—	—	—	(756,432)	—	—	—	—	—	(756,432)	(78,590)	(835,022)
Share of other comprehensive loss of jointly-controlled entities	—	—	—	—	—	—	—	—	(2,489)	—	(2,489)	(25)	(2,514)
Share of other comprehensive loss of associates	—	—	—	—	(137,536)	—	—	—	—	—	(137,536)	(93,761)	(231,297)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	(102,784)	—	(102,784)	(27,164)	(129,948)
Total comprehensive (loss)/income for the year	—	—	—	—	(1,012,688)	—	—	3,403,605	(105,273)	—	2,285,644	1,849,329	4,134,973
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	841,400	841,400
Capital contribution from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	2,383,661	2,383,661
Dividends paid to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	(849,374)	(849,374)
Final 2010 dividend declared	—	—	—	—	—	—	—	—	—	(928,936)	(928,936)	—	(928,936)
Proposed final dividend	—	—	—	—	—	—	—	(817,340)	—	817,340	—	—	—
Transfer from retained profits	—	—	—	196,480	—	—	—	(196,480)	—	—	—	—	—
Disposal of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	(14,175)	(14,175)
Equity-settled share-based payments	—	1,890	—	—	—	—	—	—	—	—	1,890	5,822	7,712
Fair value adjustment on the loan from a non-controlling shareholder of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	25,034	25,034
Disposal of a partial interest in a subsidiary without losing control	—	—	—	—	—	—	1,051	—	—	—	1,051	1,792	2,843
Deemed acquisition of additional interests in subsidiaries	—	—	—	—	—	—	60,669	—	—	—	60,669	(60,669)	—
Acquisition of additional interests in subsidiaries	—	—	—	—	—	—	476,730	—	—	—	476,730	(2,649,536)	(2,172,806)
Compensation arising from LAT provision, net	—	—	—	—	—	—	—	—	—	—	—	(3,264)	(3,264)
At 31 December 2011	621,497	11,789,653*	(443,540)*	2,587,017*	1,420,026*	1,465*	922,704*	14,731,384*	(617,362)*	817,340	31,830,184	16,655,970	48,486,154

* These reserve accounts comprise the consolidated reserves of RMB30,391,347,000 (2010: RMB28,322,703,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**6,277,993**	6,883,094
Adjustments for:			
Depreciation of items of property, plant and equipment	8	**1,567,161**	2,088,457
Amortization of prepaid land lease payments	8	**33,688**	33,400
Amortization of intangible assets	8	**50,853**	26,431
Amortization of mining rights	8	**91,403**	100,468
Provision for impairment of items of property, plant and equipment	8	**65,839**	473
Provision for impairment of available-for-sale investments	8	**20,000**	—
Provision for impairment of an investment in an associate	8	**102,359**	—
Provision for impairment of receivables	8	**66,653**	45,019
Provision for inventories	8	**182,273**	222,016
Provision for impairment of completed properties for sale	8	**17,935**	116,709
Provision for impairment of non-current assets held for sale	8	**—**	148,049
Gain on disposal of available-for-sale investments	6	**(747,843)**	(843,588)
Gain on disposal of equity investments at fair value through profit or loss	6	**(194,645)**	(578,606)
Gain on disposal of jointly-controlled entities	6	**—**	(169,416)
Gain on disposal of associates	6	**(315,347)**	—
Gain on disposal of partial interests in associates	6	**(10,859)**	(34,696)
Gain on deemed disposal of interests in associates	6	**—**	(910,864)
Gain on disposal of subsidiaries	6	**(85,041)**	(59,304)
Net (gain)/loss on disposal of items of property, plant and equipment	8	**(66)**	4,945
Fair value adjustment on equity investments at fair value through profit or loss	8	**(2,449,706)**	759,883
Fair value gains on investment properties	6	**(140,484)**	(97,524)
Interest expenses		**2,727,815**	2,328,684
Interest income	6	**(473,102)**	(380,574)
Dividends from equity investments at fair value through profit or loss	6	**(343,462)**	(160,254)
Dividends from available-for-sale investments	6	**(112,354)**	(284,434)
Share of profits and losses of associates		**(1,174,777)**	(1,538,827)
Subtotal carried forward		**5,156,286**	7,699,541

	Note	2012 RMB'000	2011 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES *(Continued)*			
Subtotal brought forward		5,156,286	7,699,541
Share of profits and losses of jointly-controlled entities		(69,077)	(32,076)
Gain on bargain purchase	6	(3,645)	(33,337)
Compensation arising from LAT provision, net		—	(3,264)
CASH INFLOW BEFORE WORKING CAPITAL CHANGES		5,083,564	7,630,864
Increase in properties under development		(3,238,115)	(9,319,926)
Increase in completed properties held for sale		(1,628,784)	(685,418)
Increase in investment properties		—	(377,309)
Decrease/(increase) in trade and notes receivables		887,408	(1,095,705)
Increase in prepayments, deposits and other receivables		(283,078)	(26,400)
Decrease/(increase) in inventories		199,822	(431,501)
Increase in amounts due from related companies		(362,077)	(705,176)
Increase in trade and notes payables		4,119,309	2,635,275
Increase/(decrease) in accrued liabilities and other payables		3,973,414	(1,108,292)
(Decrease)/increase in deferred income		(19,468)	68,184
Decrease in other long term payables		(137,312)	(139,602)
Increase in amounts due to shareholders		376,571	—
Increase in amounts due to related companies		1,699,560	1,013,078
Decrease/(increase) in restricted presale proceeds of properties		77,718	(382,657)
Increase in required reserve deposits		(100,526)	—
Decrease in derivative financial instruments		(9,228)	(75,338)
CASH GENERATED FROM/(USED IN) OPERATIONS		10,638,778	(2,999,923)
Interest paid		(661,490)	(550,568)
Income tax paid		(2,437,079)	(1,833,519)
NET CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES		7,540,209	(5,384,010)

	Notes	2012 RMB'000	2011 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		**(4,255,400)**	(3,257,896)
Increase of prepaid land lease payments		**(409,562)**	(83,757)
Purchase of intangible assets		**(47,408)**	(61,636)
Purchase of mining rights		**(4,331)**	(4,349)
Purchase of exploration and evaluation assets		**(31,946)**	(23,960)
Purchase of available-for-sale investments		**(780,744)**	(2,672,626)
Purchase of equity investments at fair value through profit or loss		**(2,073,310)**	(4,068,191)
Proceeds from disposal of equity investments at fair value through profit or loss		**1,461,226**	2,735,511
Proceeds from disposal of available-for-sale investments		**1,581,293**	1,943,960
Proceeds from disposal of items of property, plant and equipment		**63,719**	84,876
Proceeds from sales of land use rights		**—**	3,089
Proceeds from disposal of intangible assets		**1,423**	5,276
Proceeds from disposal of held-to-maturity investments		**—**	14,312
Proceeds from disposal of subsidiaries	45(b)	**94,873**	300,340
Proceeds from disposal of associates and disposal of partial interests in associates		**335,460**	70,735
Proceeds from disposal of jointly-controlled entities		**27,529**	82,907
Acquisition of subsidiaries	45(a)	**(1,387,206)**	(1,321,621)
Acquisition of associates		**(295,754)**	(345,336)
Acquisition of jointly-controlled entities		**(1,966,721)**	(255,858)
Dividends received from available-for-sale investments	6	**112,354**	284,434
Dividends received from equity investments at fair value through profit or loss	6	**343,462**	160,254
Dividends received from associates		**548,501**	669,551
Shareholder loans provided to jointly-controlled entities and associates		**(384,656)**	(653,250)
Decrease in pledged bank balances and time deposits with original maturity of more than three months		**420,329**	2,021,672
Increase in restricted cash in escrow account for an investment		**(420,016)**	—
Prepayments for proposed acquisitions		**(54,410)**	(60,000)
Interest received		**283,154**	380,574
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(6,838,141)**	(4,050,989)

	Note	2012 RMB'000	2011 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital element of finance lease rental payments		**(38,542)**	(40,330)
Capital contribution from non-controlling shareholders of subsidiaries		**5,143,169**	2,383,661
New bank and other borrowings		**46,217,311**	63,051,305
Repayment of bank and other borrowings		**(43,208,683)**	(53,102,510)
Dividends paid to non-controlling shareholders of subsidiaries		**(860,677)**	(1,065,374)
Acquisition of additional interests in subsidiaries		**(96,640)**	(2,172,806)
Disposal of partial interests in subsidiaries		**263,904**	—
Dividends paid to shareholders		**(184,069)**	(505,842)
Interest paid		**(2,649,748)**	(2,031,187)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**4,586,025**	6,516,917
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**5,288,093**	(2,918,082)
Cash and cash equivalents at beginning of year		**13,908,510**	16,826,592
CASH AND CASH EQUIVALENTS AT END OF YEAR		**19,196,603**	13,908,510
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:			
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION	29	**19,196,603**	13,908,383
Cash and bank balances attributable to assets of a disposal group classified as held for sale		**—**	127
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS		**19,196,603**	13,908,510

1. CORPORATE INFORMATION

Fosun International Limited (the "Company") was incorporated as a company with limited liability in Hong Kong on 24 December 2004 under the Hong Kong Companies Ordinance (Chapter 32).

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

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are the manufacture and sale of pharmaceutical and healthcare products, property development, the manufacture and sale of iron and steel products, mining and ore processing of various metals (collectively referred to as the industrial operations), asset management, operation and investment in insurance business and various other investments.

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

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

2.1 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and certain equity investments, which have been measured at fair value. Disposal groups and non-current assets held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2012. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

Other than as further explained below regarding the impact of amendments to HKAS 12, the adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

The HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis.

The presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale has been rebutted by the Group as the Group's investment properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Accordingly deferred tax has been determined on the basis of recovery through use. The adoption of the amendments did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans* [2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* [2]
HKFRS 9	*Financial Instruments* [4]
HKFRS 10	*Consolidated Financial Statements* [2]
HKFRS 11	*Joint Arrangements* [2]
HKFRS 12	*Disclosure of Interests in Other Entities* [2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance* [2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities* [3]
HKFRS 13	*Fair Value Measurement* [2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income* [1]
HKAS 19 (2011)	*Employee Benefits* [2]
HKAS 27 (2011)	*Separate Financial Statements* [2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures* [2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* [3]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine* [2]
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012 [2]

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs *(Continued)*

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The HKFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. The Group expects to adopt the amendments from 1 January 2013.

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2015. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in HK(SIC)-Int 12. Based on the preliminary analyses performed, HKFRS 10 is not expected to have any significant impact on the currently held investments of the Group.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. Based on the preliminary analysis performed, HKFRS11 is not expected to have material impact on the consolidated financial statements of the Group.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs *(Continued)*

In July 2012, the HKICPA issued amendments to HKFRS 10, HKFRS 11 and HKFRS 12 which clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied.

The amendments to HKFRS 10 issued in December 2012 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (2011), HKAS 28 (2011), and the subsequent amendments to these standards issued in July and December 2012 from 1 January 2013.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. The Group expects to adopt HKFRS 13 prospectively from 1 January 2013.

The HKAS 1 Amendments change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments will affect presentation only and have no impact on the financial position or performance. The Group expects to adopt the amendments from 1 January 2013.

HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The Group expects to adopt HKAS 19 (2011) from 1 January 2013.

The HKAS 32 Amendments clarify the meaning of “currently has a legally enforceable right to set off” for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs *(Continued)*

The *Annual Improvements to HKFRSs 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 January 2013. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

(a) HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

(b) HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes.* The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors; or over which the Company has a contractual right to exercise a dominant influence with respect to that entity's financial and operating policies.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 are stated at cost less any impairment losses.

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's investments in jointly-controlled entities are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated income statement and consolidated reserves, respectively. Where the profit sharing ratio is different to the Group's equity interest, the share of post-acquisition results of the jointly-controlled entities is determined based on the agreed profit sharing ratio. Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group's investments in the jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of jointly-controlled entities is included as part of the Group's investments in jointly-controlled entities.

The results of jointly-controlled entities are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in jointly-controlled entities are treated as non-current assets and are stated at cost less any impairment losses.

When an investment in a jointly-controlled entity is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates and is not individually tested for impairment.

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, properties under development, completed properties held for sale, financial assets, deferred tax assets, investment properties, goodwill and non-current asset/assets of a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated income statement in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

Or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Buildings	5 to 45 years
Plant and machinery	5 to 15 years
Office equipment	3 to 14 years
Motor vehicles	4 to 12 years
Mining infrastructure	18 years
Leasehold improvements	The shorter of the lease terms or their useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings, plant and machinery under construction or installation and testing which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction or installation and testing and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the consolidated income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated income statement in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or property under development, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. For a transfer from property under development to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties, deferred tax assets and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful lives of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Trademarks

Trademarks with finite useful lives are stated at cost less any impairment losses and are amortised on the straight-line basis over the respective estimated useful lives of not exceeding 12 years. Trademarks with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful lives of trademarks are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Medicine licences

Medicine licences with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful lives of medicine licences are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Patents and technical know-how

Purchased patents and technical know-how are stated at cost less any impairment losses and are amortised on the straight-line basis over the respective estimated useful lives not exceeding 20 years.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets (other than goodwill) *(Continued)*

Business network

Business network is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of not exceeding 15 years.

Research and development costs

All research costs are charged to the consolidated income statement as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

Exploration and evaluation assets

Exploration and evaluation assets are stated at cost less impairment losses. Exploration and evaluation assets include topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies, and expenditure incurred to secure further mineralisation in existing ore bodies and to expand the capacity of a mine. Expenditure incurred prior to accruing legal rights to explore an area is written off as incurred. When it can be reasonably ascertained that a mining property is capable of commercial production, exploration and evaluation costs are transferred to mining rights and are amortised on the units of production ("UOP") method based on the proven and probable mineral reserves. If any project is abandoned during the evaluation stage, the total expenditure thereon will be written off.

Mining rights

Mining rights are stated at cost less accumulated amortisation and any impairment losses. Mining rights include the cost of acquiring mining licences, exploration and evaluation costs transferred from exploration rights and assets upon determination that an exploration property is capable of commercial production, and the cost of acquiring interests in the mining reserves of existing mining properties. The mining rights are amortised over the estimated useful lives of the mines, in accordance with the production plans of the entities concerned and the proven and probable reserves of the mines using the UOP method. Mining rights are written off to the consolidated income statement if the mining property is abandoned.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the consolidated income statement so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the consolidated income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases net of any incentives received from the lessor are charged to the consolidated income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as other expenses in the income statement. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria under HKAS 39 are satisfied.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify them. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the consolidated income statement. The loss arising from impairment is recognised in the consolidated income statement in finance costs for loans and in other expenses for receivables.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement *(Continued)*

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the income statement in other expenses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the consolidated income statement as other income in accordance with the policies set out for “Revenue recognition” below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management’s intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. Reclassification to the held-to-maturity category is permitted only when the Group has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated income statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group’s continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the consolidated income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the consolidated income statement.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the consolidated income statement, is removed from other comprehensive income and recognised in the consolidated income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated income statement – is removed from other comprehensive income and recognised in the consolidated income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the consolidated income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, or loans and borrowings, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and notes payables, accrued liabilities and other payables, an amount due to the holding company, amounts due to related companies, loans from related companies, finance lease payables, derivative financial instruments and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the consolidated income statement. The net fair value gain or loss recognised in the consolidated income statement does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Subsequent measurement *(Continued)*

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated income statement when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated income statement.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; and a discounted cash flow analysis.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and commodity derivative contracts, to hedge its foreign currency risk and commodity price risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the consolidated income statement.

None of the Group's derivative financial instruments is qualified for hedge accounting.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Properties under development

Properties under development are stated at cost which includes all development expenditures, including land costs, interest charges and other costs directly attributable to such properties.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle.

Properties under development are valued at the lower of cost and net realisable value at the end of reporting period and any excess of cost over the net realisable value of an individual item of properties under development is accounted for as a provision. Net realisable value is based on estimated selling prices in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

Completed properties for sale

Completed properties for sale are recognised in the consolidated statement of financial position at the lower of cost and net realisable value. Net realisable value is estimated by the directors based on the prevailing market conditions. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Any excess of cost over the net realisable value of an individual item of completed properties for sale is accounted for as a provision.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and from an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated income statement.

Provisions for product warranties granted by the Group on certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general guidance for provisions above; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liabilities arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and jointly-controlled entities, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and jointly-controlled entities, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated income statement over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

(b) Sale of completed properties

Revenue from the sale of properties is recognised when the risks and rewards of the properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales agreement and collectability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under current liabilities.

(c) Service income

Service income is recognised when the relevant services have been rendered and it is probable that economic benefits will flow to the Group and the relevant income can be measured reliably.

(d) Rental income

Revenue is recognised on a time proportion basis over the lease terms.

(e) Interest income

Revenue is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(f) Dividend income

Revenue is recognised when the shareholders' right to receive payment has been established.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payments

One of the Group's subsidiaries operates a share option scheme for the purpose of providing incentives and rewards to its employees. Employees receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option pricing model further details of which are given in note 46 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Retirement benefits

The Group did not provide post-employment benefits, other than (i) defined contribution pension schemes and (ii) other employee benefits to qualified former employees ("Qualified SOE Employees") and qualified retirees ("Qualified Retirees") of former state-owned enterprises, as set out below.

(i) Defined contribution pension schemes

The full-time employees of the Group, other than Qualified SOE Employees and Qualified Retirees of former state-owned enterprises ("Former SOEs") as set out below, are covered by various government-regulated defined contribution retirement benefit schemes under which the employees are entitled to a monthly pension. The Group contributes a percentage of the employees' salaries to these retirement benefit schemes on a monthly basis. Under these schemes, the Group has no legal obligation for retirement benefits beyond the contributions made. Contributions to these schemes are expensed as incurred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Retirement benefits *(Continued)*

(ii) Other employee benefits to Qualified SOE Employees and Qualified Retirees

The Group took over Qualified SOE Employees and Qualified Retirees from the Former SOEs upon the Group's acquisition of the Former SOEs. A liability in respect of the retirement benefits of Qualified SOE Employees and Qualified Retirees was taken over by the Group from the former parent company of the Former SOEs upon taking up Qualified SOE Employees and Qualified Retirees. All the following retirement benefits are covered by the abovementioned liability taken over and the details of the retirement benefits are as follows:

Qualified SOE Employees

The Qualified SOE Employees consist of two different categories of employees:

(a) Qualified SOE Employees being made redundant by the Former SOEs before their statutory retirement age prior to the Group's acquisition of the Former SOEs.

The Former SOEs paid basic salary and social benefit funds on a monthly basis to these Qualified SOE Employees until they reach statutory retirement age as stipulated by the State Regulations. The Group is required to continue paying such monthly payments to these redundant Qualified SOE Employees until they reach statutory retirement age as stipulated by the State Regulations; and

(b) Qualified SOE Employees not being made redundant by the Former SOEs before their statutory retirement age prior to the Group's acquisition of the Former SOEs and entering into new employment contracts with the Group upon acquisition of the Former SOEs by the Group.

The Former SOEs implemented early retirement plans for these Qualified SOE employees. The benefits of the early retirement plans of the Qualified SOE Employees were calculated based on factors including the number of years of qualified service with the Former SOEs, salary amount and other agreed terms for Qualified SOE Employees upon the Group's acquisition of the Former SOEs. The Group is required to pay these Qualified SOE Employees a redundancy payment if they opt for early retirement or are made redundant by the Group before their statutory retirement age as stipulated by State Regulations. These Qualified SOE Employees are not entitled to early retirement benefits upon reaching statutory retirement age.

Qualified Retirees

The Former SOEs also provided post-retirement benefits to their employees who were not covered by various government-regulated defined contribution retirement benefit schemes under which the employees are entitled to a monthly pension. Upon being acquired by the Group, the Former SOEs had certain Qualified Retirees to whom the Former SOEs had an obligation to pay a fixed amount on a monthly basis until their death, where the Group is required to continue paying such monthly payments to these Qualified Retirees. The post retirement benefits of Qualified Retirees were calculated based on the monthly pension multiplied by an estimated life expectancy of Qualified Retirees.

The Group recognises the liability taken over as a non-current liability at initial recognition, and subsequent payments of the retirement benefits to Qualified SOE Employees and Qualified Retirees are debited against the non-current liability. Payments are made by the Group to Qualified SOE Employees and Qualified Retirees, but the use of the fund is monitored and supervised jointly by the former parent company of the Former SOEs and the union. Except for the payment of the retirement benefits of the Qualified SOE Employees and the Qualified Retirees, the fund cannot be used for any other purpose including the transfer to the Group's income statement or reserve without the joint approval from the former parent company of Former SOEs, the union and the Municipal Labour & Social Security Bureau.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Accommodation benefits

According to the relevant People's Republic of China ("PRC") rules and regulations, the PRC companies now comprising the Group and their employees are each required to make contributions which are in proportion to the salaries and wages of the employees to an accommodation fund administered by the government agencies in the PRC. There is no further obligation on the part of the Group except for such contributions to the accommodation fund. Contributions to an accommodation fund administrated by government agency are charged to the consolidated income statement as and when they are incurred.

Other employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all employees of the companies in Hong Kong who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the costs of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

The functional currency of the Company and its subsidiaries incorporated outside Mainland China is Hong Kong dollars ("HKD"). The functional currency of the PRC subsidiaries is RMB. The financial statements are presented in RMB, which is the Group's presentation currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of the Company and its subsidiaries incorporated outside Mainland China are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their income statements are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated income statement.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

(ii) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgment. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(iii) Deferred tax liabilities

Deferred tax liabilities are recognised for withholding corporate income taxes relating to the unremitted earnings of the Group's subsidiaries established in Mainland China that are subject to withholding taxes. Significant management judgement is required to determine the amount of deferred tax liabilities, based upon the likely distribution level of such earnings from these subsidiaries in the foreseeable future. The carrying value of deferred tax liabilities arising from the withholding tax associated with the investments in subsidiaries in Mainland China for the year ended 31 December 2012 was RMB33,359,000 (31 December 2011: RMB33,577,000). Further details are contained in note 28 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2012 was RMB1,736,060,000 (31 December 2011: RMB1,659,425,000). Further details are given in note 20 to the financial statements.

(ii) Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. For the year ended 31 December 2012, impairment losses in the amount of RMB188,198,000 (2011: RMB148,522,000) have been recognised as set out in note 8 to the financial statements.

(iii) Impairment of available-for-sale financial investments

The Group classifies certain investments as available for sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the consolidated income statement. For the year ended 31 December 2012, impairment losses in the amount of RMB20,000,000 (2011: nil) have been recognised for available-for-sale financial assets as set out in Note 8 to the financial statements. As at 31 December 2012, the carrying amount of available-for-sale assets was RMB7,382,891,000 (31 December 2011: RMB8,437,265,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

(iv) Estimation of fair value of investment properties

As described in note 15 to the financial statements, investment properties were revalued on 31 December 2012 on an open market value and existing use basis by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of the reporting period.

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs. The carrying amount of investment properties at 31 December 2012 was RMB3,985,000,000 (31 December 2011: RMB3,026,000,000).

(v) Provision for bad debts of loans and receivables

The Group reviews the recoverability and aging of loans and advances and provides impairment losses if the balances are not fully recoverable. The assessments involve estimation of the recoverability of these balances. Any change in the key sources of estimations would affect the carrying amount of the loans and advances, and provision expenses in the period in which such estimate has been changed.

(vi) Estimation of rehabilitation cost provision

Provisions for the Group's obligations for land rehabilitation are based on estimates of required expenditure at the mines in accordance with PRC rules and regulations. The Group estimates its liabilities for final rehabilitation and mine closure based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation.

Estimates used in the provision for rehabilitation cost are subjective in nature and involve uncertainties and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

(vii) Useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(viii) Useful lives of intangible assets (other than goodwill)

The Group determines the estimated useful lives for its intangible assets. This estimate is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Management will increase the amortisation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(ix) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2012 was RMB1,188,309,000 (31 December 2011: RMB534,933,000). The amount of unrecognised tax losses as at 31 December 2012 was RMB3,689,837,000 (31 December 2011: RMB2,138,306,000). Further details are contained in note 28 to the financial statements.

(x) Net realisable value of inventories, properties under development and completed properties for sale

Net realisable value of inventories, properties under development and completed properties for sale is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and disposal. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer taste or competitor actions in response to severe consumer product industry cycles. Management reassesses these estimates at the end of each reporting period.

(xi) Contingent consideration for acquisition of subsidiaries

The Group estimated the fair value of contingent consideration for acquisition of subsidiaries under the income approach which involves the expected cash flows, to be discounted to the acquisition date at an appropriately chosen discount rate. Significant management judgement is required to determine the expected cash flows and discount rate. Management reassesses these estimates at the end of each reporting period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Change in accounting estimate

On 25 March 2012, the directors of an indirect subsidiary of the Company, Nanjing Iron & Steel Co., Ltd., and its subsidiaries approved a resolution to change the estimated useful lives of the buildings, plant and machinery and motor vehicles included in their property, plant and equipment as follows:

Buildings	from 20 years to 30 years
Plant and machinery	from 10 years to 15 years
Motor vehicles	from 5 years to 5~10 years

The change in accounting estimate is a result of technical innovations and maintenance effort on the property, plant and equipment and is based on the reassessment by the directors of Nanjing Iron & Steel Co., Ltd. according to the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions and reference to the market common practice. Such change in accounting estimate was also applied to the holding company of Nanjing Iron & Steel Co., Ltd., Nanjing Nangang Iron & Steel United Co., Ltd. ("Nanjing Nangang") and its subsidiaries. The effect of such change in accounting estimate was recognised prospectively from 1 January 2012 and decreased the depreciation charges of the Group for the year ended 31 December 2012 by approximately RMB678,000,000.

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINTLY-CONTROLLED ENTITIES

Particulars of the principal subsidiaries comprising the Group, associates and jointly-controlled entities of the Group at 31 December 2012 are set out below:

Name of company	Place and date of incorporation/registration and place of operations	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company Direct	Indirect	Effective	Principal activities
Subsidiaries						
上海復星高科技（集團）有限公司 (Shanghai Fosun High Technology (Group) Co., Ltd.)	PRC/Mainland China 21 November 1994	2,300,000/1,804,000	100.0%	—	100.0%	Investment holding
上海復星工業技術發展有限公司 (Shanghai Fosun Industrial Technology Development Co., Ltd.)	PRC/Mainland China 4 August 2003	1,200,000	—	100.0%	100.0%	Investment holding
上海復星產業投資有限公司 (Shanghai Fosun Industrial Investment Co., Ltd.)	PRC/Mainland China 22 November 2001	600,000	—	100.0%	100.0%	Investment holding

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINTLY-CONTROLLED ENTITIES *(Continued)*

Particulars of the principal subsidiaries comprising the Group, associates and jointly-controlled entities of the Group at 31 December 2012 are set out below: *(Continued)*

Name of company	Place and date of incorporation/registration and place of operations	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company Direct	Indirect	Effective	Principal activities
Steel segment						
南京南鋼鋼鐵聯合有限公司 (Nanjing Nangang Iron & Steel United Co., Ltd.)	PRC/Mainland China 20 May 2009	3,000,000	—	60.0%	60.0%	Manufacture and sale of iron and steel products
南京鋼鐵聯合有限公司 (Nanjing Iron & Steel United Co., Ltd.)	PRC/Mainland China 24 March 2003	900,000	—	100%	60.0%	Manufacture and sale of iron and steel products
南京南鋼產業發展有限公司 (Nanjing Iron & Steel Industry Development Co., Ltd.)	PRC/Mainland China 27 September 2009	1,850,000	—	100%	50.3%	Manufacture and sale of iron and steel products
南京鋼鐵股份有限公司 (Nanjing Iron & Steel Co., Ltd.)	PRC/Mainland China 18 March 1999	3,875,752	—	83.8%	50.3%	Manufacture and sale of iron and steel products
南京鋼鐵有限公司 (Nanjing Iron & Steel Limited)	PRC/Mainland China 28 June 2001	1,279,637	—	100.0%	50.3%	Manufacture and sale of iron and steel products
香港金騰國際有限公司 (Hong Kong Jinteng International Company Limited)	Hong Kong 20 June 2005	HKD20,000,000	—	100.0%	50.3%	International trading
南京鋼鐵集團國際經濟貿易有限公司 (Nanjing Iron & Steel Group International Trading Co., Ltd.)	PRC/Mainland China 15 April 1998	100,000	—	100.0%	50.3%	International trading
安徽金安礦業有限責任公司 (Anhui Jin'an Mining Co., Ltd.)	PRC/Mainland China 24 July 2006	100,000	—	100.0%	50.3%	Mining and ore processing
Pharmaceuticals and healthcare segment						
上海復星醫藥（集團）股份有限公司* (Shanghai Fosun Pharmaceutical (Group) Co., Ltd.)	PRC/Mainland China 31 May 1995	2,240,462	—	41.1%	41.1%	Manufacture and sale of pharmaceutical products
上海復星醫藥產業發展有限公司 (Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.)	PRC/Mainland China 27 November 2001	653,308	—	100.0%	41.1%	Investment holding
上海復星醫藥投資有限公司 (Shanghai Fosun Pharmacy Investment Co., Ltd.)	PRC/Mainland China 1 September 2000	689,600	—	100.0%	41.1%	Investment holding
上海復星化工醫藥創業投資有限公司 (Shanghai Fosun Chemical Pharmacy Investment Co., Ltd.)	PRC/Mainland China 23 December 2003	125,000	—	96.0%	39.5%	Investment holding

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINTLY-CONTROLLED ENTITIES *(Continued)*

Particulars of the principal subsidiaries comprising the Group, associates and jointly-controlled entities of the Group at 31 December 2012 are set out below: *(Continued)*

Name of company	Place and date of incorporation/registration and place of operations	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company: Direct	Indirect	Effective	Principal activities
Property segment						
復地（集團）股份有限公司 (Shanghai Forte Land Co., Ltd.)	PRC/Mainland China 13 August 1998	505,861	41.4%	57.7%	99.1%	Property development
上海復地投資管理有限公司 (Shanghai Forte Investment Co., Ltd.)	PRC/Mainland China 21 July 2006	80,000	—	100.0%	99.1%	Investment holding
武漢中北房地產開發有限公司 (Wuhan Zhongbei Property Development Co., Ltd.)	PRC/Mainland China 3 April 2007	933,000	—	70.0%	69.3%	Property development
南京潤昌房地產開發有限公司 (Nanjing Runchang Property Development Co., Ltd.)	PRC/Mainland China 1 April 2009	875,000	—	100.0%	99.1%	Property development
浙江復地置業發展有限公司 (Zhejiang Forte Property Development Co., Ltd.)	PRC/Mainland China 20 November 2006	440,000	—	75.0%	74.3%	Property development
上海鼎奮房地產開發經營有限公司 (Shanghai Dingfen Real Estate Development Co., Ltd.)	PRC/Mainland China 4 November 2002	60,000	—	100.0%	99.1%	Property development
Mining segment						
海南礦業股份有限公司 (Hainan Mining Co., Ltd.)	PRC/Mainland China 22 August 2007	1,680,000	—	60.0%	60.0%	Mining and ore processing
Asset management segment						
上海星浩投資有限公司 (Shanghai Star Equity Investment Co., Ltd.)	PRC/Mainland China 24 May 2011	35,000	—	71.6%	71.6%	Property investment and management
上海星浩股權投資中心(有限合伙)* (Shanghai Star Equity Investment Limited Partnership)	PRC/Mainland China 18 November 2010	2,606,570	—	39.4%	39.1%	Property investment
Insurance segment						
鼎睿再保險有限公司 (Peak Reinsurance Company Limited)	Hong Kong 23 November 2010	USD550,000,000	—	100.0%	84.3%	Reinsurance

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINTLY-CONTROLLED ENTITIES *(Continued)*

Particulars of the principal subsidiaries comprising the Group, associates and jointly-controlled entities of the Group at 31 December 2012 are set out below: *(Continued)*

Name of company	Place and date of incorporation/registration and place of operations	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company			Principal activities
			Direct	Indirect	Effective	
Associates						
國藥產業投資有限公司 (Sinopharm Industrial Investment Co., Ltd.)	PRC/Mainland China 6 May 2008	100,000	—	49.0%	20.1%	Sale of pharmaceutical products
上海豫園旅游商城股份有限公司@ (Shanghai Yuyuan Tourist Mart Co., Ltd.)	PRC/Mainland China 13 May 1992	798,512	—	17.3%	17.3%	Retail
天津建龍鋼鐵實業有限公司 (Tianjin Jianlong Iron & Steel Industrial Co., Ltd.)	PRC/Mainland China 14 September 2010	2,000,000	—	25.7%	25.7%	Manufacture and sale of iron and steel products
上海証大房地產有限公司@ (Shanghai Zendai Property Limited)	Bermuda/Mainland China 28 July 2004	HKD248,747,000	—	19.5%	19.3%	Property investment and management
中國同濟堂藥業有限公司 (Tongjitang Chinese Medicines Company)	Cayman Islands/Mainland China 16 May 2006	USD100	—	32.1%	13.2%	Development, manufacture and sale of Chinese medicine
永安財產保險股份有限公司@ (Yong'an Insurance Co., Ltd.)	PRC/Mainland China 13 September 1996	2,663,200	—	19.9%	18.1%	Insurance
Jointly-controlled entities						
上海海之門房地產投資管理有限公司 (Shanghai Haizhimen Property Investment and Management Co., Ltd.)	PRC/Mainland China 26 April 2010	1,000,000	—	50.0%	50.0%	Property investment and management
無錫復地房地產開發有限公司 (Wuxi Forte Real Estate Development Co., Ltd.)	PRC/Mainland China 28 September 2004	195,000	—	50.0%	49.5%	Property development
陝西省建秦房地產開發有限公司 (Shaanxi Jianqin Real Estate Development Co., Ltd.)	PRC/Mainland China 22 September 1992	130,000	—	50.0%	49.5%	Property development
成都鴻匯置業有限公司 (Chengdu Honghui Property Co., Ltd.)	PRC/Mainland China 20 April 2010	600,000	—	51.0%	50.5%	Property development

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINTLY-CONTROLLED ENTITIES *(Continued)*

The English names of the above subsidiaries, associates and jointly-controlled entities are directly translated from their Chinese names.

The above table lists the subsidiaries, associates and jointly-controlled entities of the Group which, in the opinion of the directors of the Company, principally affected the results of the Group for the year ended 31 December 2012 or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries, associates and jointly-controlled entities would, in the opinion of the directors of the Company, result in particulars of excessive length.

Notes:

* Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("Fosun Pharma") continues to be accounted for as a subsidiary because the Group is able to control over the board of directors as well as the operating and financial policies of this company and the Group continues to be the single major shareholder of Fosun Pharma and holds relatively larger voting rights than other dispersed public shareholders, despite the fact that the Group's equity interest in this company was 41.09% as at 31 December 2012.

Shanghai Star Equity Investment Limited Partnership is accounted for as a subsidiary as the Group could control the operating and financial policies of this company, despite the fact that the Group's equity interest in this company was 39.4% as at 31 December 2012.

@ The Group's investments in these associates are accounted for under the equity method of accounting because the Group has significant influence over these entities by way of representation on the board of directors and participation in the policy-making process, despite the fact that the Group's direct or indirect equity interests in these associates were lower than 20% for the year ended 31 December 2012 .

5. OPERATING SEGMENT INFORMATION

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

(i) Pharmaceuticals and healthcare segment comprises the business of Fosun Pharma and its subsidiaries. Fosun Pharma and its subsidiaries mainly engage in the research and development, manufacture, sale and trading of pharmaceutical and healthcare products;

(ii) Property segment comprises the business of Shanghai Forte Land Co., Ltd. ("Forte") and its subsidiaries, excluding its investment in the insurance business. Forte and its subsidiaries mainly engage in the development and sale of properties in the PRC;

(iii) Steel segment comprises the business of Nanjing Nangang and its subsidiaries. Nanjing Nangang and its subsidiaries mainly engage in the manufacture, sale and trading of iron and steel products;

(iv) Mining segment comprises the business of Hainan Mining Co., Ltd. ("Hainan Mining") and its subsidiaries. Hainan Mining and its subsidiaries mainly engages in the mining and ore processing of various metals;

Pharmaceuticals and healthcare segment, property segment, steel segment and mining segment listed above all belong to one industrial operations sector of the Group.

(v) the asset management segment engages in the asset management business through the platform such as corporation funds, partnership funds and trusts;

(vi) the insurance segment engages in the operation of and investment in the insurance business; and

(vii) the investment segment comprises, principally, the investments in strategic associates, private equity investments, secondary market investments, limited partner investments and other investments.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. In the year ended 31 December 2012, as the management changes the structure of the Group's internal organisation to match its business development strategy in a manner that causes the Group's composition of its reportable segments to change, some entities within the Group were re-structured to reflect such change.

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

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

5. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2012

	Industrial Operations								
	Pharmaceuticals and healthcare RMB'000	Property RMB'000	Steel RMB'000	Mining RMB'000	Asset management RMB'000	Insurance RMB'000	Investment RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:									
Sales to external customers	7,278,287	10,476,151	31,717,201	1,949,962	159,742	—	183,403	—	51,764,746
Inter-segment sales	—	1,840	—	201,579	151,083	—	58,685	(413,187)	—
Other income and gains	1,120,827	258,262	531,484	17,578	33,740	—	2,443,753	(38,799)	4,366,845
Total	8,399,114	10,736,253	32,248,685	2,169,119	344,565	—	2,685,841	(451,986)	56,131,591
Segment results	1,622,702	2,522,960	(77,870)	1,119,669	(35,894)	(24,898)	2,117,368	103,007	7,347,044
Interest and dividend income	63,142	55,181	384,068	8,525	24,159	—	813,816	(419,973)	928,918
Unallocated expenses									(468,162)
Finance income/(costs)	(370,457)	(286,474)	(1,182,096)	(41,906)	(13,177)	63	(881,454)	1,840	(2,773,661)
Share of profits and losses of									
– Jointly-controlled entities	(1,514)	138,761	11,408	—	(42,167)	(33,822)	(3,589)	—	69,077
– Associates	811,495	179,219	2,099	—	—	—	181,964	—	1,174,777
Profit/(loss) before tax	2,125,368	2,609,647	(862,391)	1,086,288	(67,079)	(58,657)	2,228,105	(315,126)	6,277,993
Tax	(283,764)	(842,334)	275,452	(314,963)	16,023	—	(245,005)	60,506	(1,334,085)
Profit/(loss) for the year	1,841,604	1,767,313	(586,939)	771,325	(51,056)	(58,657)	1,983,100	(254,620)	4,943,908
Segment and total assets	25,420,826	50,507,963	37,288,750	4,713,834	13,987,668	7,793,471	41,297,850	(18,812,010)	162,198,352
Segment and total liabilities	10,202,664	42,698,311	28,657,225	1,695,385	9,229,838	29,933	30,828,121	(18,361,521)	104,979,956
Other segment information:									
Depreciation and amortisation	292,657	33,470	1,181,342	173,833	4,719	—	57,084	—	1,743,105
Impairment loss for non-current assets	—	—	25,867	59,972	—	—	102,359	—	188,198
Provision for impairment of current assets	16,977	17,935	224,759	7,190	—	—	—	—	266,861
Research and development costs	252,555	—	110,889	—	—	—	—	—	363,444
Fair value gains on fair value adjustments of investment properties	—	(140,484)	—	—	—	—	—	—	(140,484)
Fair value losses/(gains) on equity investments at fair value through profit or loss	35,894	(944)	(378,023)	—	—	—	(2,106,633)	—	(2,449,706)
Investments in jointly-controlled entities	17,281	1,964,444	105,046	—	857,486	216,178	3,600,338	—	6,760,773
Investments in associates	7,900,594	1,961,708	240,153	—	97,147	774,090	4,284,985	—	15,258,677
Capital expenditure*	1,163,155	39,094	2,992,456	529,700	8,687	—	98,871	—	4,831,963

5. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2011

	Industrial Operations								
	Pharmaceuticals and healthcare RMB'000	Property RMB'000	Steel RMB'000	Mining RMB'000	Asset management RMB'000	Insurance RMB'000	Investment RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:									
Sales to external customers	6,432,589	9,536,472	38,224,060	2,338,790	56,156	—	228,148	—	56,816,215
Inter-segment sales	—	8,241	—	272,235	69,131	—	133,455	(483,062)	—
Other income and gains	1,088,599	434,550	371,206	129,025	7,000	—	1,337,516	(81,375)	3,286,521
Total	7,521,188	9,979,263	38,595,266	2,740,050	132,287	—	1,699,119	(564,437)	60,102,736
Segment results	1,220,299	3,043,270	956,613	1,654,997	(65,635)	—	331,414	43,946	7,184,904
Interest and dividend income	97,258	30,671	327,821	12,221	14,162	—	343,129	—	825,262
Unallocated expenses									(316,227)
Finance costs	(313,978)	(307,590)	(1,042,485)	(33,939)	(8)	—	(683,748)	—	(2,381,748)
Share of profits and losses of									
– Jointly-controlled entities	(189)	(2,159)	34,424	—	—	—	—	—	32,076
– Associates	723,846	275,643	1,141	—	—	—	538,197	—	1,538,827
Profit/(loss) before tax	1,727,236	3,039,835	277,514	1,633,279	(51,481)	—	528,992	43,946	6,883,094
Tax	(341,819)	(1,204,652)	141,855	(394,476)	3,578	—	(20,410)	(2,446)	(1,818,370)
Profit/(loss) for the year	1,385,417	1,835,183	419,369	1,238,803	(47,903)	—	508,582	41,500	5,064,724
Segment and total assets	22,103,136	42,526,719	37,375,656	4,709,918	12,526,032	608,067	35,688,720	(18,000,630)	137,537,618
Segment and total liabilities	10,919,991	31,268,764	28,043,853	1,362,795	9,100,599	—	26,156,174	(17,800,712)	89,051,464
Other segment information:									
Depreciation and amortisation	205,333	33,520	1,804,419	173,113	1,493	—	30,878	—	2,248,756
Impairment loss for non-current assets	148,522	—	—	—	—	—	—	—	148,522
(Reversal of)/provision for impairment of current assets	(12,740)	118,705	217,831	46,240	—	—	13,708	—	383,744
Research and development costs	189,427	—	110,834	812	—	—	—	—	301,073
Fair value gains on fair value adjustments of investment properties	—	(97,524)	—	—	—	—	—	—	(97,524)
Fair value losses/(gains) on equity investments at fair value through profit or loss	51,550	(789)	(32,387)	—	—	—	741,509	—	759,883
Investments in jointly-controlled entities	1,954	1,310,851	93,637	—	3,295	—	—	—	1,409,737
Investments in associates	7,391,344	1,950,695	230,185	—	—	—	7,703,387	—	17,275,611
Capital expenditure*	920,530	28,934	1,660,489	374,140	8,328	—	14,213	—	3,006,634

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

5. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	2012 RMB'000	2011 RMB'000
Mainland China	**51,060,708**	56,100,117
Overseas countries and regions	**704,038**	716,098
	51,764,746	56,816,215

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

(b) Non-current assets

	2012 RMB'000	2011 RMB'000
Mainland China	**64,173,479**	54,961,975
Hong Kong	**741,285**	1,017,037
	64,914,764	55,979,012

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about a major customer

No revenue amounting to 10% or more of the Group's revenue was derived from sales to a single customer for the years ended 31 December 2012 and 2011.

6. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods or properties sold after allowances for returns, trade discounts and various types of government surcharges, where applicable during the year. In addition, it includes gross rental income received and receivable from investment properties during the year.

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

	2012 RMB'000	2011 RMB'000
Revenue		
Sale of goods:		
Pharmaceutical and healthcare products	7,323,073	6,404,858
Properties	10,790,553	9,805,303
Iron and steel products	31,857,159	38,291,473
Ore products	2,025,313	2,524,921
	51,996,098	57,026,555
Rendering of services:		
Property agency	236,424	235,452
Property management	108,547	54,790
Rental	220,862	234,765
Asset management fee	159,742	56,156
Others	38,722	81,893
	764,297	663,056
Subtotal	52,760,395	57,689,611
Less: Government surcharges	(995,649)	(873,396)
	51,764,746	56,816,215

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

	2012 RMB'000	2011 RMB'000
Other income		
Interest income	**473,102**	380,574
Dividends from available-for-sale investments	**112,354**	284,434
Dividends from equity investments at fair value through profit or loss	**343,462**	160,254
Rental income	**35,447**	52,890
Sale of scrap materials	**9,053**	17,037
Government grants	**227,140**	132,978
Consultancy and other service income	**20,822**	71,465
Exchange gains, net	**—**	163,480
Others	**126,747**	107,626
	1,348,127	1,370,738
Gains		
Gain on disposal of subsidiaries (note 45(b))	**85,041**	59,304
Gain on bargain purchase (note 45(a))	**3,645**	33,337
Gain on disposal of jointly-controlled entities	**—**	169,416
Gain on disposal of associates	**315,347**	—
Gain on disposal of partial interests in associates	**10,859**	34,696
Gain on deemed disposal of interests in associates	**—**	910,864
Gain on disposal of items of property, plant and equipment	**66**	13,710
Gain on disposal of available-for-sale investments	**747,843**	843,588
Gain on disposal of equity investments at fair value through profit or loss	**194,645**	578,606
Gain on fair value adjustment of investment properties (note 15)	**140,484**	97,524
Gain on fair value adjustment of equity investments at fair value through profit or loss	**2,449,706**	—
	3,947,636	2,741,045
Other income and gains	**5,295,763**	4,111,783
Total revenue, other income and gains	**57,060,509**	60,927,998

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2012 RMB'000	2011 RMB'000
Interest on bank and other borrowings wholly repayable within five years	**3,091,522**	2,623,484
Interest on bank and other borrowings not wholly repayable within five years	**270,568**	202,717
Incremental interest on other long term payables (note 42)	**27,416**	24,926
	3,389,506	2,851,127
Less: Interest capitalised, in respect of bank and other borrowings (notes 14 and 25)	**(736,598)**	(577,350)
Interest expenses, net	**2,652,908**	2,273,777
Interest on discounted bills	**62,499**	42,089
Interest on finance leases	**12,408**	12,818
Bank charges and other financial costs	**45,846**	53,064
Total finance costs	**2,773,661**	2,381,748

8. PROFIT BEFORE TAX

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

	2012 RMB'000	2011 RMB'000
Cost of sales	**42,439,678**	46,249,903
Staff costs (including directors' and senior management's remuneration as set out in note 9):		
Wages and salaries	**2,690,599**	2,287,193
Accommodation benefits:		
Defined contribution fund	**150,819**	120,102
Retirement costs:		
Defined contribution fund	**406,866**	371,758
Equity-settled share-based payments (note 46)	**6,065**	7,712
Total staff costs	**3,254,349**	2,786,765

8. PROFIT BEFORE TAX *(Continued)*

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

	2012 RMB'000	2011 RMB'000
Research and development costs	**363,444**	301,073
Auditors' remuneration	**14,200**	13,750
Depreciation of items of property, plant and equipment (note 14)	**1,567,161**	2,088,457
Amortisation of prepaid land lease payments (note 16)	**33,688**	33,400
Amortisation of mining rights (note 18)	**91,403**	100,468
Amortisation of intangible assets (note 19)	**50,853**	26,431
Provision for impairment of receivables	**66,653**	45,019
Provision for inventories	**182,273**	222,016
Provision for impairment of completed properties for sale	**17,935**	116,709
Provision for impairment of items of property, plant and equipment (note 14)	**65,839**	473
Provision for impairment of non-current assets held for sale	**—**	148,049
Provision for impairment of an investment in an associate	**102,359**	—
Provision for impairment of available-for-sale investments	**20,000**	—
Operating lease rentals	**140,259**	92,903
(Gain)/loss on disposal of items of property, plant and equipment	**(66)**	4,945
(Gain)/loss of fair value change on equity investments at fair value through profit or loss	**(2,449,706)**	759,883
Loss of fair value change on derivative financial instruments	**—**	9,228
Loss on the settlement of derivative financial instruments	**—**	52,555
Exchange loss/(gains), net	**32,844**	(163,480)
Provision for indemnity of LAT	**—**	51

9. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

(a) Director's remuneration

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	2012 RMB'000	2011 RMB'000
Fees	**8,675**	8,462
Salaries, allowances and benefits in kind	**19,592**	18,043
Performance related bonus*	**18,470**	24,030
Pension scheme contributions	**315**	280
	47,052	50,815

*The executive directors of the Company are entitled to performance related bonus which are determined based on internal appraisal of various performance indicators.

There were no emoluments paid by the Group to the directors as an inducement to join the Group, or upon joining the Group, or as compensation for loss of office during the year.

9. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION *(Continued)*

(a) Directors' remuneration *(Continued)*

(i) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2012 RMB'000	2011 RMB'000
Zhang Shengman	407	331
Andrew Y. Yan	407	331
Zhang Huaqiao	309	—
David T. Zhang	215	—
Chen Kaixian (resigned on 28 March 2012)	133	400
	1,471	1,062

There were no other remuneration payable to the independent non-executive directors during the year (2011: Nil).

(ii) Executive directors and a non-executive director

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonus RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Year ended 31 December 2012					
Executive directors:					
Guo Guangchang	1,000	3,056	3,150	45	7,251
Liang Xinjun	1,000	3,056	3,020	45	7,121
Wang Qunbin	1,000	3,056	3,010	45	7,111
Fan Wei	1,000	3,056	3,010	45	7,111
Ding Guoqi	1,000	2,456	2,270	45	5,771
Qin Xuetang	1,000	2,456	2,120	45	5,621
Wu Ping	1,000	2,456	1,890	45	5,391
	7,000	19,592	18,470	315	45,377
Non-executive director:					
Liu Benren (retired on 21 June 2012)	204	—	—	—	204
	7,204	19,592	18,470	315	45,581

9. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION *(Continued)*

(a) Directors' remuneration *(Continued)*

(ii) Executive directors and a non-executive director *(Continued)*

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonus RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Year ended 31 December 2011					
Executive directors:					
Guo Guangchang	1,000	3,049	3,900	40	7,989
Liang Xinjun	1,000	3,049	3,750	40	7,839
Wang Qunbin	1,000	3,049	3,750	40	7,839
Fan Wei	1,000	3,049	3,750	40	7,839
Ding Guoqi	1,000	1,949	3,100	40	6,089
Qin Xuetang	1,000	1,949	2,780	40	5,769
Wu Ping	1,000	1,949	3,000	40	5,989
	7,000	18,043	24,030	280	49,353
Non-executive director:					
Liu Benren (retired on 21 June 2012)	400	—	—	—	400
	7,400	18,043	24,030	280	49,753

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

(b) Five highest paid employees

The five highest paid employees of the Company include five directors for the years ended 31 December 2012 and 2011. Information relating to their remuneration is disclosed above.

(c) Senior management's remuneration

The number of senior management whose remuneration fell within the following bands is as follows:

	Number of employees 2012
Nil to RMB1,000,000	2
RMB1,000,001 to RMB2,000,000	7
RMB2,000,001 to RMB4,000,000	1
RMB4,000,001 to RMB6,000,000	2
RMB6,000,001 to RMB8,000,000	1
	13

10. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

The provision for Mainland China current income tax is based on a statutory rate of 25% (2011: 25%) of the assessable profit of the Group as determined in accordance with the Enterprise Income Tax Law of the People's Republic of China which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China, which are taxed at preferential rates of 12.5% to 15%.

The major components of tax expenses for the years ended 31 December 2012 and 2011 are as follows:

	2012 **RMB'000**	2011 RMB'000
Group:		
Current – Hong Kong	**92,032**	21,594
Current – Mainland China		
– Income tax in Mainland China for the year	**1,589,877**	1,783,700
– LAT in Mainland China for the year	**285,857**	566,287
Deferred tax (note 28)	**(633,681)**	(553,211)
Tax expenses for the year	**1,334,085**	1,818,370

10. TAX *(Continued)*

A reconciliation between the tax expenses and the product of profit or loss before tax excluding share of profits and losses of associates and jointly-controlled entities multiplied by the applicable statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled is as follows:

	Hong Kong RMB'000	Mainland China RMB'000	Total RMB'000
2012 Group			
Profit before tax excluding share of profits and losses of associates and jointly-controlled entities	1,877,799	3,156,340	5,034,139
Tax at the applicable tax rate	309,837	789,085	1,098,922
Lower tax rate for specific entities	—	(99,127)	(99,127)
Tax effect of:			
Income not subject to tax	(301,072)	(88,121)	(389,193)
Expenses not deductible for tax	74,201	118,905	193,106
Tax losses not recognised	17,439	411,425	428,864
Tax losses utilised	—	(49,965)	(49,965)
Written off of deferred tax assets	—	31,888	31,888
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries (note 28)	—	33,359	33,359
Overprovision in prior years	(6,898)	(21,135)	(28,033)
Tax incentives on eligible expenditures	—	(22,980)	(22,980)
Subtotal	93,507	1,103,334	1,196,841
Reversal of LAT provision for the year	—	(146,743)	(146,743)
Prepaid LAT for the year	—	432,600	432,600
Deferred tax effect of reversal of LAT provision (note 28)	—	36,684	36,684
Tax effect of prepaid LAT	—	(108,150)	(108,150)
Deferred LAT (note 28)	—	(77,147)	(77,147)
Tax expenses	93,507	1,240,578	1,334,085

10. TAX *(Continued)*

	Hong Kong RMB'000	Mainland China RMB'000	Total RMB'000
2011 Group			
Profit/(loss) before tax excluding share of profits and losses of associates and jointly-controlled entities	(190,576)	5,502,767	5,312,191
Tax at the applicable tax rate	(31,445)	1,375,692	1,344,247
Lower tax rate for specific entities	—	(126,649)	(126,649)
Tax effect of:			
Income not subject to tax	(17,714)	(163,287)	(181,001)
Expenses not deductible for tax	74,400	137,772	212,172
Tax losses not recognised	7,250	338,933	346,183
Tax losses utilised	(8,417)	(31,050)	(39,467)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries (note 28)	—	33,577	33,577
Overprovision in prior years	(534)	(51,018)	(51,552)
Tax incentives on eligible expenditures	—	(13,048)	(13,048)
Subtotal	23,540	1,500,922	1,524,462
Additional LAT provision for the year	—	245,480	245,480
Prepaid LAT for the year	—	320,807	320,807
Deferred tax effect of additional LAT provision (note 28)	—	(61,370)	(61,370)
Tax effect of prepaid LAT	—	(80,202)	(80,202)
Tax effect of LAT indemnity (note 28)	—	(109,270)	(109,270)
Deferred LAT (note 28)	—	(21,537)	(21,537)
Tax expenses	23,540	1,794,830	1,818,370

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

During the year, the prepaid LAT of the Group amounted to RMB432,600,000 (2011: RMB320,807,000).

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 RMB338,000,000 (2011: RMB324,125,000) in respect of the sales of properties in the year in accordance with the requirements set forth in the relevant PRC tax laws and regulations. During the year, unpaid LAT provision in the amount of RMB484,743,000 (2011: RMB78,645,000) was reversed to the consolidated income statement upon the completion of the liquidation and clearance with the local tax authorities by certain subsidiaries of the Group. The net reversal of LAT provision for the year is RMB146,743,000 (2011: net provision of RMB245,480,000).

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 December 2012 includes a profit of RMB1,654,729,000 (2011: loss of RMB458,139,000) which has been dealt with in the financial statements of the Company (note 44).

12. DIVIDENDS

	2012 **RMB'000**	2011 RMB'000
Proposed final – HKD0.17 (2011: HKD0.157) per ordinary share	**885,181**	817,340

The proposed final dividend of HKD0.157 per ordinary share for the year ended 31 December 2011 was declared payable and approved by the shareholders at the annual general meeting of the Company on 21 June 2012.

On 26 March 2013, the board of directors of the Company resolved to propose a final dividend for the year ended 31 December 2012 of HKD0.17 per ordinary share, subject to the approval by the shareholders at the forthcoming annual general meeting of the Company.

13. EARNINGS PER SHARE

Earnings per share attributable to owners of the parent are as follows:

	Year ended 31 December	
	2012	2011
Profit attributable to owners of the parent (RMB thousands)	**3,707,201**	3,403,605
Weighted average number of ordinary shares in issue (thousands)	**6,421,595**	6,421,595
Basic and diluted earnings per share (RMB)	**0.58**	0.53

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the parent, and the weighted average number of shares of 6,421,595,000 (2011: 6,421,595,000) in issue during the year.

The diluted earnings per share amount is equal to the basic earnings per share amount for the years ended 31 December 2012 and 2011, as there were no diluting events existed during these years.

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Mining infrastructure RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:								
At 1 January 2011	10,308,487	15,699,720	352,761	358,278	7,258	425,937	2,193,682	29,346,123
Additions	49,764	207,418	55,380	55,063	8,513	154,562	2,302,245	2,832,945
Transferred from construction in progress	8,457	407,455	114,635	21,501	—	—	(552,048)	—
Acquisition of subsidiaries	106,574	71,965	13,854	8,717	—	—	158,872	359,982
Disposal of subsidiaries (note 45(b))	(37,548)	(10,845)	(514)	(1,968)	—	—	(60)	(50,935)
Disposals	(78,537)	(205,480)	(15,905)	(14,009)	(5,246)	—	(16,310)	(335,487)
Included in assets of a disposal group classified as held for sale	(24,441)	(23,751)	(2,400)	(1,042)	—	—	(1,882)	(53,516)
Reclassification	(122,789)	122,789	—	—	—	—	—	—
At 31 December 2011 and 1 January 2012	10,209,967	16,269,271	517,811	426,540	10,525	580,499	4,084,499	32,099,112
Additions	65,854	204,607	41,731	45,867	20,184	38,854	3,921,619	4,338,716
Transferred from construction in progress	365,563	2,213,767	55,274	43,132	—	—	(2,677,736)	—
Acquisition of subsidiaries (note 45(a))	111,623	27,596	692	666	—	—	—	140,577
Disposals	(82,482)	(264,632)	(15,793)	(14,878)	—	(228)	—	(378,013)
At 31 December 2012	10,670,525	18,450,609	599,715	501,327	30,709	619,125	5,328,382	36,200,392
Accumulated depreciation:								
At 1 January 2011	2,081,696	6,072,092	195,557	165,807	1,068	134,531	—	8,650,751
Charge for the year (note 8)	517,085	1,428,250	66,125	44,220	1,920	30,857	—	2,088,457
Disposal of subsidiaries (note 45(b))	(11,909)	(8,113)	(427)	(1,507)	—	—	—	(21,956)
Disposals	(38,535)	(176,325)	(10,834)	(12,659)	—	—	—	(238,353)
Included in assets of a disposal group classified as held for sale	(8,020)	(13,176)	(1,865)	(120)	—	—	—	(23,181)
At 31 December 2011 and 1 January 2012	2,540,317	7,302,728	248,556	195,741	2,988	165,388	—	10,455,718
Charge for the year (note 8)	437,824	970,253	89,601	54,683	11,850	2,950	—	1,567,161
Disposals	(59,660)	(227,487)	(12,571)	(11,691)	—	(58)	—	(311,467)
At 31 December 2012	2,918,481	8,045,494	325,586	238,733	14,838	168,280	—	11,711,412

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Group *(Continued)*

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Mining infrastructure RMB'000	Construction in progress RMB'000	Total RMB'000
Impairment loss:								
At 1 January 2011	60,990	73,993	138	335	—	—	6,575	142,031
Charge for the year (note 8)	—	422	—	51	—	—	—	473
Disposals	—	(811)	(2)	—	—	—	(6,500)	(7,313)
Included in assets of a disposal group classified as held for sale	(4,389)	(581)	(68)	(6)	—	—	—	(5,044)
At 31 December 2011 and 1 January 2012	56,601	73,023	68	380	—	—	75	130,147
Charge for the year (note 8)	—	65,839	—	—	—	—	—	65,839
Disposals	(52)	(2,776)	(10)	(55)	—	—	—	(2,893)
At 31 December 2012	56,549	136,086	58	325	—	—	75	193,093
Net book value:								
At 31 December 2012	7,695,495	10,269,029	274,071	262,269	15,871	450,845	5,328,307	24,295,887
At 31 December 2011	7,613,049	8,893,520	269,187	230,419	7,537	415,111	4,084,424	21,513,247

(1) The net book values of property, plant and equipment pledged as security for interest-bearing bank loans granted to the Group are as follows (note 36):

	2012 RMB'000	2011 RMB'000
Buildings	**1,240,368**	744,219
Plant and machinery	**1,594,585**	1,785,795
	2,834,953	2,530,014

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Group *(Continued)*

(2) Capitalised interest expenses included in construction in progress of the Group are as follows (note 7):

	2012 RMB'000	2011 RMB'000
Interest expenses capitalised	75,108	26,782

(3) As at 31 December 2012, the Group was in the process of applying for property certificates for plant and office buildings with a net book value of approximately RMB809,831,000 (2011: RMB2,746,000).

(4) The net carrying amount of the Group's property, plant equipment held under finance leases included in the total amounts of plant and machinery at 31 December 2012 amounted to RMB155,822,000 (2011: RMB175,163,000).

15. INVESTMENT PROPERTIES

	2012 RMB'000	2011 RMB'000
Carrying amount at 1 January	3,026,000	2,551,167
Acquisition of subsidiaries (note 45(a))	731,000	—
Additional development cost	—	377,309
Transfer from properties under development	87,516	—
Gain from fair value adjustments (note 6)	140,484	97,524
Carrying amount at 31 December	3,985,000	3,026,000

The Group's investment properties are situated in Beijing, Shanghai, Hangzhou and Dongyang, the PRC.

The Group's investment properties were revalued on 31 December 2012 by DTZ International Property Advisers (Shanghai) Co., Ltd., an independent professionally qualified valuer at RMB3,985,000,000 on an open market basis. The investment properties are leased to third parties under operating lease arrangements, with leases negotiated for terms ranging from one to ten years.

At 31 December 2012, the Group's investment properties with a net carrying amount of approximately RMB3,863,000,000 (2011: RMB3,026,000,000) were pledged to secure bank loans, as set out in note 36 to the financial statements.

16. PREPAID LAND LEASE PAYMENTS

	2012 RMB'000	2011 RMB'000
Cost:		
At 1 January	1,547,078	1,387,075
Additions	409,562	83,757
Acquisition of subsidiaries (note 45(a))	19,426	148,382
Disposal of subsidiaries (note 45(b))	—	(5,317)
Disposals	—	(3,616)
Included in assets of a disposal group classified as held for sale	—	(2,668)
Other changes	—	(60,535)
At 31 December	1,976,066	1,547,078
Accumulated amortisation:		
At 1 January	141,141	109,009
Amortisation for the year (note 8)	33,688	33,400
Disposal of subsidiaries (note 45(b))	—	(725)
Disposals	—	(527)
Included in assets of a disposal group classified as held for sale	—	(16)
At 31 December	174,829	141,141
Net book value:		
At 31 December	1,801,237	1,405,937
At 1 January	1,405,937	1,278,066
Net book value pledged as security for bank loans (note 36)	162,666	407,954

The leasehold land is held under long term leases and is situated in Mainland China.

As at 31 December 2012, the Group was in the process of applying for the land use certificates for leasehold land with a net book value of approximately RMB6,258,000 (2011: RMB176,672,000).

17. EXPLORATION AND EVALUATION ASSETS

	2012 RMB'000	2011 RMB'000
Cost:		
At 1 January	**456,722**	437,762
Additions	**31,946**	23,960
Transfer to mining rights (note 18)	**(487,048)**	—
Included in assets of a disposal group classified as held for sale	**—**	(5,000)
At 31 December	**1,620**	456,722

18. MINING RIGHTS

	2012 RMB'000	2011 RMB'000
Cost:		
At 1 January	**1,001,152**	1,277,371
Additions	**4,331**	4,349
Transfer from exploration and evaluation assets (note 17)	**487,048**	—
Included in assets of a disposal group classified as held for sale	**—**	(280,568)
At 31 December	**1,492,531**	1,001,152
Accumulated amortisation:		
At 1 January	**393,001**	293,129
Amortisation for the year (note 8)	**91,403**	100,468
Included in assets of a disposal group classified as held for sale	**—**	(596)
At 31 December	**484,404**	393,001
Impairment loss:		
At 1 January	**186,562**	266,562
Included in assets of a disposal group classified as held for sale	**—**	(80,000)
At 31 December	**186,562**	186,562
Net book value:		
At 31 December	**821,565**	421,589
At 1 January	**421,589**	717,680

19. INTANGIBLE ASSETS

	Medicine licenses RMB'000	Trademarks RMB'000	Business network RMB'000	Patent and technical know-how RMB'000	Others RMB'000	Total RMB'000
Cost:						
At 1 January 2011	64,000	106,672	—	18,822	65,050	254,544
Additions	—	1,363	—	29,779	30,481	61,623
Acquisition of subsidiaries	201,000	8,000	206,000	567,058	—	982,058
Disposals of subsidiaries (note 45(b))	—	—	—	—	(5,829)	(5,829)
Disposals	—	—	—	—	(11,710)	(11,710)
At 31 December 2011 and 1 January 2012	**265,000**	**116,035**	**206,000**	**615,659**	**77,992**	**1,280,686**
Additions	**—**	**—**	**—**	**39,365**	**8,043**	**47,408**
Disposals	**—**	**(3,647)**	**—**	**(80)**	**(48)**	**(3,775)**
At 31 December 2012	**265,000**	**112,388**	**206,000**	**654,944**	**85,987**	**1,324,319**
Accumulated amortisation:						
At 1 January 2011	—	—	—	1,930	10,542	12,472
Provided during the year (note 8)	—	2,293	4,578	17,914	1,646	26,431
Disposal of subsidiaries (note 45(b))	—	—	—	—	(1,749)	(1,749)
Disposals	—	—	—	—	(6,434)	(6,434)
At 31 December 2011 and 1 January 2012	**—**	**2,293**	**4,578**	**19,844**	**4,005**	**30,720**
Provided during the year (note 8)	**—**	**10**	**13,733**	**31,907**	**5,203**	**50,853**
Disposals	**—**	**(2,224)**	**—**	**(80)**	**(48)**	**(2,352)**
At 31 December 2012	**—**	**79**	**18,311**	**51,671**	**9,160**	**79,221**
Impairment loss:						
At 1 January 2011, 31 December 2011 and 31 December 2012	**—**	**—**	**—**	**622**	**472**	**1,094**
Net book value:						
At 31 December 2012	**265,000**	**112,309**	**187,689**	**602,651**	**76,355**	**1,244,004**
At 31 December 2011	265,000	113,742	201,422	595,193	73,515	1,248,872

20. GOODWILL

	2012 **RMB'000**	2011 RMB'000
Cost:		
At 1 January	**1,902,233**	619,683
Acquisition of other subsidiaries (note 45(a))	**69,125**	1,282,550
Others	**7,510**	—
At 31 December	**1,978,868**	1,902,233
Accumulated impairment:		
At 31 December	**(242,808)**	(242,808)
Net book value:		
At 31 December	**1,736,060**	1,659,425

Impairment testing of goodwill

Goodwill acquired through business combinations has been primarily allocated to the following reportable cash-generating units ("CGUs") for impairment testing:

– Manufacture and sale of pharmaceuticals and healthcare products;

– Property; and

– Investment.

The carrying amounts of goodwill are as follows:

	Manufacture and sale of pharmaceuticals and healthcare products **RMB'000**	**Property** **RMB'000**	**Investment** **RMB'000**	**Total** **RMB'000**
Carrying amount of goodwill				
2012	**1,661,771**	**70,526**	**3,763**	**1,736,060**
2011	1,585,136	70,526	3,763	1,659,425

The recoverable amount of each CGU is determined based on value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. The discount rates applied to the cash flow projections range from 12% to 15% (2011: 11% to 15%). Cash flows beyond the five-year period are extrapolated using the estimated growth rates. The growth rates do not exceed the projected long term average growth rates for the pharmaceutical and property development industries in Mainland China.

20. GOODWILL *(Continued)*

Impairment testing of goodwill *(Continued)*

Assumptions were used in the value-in-use calculation of the CGUs for 31 December 2012 and 2011. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – Management determined budgeted gross margin based on past performance and its expectations for the development of the market.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the respective industries.

Raw materials price inflation – The basis used to determine the value assigned to raw materials price inflation is the forecast price indices during the budget year.

21. INVESTMENTS IN SUBSIDIARIES

Company

	Notes	2012 RMB'000	2011 RMB'000
Unlisted shares, at cost	(1)	**4,406,051**	3,478,315
Loans to a subsidiary	(2)	**162,170**	162,140
		4,568,221	3,640,455

(1) Investment in unlisted shares of a subsidiary represents the investment in Forte and the cost of acquisition of the entire interest in Shanghai Fosun High Technology (Group) Co., Ltd. ("Fosun Group"), which is the immediate holding company of the other subsidiaries now comprising the Group.

(2) The amounts advanced to a subsidiary included in the investments in subsidiaries above are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the Company's directors, these advances are considered as quasi-equity loans to the subsidiary. The carrying amounts of the balances due from a subsidiary approximate to their fair values.

Particulars of the Group's principal subsidiaries are set out in note 4 to the financial statements.

22. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

	2012 RMB'000	2011 RMB'000
Share of net assets	**3,555,009**	1,053,737
Loans to jointly-controlled entities	**3,205,764**	356,000
	6,760,773	1,409,737

Loans to jointly-controlled entities of RMB3,205,764,000 are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, these loans are considered as quasi-equity investments in jointly-controlled entities.

The Group's amounts due from jointly-controlled entities and amounts due to jointly-controlled entities are disclosed in note 34 to the financial statements.

Particulars of the Group's principal jointly-controlled entities are set out in note 4 to the financial statements.

The following table illustrates the summarised financial information of the Group's jointly-controlled entities:

	2012 RMB'000	2011 RMB'000
Share of the jointly-controlled entities' assets and liabilities		
Current assets	**9,277,877**	3,987,963
Non-current assets	**1,677,076**	515,549
Current liabilities	**(5,690,515)**	(2,908,267)
Non-current liabilities	**(1,709,429)**	(541,508)
Net assets	**3,555,009**	1,053,737
Share of the jointly-controlled entities' results:		
Revenue	**759,148**	538,195
Other income	**10,475**	5,969
	769,623	544,164
Total expenses	**(685,183)**	(496,925)
Tax	**(15,363)**	(15,163)
Profit after tax	**69,077**	32,076

23. INVESTMENTS IN ASSOCIATES

Group

	2012 RMB'000	2011 RMB'000
Share of net assets	**14,759,971**	13,833,987
Goodwill on acquisitions	**601,950**	407,459
	15,361,921	14,241,446
Loan to associates	**—**	3,035,050
Provision for impairment	**(103,244)**	(885)
	15,258,677	17,275,611

Particulars of the Group's principal associates of the Group are set out in note 4 to the financial statements.

The Group's amounts due from associates and amounts due to associates are disclosed in note 34 to the financial statements.

Company

	2012 RMB'000	2011 RMB'000
Unlisted shares, at cost	**82,421**	82,421

The Company's investment in an associate represents a 26.67% (2011: 26.67%) interest in Janeboat Holdings Ltd., a company incorporated in the British Virgin Islands.

The following table illustrates the summarised financial information of the Group's associates extracted from their financial statements :

	2012 RMB'000	2011 RMB'000
Assets	**227,841,327**	166,456,681
Liabilities	**(155,215,323)**	(109,447,790)
Revenues	**152,384,379**	147,949,739
Profit	**4,843,728**	4,087,839

As at 31 December 2012, Fosun Group through its subsidiaries, held 19.93% equity interests in Yong'an Insurance Co., Ltd. ("Yong'an Insurance"). On 13 December 2012, Fosun Group nominated a new director to the board of Yong'an Insurance and the Group commenced to account for Yong'an Insurance as an associate under the equity method because the Group started to exercise significant influence over Yong'an Insurance by way of presentation on the board of directors and participation in the policy-making process.

The impairment loss of RMB166,023,000 provided in the prior year for Yong'an Insurance was reversed against retained earnings as an opening adjustment.

24. AVAILABLE-FOR-SALE INVESTMENTS

	2012 RMB'000	2011 RMB'000
Listed equity investments, at fair value		
Hong Kong	**172,498**	98,914
United States	**273,063**	218,400
Mainland China	**2,228,620**	2,767,589
	2,674,181	3,084,903
Unlisted equity investments	**4,708,710**	5,352,362
	7,382,891	8,437,265

During the year, the gross loss in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to RMB49,321,000 (2011: gross gain of RMB569,121,000), of which RMB543,799,000 (2011: RMB835,022,000) was recycled from other comprehensive income to the consolidated income statement for the year on the date of disposal.

The unlisted equity investments are stated at cost less any accumulated impairment losses because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

25. PROPERTIES UNDER DEVELOPMENT

	2012 RMB'000	2011 RMB'000
Land costs	**25,074,660**	23,009,062
Construction costs	**9,200,602**	5,456,516
Capitalised financial costs	**1,025,606**	848,326
	35,300,868	29,313,904
Portion classified as current assets	**(27,333,872)**	(22,428,345)
	7,966,996	6,885,559

The properties pledged to banks to secure bank loans and other borrowings are as follows:

	2012 RMB'000	2011 RMB'000
Net book value pledged (note 36)	**12,214,212**	6,693,504
Additions to properties under development include:		
Interest expense capitalised in respect of bank and other borrowings (note 7)	**661,490**	550,568

The Group's properties under development are all situated in Mainland China.

26. LOANS RECEIVABLE

	Notes	2012 RMB'000	2011 RMB'000
Loans receivable		**2,751,338**	2,366,682
Portion classified as current	(1)	**(807,102)**	(132,250)
Long term portion	(2)	**1,944,236**	2,234,432

(1) As at 31 December 2012, the current portion of loans receivable comprised of:

– an entrusted bank loan of RMB500,000,000 provided to Shanxi Jianqin Real Estate Development Co., Ltd., a jointly-controlled entity, which is unsecured, bears interest at a fixed interest rate of 13.0% per annum and is repayable on 20 May 2013;

– an entrusted bank loan of RMB160,000,000 provided to Harbin Xinhao Real Estate Development Co., Ltd., a jointly-controlled entity, which is unsecured, bears interest at a fixed interest rate of 8.9% per annum and is repayable on 31 July 2013; and

– entrusted bank loans of RMB125,080,000 provided to a third party. These loans are unsecured, bear interest at a fixed interest rate of 10.0% and 12.0% and are repayable in 2013.

(2) As at 31 December 2012, the non-current portion of loans receivable comprised of:

– a shareholders' loan of RMB1,887,084,000 provided to Shanghai Haizhimen Property Investment and Management Co., Ltd. ("Haizhimen"), which is unsecured, bears interest at a fixed interest rate of 13.8% per annum and has no fixed terms of repayment; and

– an entrusted bank loan of RMB57,152,000 provided to a third party. This loan is unsecured, bears interest at a fixed interest rate of 8.0% per annum and is repayable on 10 October 2015.

27. PREPAYMENTS

	Note	2012 RMB'000	2011 RMB'000
Prepayments for the proposed acquisition of equity interests in			
– Shanghai Dijie Real Estate Limited ("Dijie")	(i)	**616,313**	616,313
– Ningbo Baolai Property Co., Ltd. and Ningbo Xucheng Property Co., Ltd.		**—**	60,000
– Xinjiang Boze investment limited Partnership Equity		**33,000**	—
– Xi'an Yuanchuang Chemical Technology Co., Ltd.		**21,410**	—
		670,723	676,313

(i) On 20 December 2007, Shanghai Forte Investment Co., Ltd. ("Forte Investment") entered into a cooperative agreement with Shanghai Vanke Real Estate Co., Ltd. ("Shanghai Vanke") in respect of the joint development of a property development project in Shanghai, at a total consideration of RMB2,430,690,000, pursuant to which (i) Shanghai Vanke and Forte Investment will jointly acquire 60% and 40% equity investments in Dijie, respectively, and (ii) Forte Investment will contribute 40% of the total consideration in proportion to its shareholding in Dijie in the amount of RMB972,276,000.

As at 31 December 2012, the Group had advanced RMB616,313,000 (31 December 2011: RMB616,313,000) to Shanghai Vanke. The remaining capital commitment not paid as at 31 December 2012 amounting to RMB587,959,000 (31 December 2011: RMB587,959,000) is set out in note 48 to the financial statements.

28. DEFERRED TAX

Movements in deferred tax assets and liabilities are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits RMB'000	Accruals and provisions RMB'000	Post-employment benefits RMB'000	Additional Repairs and maintenance RMB'000	LAT provisions RMB'000	Others RMB'000	Total RMB'000
At 1 January 2011	184,320	193,237	3,306	2,040	408,006	214,900	1,005,809
Acquisition of subsidiaries	—	2,541	—	—	—	578	3,119
Deferred tax credited/(charged) during the year	350,613	91,117	(2,533)	1,482	61,370	10,154	512,203
Gross deferred tax assets at 31 December 2011 and 1 January 2012	**534,933**	**286,895**	**773**	**3,522**	**469,376**	**225,632**	**1,521,131**
Acquisition of subsidiaries (note 45(a))	**—**	**—**	**—**	**—**	**22,319**	**26,002**	**48,321**
Deferred tax credited/(charged) during the year	**653,376**	**(9,008)**	**(773)**	**4,462**	**(36,684)**	**31,753**	**643,126**
Gross deferred tax assets at 31 December 2012	**1,188,309**	**277,887**	**—**	**7,984**	**455,011**	**283,387**	**2,212,578**

28. DEFERRED TAX *(Continued)*

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Fair value adjustments arising from equity investments at fair value through profit or loss RMB'000	Fair value adjustments arising from available-for-sale investments RMB'000	Revaluation of investment properties RMB'000	LAT indemnity RMB'000	Deemed disposal of associates RMB'000	Deferred LAT RMB'000	Withholding taxes RMB'000	Others RMB'000	Total RMB'000
At 1 January 2011	479,899	—	716,940	87,444	109,270	669,498	214,464	162,152	36,978	2,476,645
Deferred tax charged/(credited) to the consolidated income statement during the year	4,127	42,230	(272,718)	24,381	(109,270)	227,086	(21,537)	33,577	31,116	(41,008)
Deferred tax charged to reserve during the year	—	—	241,808	—	—	—	—	—	—	241,808
Disposal of subsidiaries (note 45(b))	(1,020)	—	—	—	—	—	—	—	—	(1,020)
Acquisition of subsidiaries	266,312	—	—	—	—	—	—	—	—	266,312
Gross deferred tax liabilities at 31 December 2011 and 1 January 2012	**749,318**	**42,230**	**686,030**	**111,825**	**—**	**896,584**	**192,927**	**195,729**	**68,094**	**2,942,737**
Deferred tax charged/(credited) to the consolidated income statement during the year	**(66,546)**	**142,957**	**(181,379)**	**35,120**	**—**	**(17,187)**	**(77,147)**	**33,359**	**140,268**	**9,445**
Deferred tax credited to reserve during the year	**—**	**—**	**(44,476)**	**—**	**—**	**—**	**—**	**—**	**—**	**(44,476)**
Acquisition of subsidiaries (note 45(a))	**174,034**	**—**	**—**	**—**	**—**	**—**	**104,009**	**—**	**—**	**278,043**
Gross deferred tax liabilities at 31 December 2012	**856,806**	**185,187**	**460,175**	**146,945**	**—**	**879,397**	**219,789**	**229,088**	**208,362**	**3,185,749**

28. DEFERRED TAX *(Continued)*

As at 31 December 2012, the deferred tax assets were recognised for certain entities within the Group which suffered accumulated losses as at the end of 2012. The directors are of the opinion that these entities could generate sufficient future taxable profits to utilise the deferred tax assets recognised as at 31 December 2012.

Deferred tax assets have not been recognised in respect of the following items as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the following items can be utilised:

Group

	2012 RMB'000	2011 RMB'000
Tax losses	**3,689,837**	2,138,306
Deductible temporary differences	**298,448**	296,748
	3,988,285	2,435,054

Company

	2012 RMB'000	2011 RMB'000
Tax losses	**—**	43,938

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding corporate income tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement became effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding corporate income tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable withholding rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries, jointly-controlled entities and associates established in Mainland China in respect of earnings generated from 1 January 2008.

There are no income tax consequences attaching to the payment of dividends by the company to its shareholders.

29. CASH AND BANK BALANCES

Group

	Notes	2012 RMB'000	2011 RMB'000
Cash on hand		10,466	44,521
Cash at banks, unrestricted		19,186,137	13,863,862
Cash and cash equivalents		19,196,603	13,908,383
Pledged bank balances	(1)	2,042,516	824,020
Time deposits with original maturity of more than three months	(2)	6,785	1,645,610
Restricted presale proceeds	(3)	304,939	382,657
Restricted cash in escrow account for an investment	(4)	420,016	—
Required reserve deposits	(5)	117,609	17,083
		22,088,468	16,777,753

Notes:

It mainly comprises as follows:

		2012 RMB'000	2011 RMB'000
(1)	Pledged bank balances to secure notes payable	1,697,491	538,105
	Pledged bank balances to secure bank loans (note 36)	—	160,691
	Bank balances as various deposits	280,997	124,115
(2)	Time deposits with original maturity of more than three months pledged to secure bank loans (note 36)	3,291	1,411,452

(3) In accordance with relevant documents issued by the PRC State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place in designated bank accounts certain amounts of presale proceeds of properties as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and the payments of construction fee of the relevant property projects when approval from the PRC State-Owned Land and Resource Bureau is obtained.

(4) The amount represents a deposit placed by Billion Infinity Investment Limited, an indirect subsidiary of the Company, into an escrow account for a potential investment in a third party. This deposit in the escrow account is not available for use in the Group's daily operation.

(5) Required reserve deposits amounting to RMB117,609,000 (2011: RMB17,083,000) are placed by Shanghai Fosun High Technology Group Finance Co., Ltd. ("Finance Company"), an indirect subsidiary of the Company, with the People's Bank of China ("PBC"). The reserve deposits with the PBC are not available for use in the Group's daily operations.

In the preparation of the consolidated statement of cash flows, pledged bank balances, time deposits with original maturity of more than three months, restricted presale proceeds of properties, restricted cash in an escrow account for an investment and required reserve deposits have been excluded from cash and cash equivalents.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

29. CASH AND BANK BALANCES *(Continued)*

Company

	2012 RMB'000	2011 RMB'000
Cash at banks, unrestricted	**176,428**	2,223,886

30. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012 RMB'000	2011 RMB'000
Group		
Listed equity investments, at market value		
Hong Kong	**2,599,442**	1,682,234
United States	**4,626,351**	3,256,871
Mainland China	**2,304,364**	1,707,393
Europe	**1,125,918**	760,229
	10,656,075	7,406,727
Company		
Listed equity investments, at market value		
Hong Kong	**2,058,249**	1,275,537
United States	**4,396,344**	3,018,330
Europe	**716,762**	391,874
	7,171,355	4,685,741

The above equity investments at 31 December 2012 and 2011 were classified as held for trading and were upon initial recognition, designated by the Group as financial assets as at fair value through profit or loss.

31. TRADE AND NOTES RECEIVABLES

	2012 RMB'000	2011 RMB'000
Trade receivables	2,517,820	1,959,313
Notes receivable	3,082,298	4,546,799
	5,600,118	6,506,112

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

	2012 RMB'000	2011 RMB'000
Outstanding balances with ages:		
Within 90 days	2,092,631	1,721,241
91 to 180 days	287,190	94,314
181 to 365 days	102,365	163,317
1 to 2 years	72,839	17,718
2 to 3 years	9,419	4,885
Over 3 years	30,390	32,173
	2,594,834	2,033,648
Less: Provision for impairment of trade receivables	(77,014)	(74,335)
	2,517,820	1,959,313

The movements in the provision for impairment of trade receivables are as follows:

	2012 RMB'000	2011 RMB'000
At 1 January	74,335	59,826
Amount written off as uncollectible	(25,325)	(31,002)
Provision for impairment losses	28,004	30,311
Acquisition of subsidiaries	—	15,200
At 31 December	77,014	74,335

31. TRADE AND NOTES RECEIVABLES *(Continued)*

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	2012 RMB'000	2011 RMB'000
Neither past due nor impaired	**1,066,927**	824,018
Within 90 days past due	**306,841**	323,403
91 to 180 days past due	**66,473**	32,458
Over 180 days past due	**56,219**	10,928
	1,496,460	1,190,807

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

At 31 December 2012, the Group's trade and notes receivables with a carrying amount of approximately RMB1,483,857,000 (2011: RMB509,613,000) were pledged to secure bank loans, as set out in note 36 to the financial statements.

Credit terms granted to the Group's customers are as follows:

	Credit terms
Steel segment	0 to 90 days
Mining segment	0 to 90 days
Pharmaceuticals and healthcare segment	90 to 180 days
Property segment	30 to 360 days

32. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	2012 RMB'000	2011 RMB'000
Prepayments consist of:		
Prepayments for purchase of raw materials of steel	**881,957**	758,687
Prepayments for purchase of pharmaceutical materials	**238,500**	212,951
Prepayments for purchase of construction materials	**120,496**	82,876
Prepayments for purchase of equipment and others	**587,909**	397,601
Deposits	**811,518**	577,247
Other receivables consist of:		
Funding provided to third parties	**168,591**	288,949
Tax recoverable	**572,244**	258,614
Receivable for disposal of subsidiaries (note 45(b))	**126,200**	10,241
Others	**1,468,297**	1,266,798
	4,975,712	3,853,964

Company

	2012 RMB'000	2011 RMB'000
Interest receivables	**—**	112
Deposits	**3,387**	5,608
Other	**2,171**	—
	5,558	5,720

33. INVENTORIES

	2012 RMB'000	2011 RMB'000
Raw materials	**2,943,902**	3,738,902
Work in progress	**1,260,325**	966,520
Finished goods	**1,942,280**	2,007,616
Spare parts and consumables	**867,226**	723,855
	7,013,733	7,436,893
Less: Provision for inventories	**(269,912)**	(317,345)
	6,743,821	7,119,548
Portion classified as non-current assets	**(372,222)**	—
	6,371,599	7,119,548
Net book value of inventories pledged as security for bank loans (note 36)	**320,000**	733,876

34. BALANCES WITH SHAREHOLDERS, SUBSIDIARIES AND RELATED COMPANIES

	Notes	2012 RMB'000	2011 RMB'000
Group			
Due from related companies:			
Associates	(i)	970,805	860,611
Jointly-controlled entities	(ii)	1,850,145	962,460
Non-controlling shareholders of subsidiaries	(iii)	294,413	481,730
Other related companies	(iv)	3,087	—
		3,118,450	2,304,801
Portion classified as current		(3,118,450)	(1,856,159)
		—	448,642
Company			
Due from subsidiaries	(iv)	11,561,761	11,244,793
Due from other related companies	(iv)	3,087	—
		11,564,848	11,244,793

Notes:

(i) As at 31 December 2012, the balances due from associates included the amount of RMB635,038,000 (2011: RMB498,850,000), which is unsecured, interest-free and repayable on demand. The remaining balances due from associates are trade in nature, interest-free and repayable on demand.

(ii) As at 31 December 2012, the balances due from jointly-controlled entities included the amount of RMB1,842,201,000 (2011: RMB961,269,000), which is unsecured, interest-free and repayable on demand. The remaining balances due from jointly-controlled entities are trade in nature, interest-free and repayable on demand.

(iii) As at 31 December 2012, the balances due from non-controlling shareholders included the amount of RMB186,407,000 (2011: RMB340,861,000) which is unsecured, interest-free and repayable on demand. The remaining balances due from non-controlling shareholders of subsidiaries are trade in nature, interest-free and repayable on demand.

(iv) As at 31 December 2012, the balances due from subsidiaries and other related companies are unsecured, interest-free and repayable on demand.

	Notes	2012 RMB'000	2011 RMB'000
Group			
Due to the holding company	(v)	2,440,986	1,431,144
Due to related companies:			
Associates	(vi)	571,378	323,077
Non-controlling shareholders of subsidiaries	(vii)	2,140,405	1,848,367
Jointly-controlled entities	(viii)	1,563,582	567,113
Other related companies		31,589	—
		4,306,954	2,738,557
Portion classified as current		(3,293,834)	(1,914,420)
	(vii)	1,013,120	824,137
Company			
Due to the holding company	(v)	2,440,986	1,431,144

34. BALANCES WITH SHAREHOLDERS, SUBSIDIARIES AND RELATED COMPANIES

(Continued)

Notes:

(v) The balances due to the holding company are unsecured, interest-free and repayable on demand.

(vi) As at 31 December 2012, the balances due to associates included the amount of RMB349,727,000 (2011: RMB275,791,000), which is unsecured, interest-free and repayable on demand. As at 31 December 2012, the balance due to associates comprised of an amount of RMB149,488,000 which is the deposits received by the Finance Company from Shanghai Yuyuan Tourist Mart Co., Ltd.. The deposits are unsecured, interest-bearing and repayable on demand. The remaining balances due to associates are trade in nature, interest-free and repayable on demand.

(vii) As at 31 December 2012, the balance due to non-controlling shareholders of subsidiaries comprised of:

– an amount of RMB345,800,000 is the contingent consideration for acquisition of Jinzhou Aohong Pharmaceutical Co., Ltd. which is estimated to be repayable during the years of 2013 to 2015. As at 31 December 2012, the fair value of the contingent consideration was RMB323,691,000 of which RMB247,251,000 was classified as a non-current liability. The amount is unsecured and interest-free;

– an amount of RMB255,000,000 represented the payables for the acquisition of Dalian Aleph Biomedical Co., Ltd. which is estimated to be repayable in 2014. As at 31 December 2012, the fair value of the contingent consideration was RMB255,000,000. The amount is unsecured and interest-free;

– an entrusted bank loan provided by Zhejiang Jiawen Industrial Investment Co., Ltd. of RMB196,994,000, which is unsecured, interest-bearing and is repayable in 2014;

– an amount of RMB366,226,000 represented the payables for purchase of low grade ore products from Hainan Iron and Steel Co., Ltd., which is interest-free and is estimated to be repayable during the years of 2014 to 2015. Subsequent to its initial recognition, the amount due to a non-controlling shareholder of a subsidiary is measured using the effective interest method. As at 31 December 2012, the amortised cost of the amount due to a non-controlling shareholder of a subsidiary was RMB313,875,000;

– an entrusted bank loan provided by Jincheng Real Estate Group Co., Ltd. of RMB173,164,000, which is unsecured, interest-free and is estimated to be repayable in 2013. Subsequent to its initial recognition, the amount due to a non-controlling shareholder of a subsidiary is measured using the effective interest method. As at 31 December 2012, the amortised cost of the amount due to a non-controlling shareholder of a subsidiary was RMB141,897,000; and

– an amount of RMB300,000,000 provided by a non-controlling shareholder of a subsidiary which is unsecured, interest-free and repayable on demand.

The remaining balances due to non-controlling shareholders of subsidiaries are trade in nature, interest-free and repayable on demand.

(viii) As at 31 December 2012, the balance due to jointly-controlled entities comprised of an amount of RMB789,726,000 which is the deposits received by the Finance Company from Shanghai Xingjue Investment Management Co., Ltd.. The deposits are unsecured, interest-bearing and repayable on demand.

The remaining balances due to jointly-controlled entities are unsecured, interest-free and repayable on demand.

35. NON-CURRENT ASSET/ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	Notes	2012 RMB'000	2011 RMB'000
Carrying amount of the assets of a disposal group	(i)	—	253,132
Carrying amount of available-for-sale investments before classification as held for sale	(ii)	212,293	—
Carrying amount after impairment		212,293	253,132
Liabilities directly associated with the assets classified as held for sale		—	57,048

(i) On 21 March 2012, the Group through its wholly-owned subsidiary, Shanghai Fosun Industrial Investment Co., Ltd. entered into an equity transfer agreement with Jiangsu Diyuan Qiuqiuye Mining Engineering Co., Ltd. for the disposal of the entire shareholding of 70% in Tuoli Hongshan Mining Co., Ltd. ("Hongshan Mining"). The carrying amounts of the assets and liabilities of Hongshan Mining were classified as held for sale in the consolidated statement of financial position as at 31 December 2011. As at 31 December 2012, the disposal was competed. Hongshan Mining was disposed of by the Group as set out in note 45(b) to the financial statements..

(ii) As at 31 December 2012, the non-current asset held for sale represents the carrying amount of the Group's available-for-sale investments in Inner Mongolia Sunry Construction Group Co., Ltd. ("Inner Mongolia Sunry") and Zhejiang Yoyu Bamboo Industry Co., Ltd. ("Zhejiang Yoyu") amounted to RMB202,500,000 and RMB9,793,000 respectively.

In August 2012, the Group through its subsidiary, Fosun Venture Capital Investment Management Co., Ltd. ("Fosun Venture") entered into a disposal agreement with the original shareholder of Inner Mongolia Sunry, an independent third party, for the disposal of the Group's entire equity interest of 11.8% in Inner Mongolia Sunry at a cash consideration of RMB250,732,000. The consideration will be received by instalments in 2013 and the disposal is expected to be completed in 2013.

In November 2012, the Group through its subsidiaries, Fosun Venture Capital Investment Management Co., Ltd. entered into a disposal agreement with the original shareholder of Zhejiang Yoyu, an independent third party, for the disposal of the Group's entire equity interest of 6.9% in Zhejiang Yoyu at a cash consideration of RMB13,786,000. The consideration will be received by instalments from 2013 to 2014 and the disposal is expected to be completed in 2013.

36. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	Notes	2012 RMB'000	2011 RMB'000
Bank loans:	(1)		
Guaranteed		—	35,000
Secured		15,787,735	11,505,854
Unsecured		22,735,950	26,358,931
		38,523,685	37,899,785
Corporate bonds and enterprise bonds	(2)	10,922,024	9,417,071
Senior notes	(3)	1,864,518	1,863,716
Medium-term notes	(4)	2,574,807	2,568,056
Short-term commercial papers	(5)	499,375	—
Other borrowings, secured	(6)	901,420	681,936
Other borrowings, unsecured	(6)	1,411,517	1,459,074
Total		56,697,346	53,889,638
Repayable:			
Within one year		26,917,695	23,532,459
In the second year		8,643,729	6,558,772
In the third to fifth years, inclusive		15,203,470	18,038,884
Over five years		5,932,452	5,759,523
		56,697,346	53,889,638
Portion classified as current liabilities		(26,917,695)	(23,532,459)
Long-term portion		29,779,651	30,357,179

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

Group *(Continued)*

Notes:

(1) Certain of the Group's bank loans are secured by:

the pledge of certain of the Group's buildings amounting to RMB1,240,368,000 (2011: RMB744,219,000), plant and machinery amounting to RMB1,594,585,000 (2011: RMB1,785,795,000), investment properties situated in Mainland China amounting to RMB3,863,000,000 (2011: RMB3,026,000,000), prepaid land lease payments amounting to RMB162,666,000 (2011: RMB407,954,000), properties under development amounting to RMB12,214,212,000 (2011: RMB6,693,504,000), completed properties for sale amounting to RMB2,196,131,000 (2011: RMB281,087,000), time deposits with original maturity of more than three months amounting to RMB3,291,000 (2011: RMB1,411,452,000), trade and notes receivables amounting to RMB1,483,857,000 (2011: RMB509,613,000), inventories amounting to RMB320,000,000 (2011: RMB733,876,000) and an investment in an associate amounting to RMB320,886,000 (2011: RMB303,832,000), an investment in a jointly-controlled entity amounting to RMB540,070,000 (2011: Nil), and investment in subsidiaries.

None of the Group's bank balances (2011: RMB160,691,000) was pledged to secure the interest-bearing bank and other borrowings.

None of the Group's interest-bearing bank and other borrowings was guaranteed by the related parties of the Group (2011: RMB35,000,000).

The bank loans bear interest at rates ranging from 1.44% to 8.53% (2011: 1.00% to 8.28%) per annum.

(2) Corporate bonds and enterprise bonds

On 27 February 2009, Nanjing Nangang Iron & Steel United Co., Ltd. issued long-term enterprise bonds with a par value of RMB2,500,000,000 and an effective interest rate of 6.29% per annum (the "2009 Nangang Bond"). The principal of the enterprise bonds will be repaid equally on 27 February 2015 and 27 February 2016. The interest will be paid annually in arrears. According to the offering memorandum of the 2009 Nangang Bond, the bond holders are entitled to redeem the bonds at a redemption price equal to the principal amount by the end of the fourth year since issuance, i.e., 27 February 2013. As at 31 December 2012, the carrying amount of the 2009 Nangang Bond of RMB2,482,589,000 was classified as current liabilities in the consolidated financial statements of the Group because Nanjing Nangang Iron & Steel United Co., Ltd. did not have an unconditional right to defer settlement of the liability for at least twelve months after 31 December 2012. On 27 February 2013, the redemption was completed by the bond holders as set out in Note 55 to the financial statements.

On 25 September 2009, Forte issued five-year domestic corporate bonds with a par value of RMB1,900,000,000 and an effective interest rate of 7.73% per annum. The interest will be paid annually in arrears and the maturity date is 22 September 2014.

On 24 December 2010, Fosun Group issued seven-year domestic corporate bonds with a par value of RMB1,100,000,000 and an effective interest rate of 6.17% per annum. The interest will be paid annually in arrears and the maturity date is 23 December 2017.

On 10 May 2011, Nanjing Iron & Steel United Co., Ltd. issued long-term enterprise bonds with a par value of RMB4,000,000,000 and an effective interest rate of 5.8% per annum. The principal of the enterprise bonds will be repaid on 10 May 2018. The interest will be paid annually in arrears.

On 25 April 2012, Fosun Pharma issued five-year domestic corporate bonds with a par value of RMB1,500,000,000 and the effective interest rate is 5.74% per annum. The interest will be paid annually in arrears and the maturity date is 25 April 2017.

(3) Senior notes

On 12 May 2011, the Company issued five-year senior notes with a par value of USD300,000,000 and an effective interest rate of 7.9% per annum. The interest will be paid semi-annually in arrears.

(4) Medium-term notes

On 8 November 2010, Fosun Pharma issued five-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 5.0% per annum. The interest will be paid annually in arrears and the maturity date is 10 November 2015.

On 31 March 2011, Fosun Pharma issued five-year medium-term notes with a par value of RMB1,600,000,000 and an effective interest rate of 6.26% per annum. The interest will be paid annually in arrears and the maturity date is 31 March 2016.

(5) Short-term commercial papers

On 18 December 2012, Fosun Pharma issued short-term commercial papers with a par value of RMB500,000,000 at an interest rate of 4.75% per annum. The interest is payable at the maturity date which is 17 June 2013.

(6) The other borrowings represent borrowings from third parties, which bear interest at rates ranging from 2.55% to 15.0% (2011: 2.55% to 12.18%) per annum.

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

Company

	2012 RMB'000	2011 RMB'000
Bank loans:		
Unsecured	**4,766,662**	4,996,745
Senior notes	**1,864,518**	1,863,716
Total	**6,631,180**	6,860,461
Repayable:		
Within one year	**866,773**	441,063
In the second year	**1,725,380**	598,586
In the third to fifth years, inclusive	**4,039,027**	5,820,812
	6,631,180	6,860,461
Portion classified as current liabilities	**(866,773)**	(441,063)
Long-term portion	**5,764,407**	6,419,398

The bank loans bear interest at rates ranging from 1.71% to 7.5% (2011: 1.76% to 7.5%) per annum.

37. LOANS FROM RELATED COMPANIES

	2012 RMB'000	2011 RMB'000
Loans from		
– a jointly-controlled entity	**155,250**	157,830
– an associate	**—**	10,000
– non-controlling shareholder of a subsidiary	**50,000**	—
	205,250	167,830
Repayable:		
Within one year	**115,000**	167,830
In the second to fourth years, inclusive	**90,250**	—
	205,250	167,830
Portion classified as current liabilities	**(115,000)**	(167,830)
Non-current portion	**90,250**	—

Loans from related companies are unsecured among which the current portion amounting to RMB115,000,000 bears interest and the non-current portion amounting to RMB90,250,000 is interest-free. The fair values of these loans as at the date of inception were estimated with reference to the then prevailing interest rates with the same repayment period published by the People's Bank of China. The difference between the amount of loans payable and their fair values as at the date of inception was credited to the consolidated income statement. Subsequent to the initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

38. TRADE AND NOTES PAYABLES

	2012 RMB'000	2011 RMB'000
Trade payables	**11,358,235**	9,276,590
Notes payable	**4,268,530**	2,054,392
	15,626,765	11,330,982

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

	2012 RMB'000	2011 RMB'000
Outstanding balances with ages:		
Within 90 days	**8,020,451**	7,843,926
91 to 180 days	**363,423**	416,198
181 to 365 days	**535,122**	264,919
1 to 2 years	**2,186,239**	624,690
2 to 3 years	**238,837**	48,344
Over 3 years	**14,163**	78,513
	11,358,235	9,276,590

The trade and notes payables are non-interest-bearing and credit terms granted by the Group's suppliers are as follows:

	Credit terms
Steel segment	0 to 90 days
Mining segment	0 to 90 days
Pharmaceuticals and healthcare segment	0 to 360 days
Property segment	180 to 360 days

39. ACCRUED LIABILITIES AND OTHER PAYABLES

Group

	2012 RMB'000	2011 RMB'000
Advances from customers	**7,989,879**	6,870,762
Payables related to:		
Purchases of property, plant and equipment	**1,213,726**	940,102
Deposits received	**1,337,757**	656,367
Payroll	**620,706**	613,709
Business tax	**224,200**	154,773
Accrued interest expenses	**597,409**	519,342
Value-added tax	**55,847**	45,951
Accrued utilities	**190,920**	377,676
Acquisition of subsidiaries (note 45(a))	**689,788**	—
Acquisition of a jointly-controlled entity	**270,000**	—
Current portion of other long term payables (note 42)	**76,933**	46,521
Financial support for the property development	**1,718,491**	409,122
Others	**3,832,964**	2,400,901
	18,818,620	13,035,226

Company

	2012 RMB'000	2011 RMB'000
Other payables	**53,376**	49,900

40. FINANCE LEASE PAYABLES

Nanjing Iron & Steel United Co., Ltd., a subsidiary of the Group, signed an agreement with a leasing company to lease certain machinery and equipment for its iron and steel business, which are classified as finance leases.

Total future minimum lease payments under finance leases and their present values are as follows:

	2012 RMB'000	2011 RMB'000
Repayable:		
Within one year	53,842	49,614
In the second year	41,811	47,029
In the third to fifth years, inclusive	41,630	89,910
Total minimum finance lease payments	137,283	186,553
Less: Future finance charges	(11,861)	(22,589)
	125,422	163,964
Portion classified as current finance lease payables	(41,981)	(43,966)
Long-term portion	83,441	119,998

For the year ended 31 December 2012, interest was charged at a rate of 5.60% per annum (2011: 5.60%).

41. DEFERRED INCOME

Deferred income represents government grants received related to assets.

	2012 RMB'000	2011 RMB'000
Special purpose fund for technology improvement	193,592	213,060

42. OTHER LONG TERM PAYABLES

	Notes	2012 RMB'000	2011 RMB'000
Payables for rehabilitation	(i)	**36,432**	40,908
Payables for retirement benefits	(ii)	**171,870**	293,956
Payables for acquisition of a subsidiary (note 45(a))		**68,138**	—
Loans from a non-controlling shareholder of a subsidiary		**356,000**	—
Others		**19,662**	—
		652,102	334,864

Notes:

(i) The movements of payables for rehabilitation are set out below:

	2012 RMB'000	2011 RMB'000
At 1 January	**40,908**	37,374
Additions	**1,299**	3,534
Payment made	**(5,775)**	—
At 31 December	**36,432**	40,908

Payables for rehabilitation are in relation to the costs of the Group's obligations for land reclamation.

(ii) The movements of payables for retirement benefits are set out below:

	2012 RMB'000	2011 RMB'000
At 1 January	**293,956**	437,092
Additions	**—**	15,322
Interest increment (note 7)	**27,416**	24,926
Payments made	**(72,569)**	(136,863)
Classified as current portion (note 39)	**(76,933)**	(46,521)
At 31 December	**171,870**	293,956

Payables for retirement benefits represent liabilities taken over by the Group from the former parent company of the Former SOEs, which are state-owned enterprises, in respect of the retirement benefits of the Qualified SOE Employees and the Qualified Retirees.

The long-term payables are based on estimates of future payments made by management and are discounted at rates in the range of 5.70% to 7.83% (2011: 5.70% to 7.83%).

43. SHARE CAPITAL

Shares

	2012 RMB'000	2011 RMB'000
Authorised:		
100,000,000,000 (2011: 100,000,000,000) ordinary shares of HKD0.1 each	**9,746,013**	9,746,013
Issued and fully paid:		
6,421,594,500 (2011: 6,421,594,500) ordinary shares of HKD0.1 each	**621,497**	621,497

The following changes in the Company's authorised and issued share capital took place during the period from 1 January 2012 to 31 December 2012 are as follows:

	Number of ordinary shares	Nominal value of ordinary shares RMB'000
Authorised:		
As at 31 December 2011 and 31 December 2012	100,000,000,000	9,746,013
Issued and fully paid:		
As at 31 December 2011 and 31 December 2012 (6,421,594,500 shares of HKD0.1 each)	6,421,594,500	621,497

44. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

Company

	Issued capital RMB'000 (note 43)	Share premium RMB'000	Exchange fluctuation reserve RMB'000	Capital redemption reserve RMB'000	Retained earnings RMB'000	Proposed final dividend RMB'000 (note 12)	Total equity RMB'000
At 1 January 2011	621,497	11,785,713	(1,417,783)	1,465	3,924,319	928,936	15,844,147
Final dividend declared	—	—	—	—	—	(928,936)	(928,936)
Proposed final dividend	—	—	—	—	(817,340)	817,340	—
Exchange realignment	—	—	(916,802)	—	—	—	(916,802)
Total comprehensive loss for the year	—	—	—	—	(458,139)	—	(458,139)
At 31 December 2011 and 1 January 2012	**621,497**	**11,785,713**	**(2,334,585)**	**1,465**	**2,648,840**	**817,340**	**13,540,270**
Final dividend declared	**—**	**—**	**—**	**—**	**—**	**(817,340)**	**(817,340)**
Proposed final dividend	**—**	**—**	**—**	**—**	**(885,181)**	**885,181**	**—**
Exchange realignment	**—**	**—**	**(3,531)**	**—**	**—**	**—**	**(3,531)**
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**1,654,729**	**—**	**1,654,729**
At 31 December 2012	**621,497**	**11,785,713**	**(2,338,116)**	**1,465**	**3,418,388**	**885,181**	**14,374,128**

(a) Other deficits

The opening balance of other deficits as at 1 January 2009 represented the acquisition of the entire equity interest in Fosun Group pursuant to the reorganisation of the Group prior to the listing of its shares on the Hong Kong Stock Exchange, after netting off the paid-up capital and capital reserve (arising from the bonus share issue of its subsidiaries) of Fosun Group.

(b) Statutory surplus reserve (the "SSR")

In accordance with the Company Law of the PRC and the respective articles of association of the subsidiaries established in Mainland China (the "PRC Subsidiaries"), each PRC Subsidiary is required to allocate 10% of its profit after tax, as determined in accordance with the applicable PRC accounting standards and regulations, to the SSR until such reserve reaches 50% of its registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the SSR can be capitalised as paid-up capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(c) Distributable reserves

For dividend purposes, the amount which the PRC subsidiaries can legally distribute by way of a dividend is determined by reference to the distributable profits as reflected in their PRC statutory financial statements which are prepared in accordance with the applicable PRC accounting standards and regulations.

In accordance with the Company Law of the PRC, profits after tax of the PRC subsidiaries can be distributed as dividends after the appropriation to the SSR as set out above.

45. 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 business combination is set out as follows:

– On 13 March 2012, Zhejiang Dongyang China Woodcarving Culture Expo City Co., Ltd., a wholly-owned subsidiary of Forte acquired 100% equity interests in Zhejiang Dongyang China Woodcarving City Co., Ltd. ("Zhejiang Dongyang") at a consideration of RMB398,267,000, satisfied by cash. Zhejiang Dongyang principally operates a shopping mall of woodcarving products in Zhejiang Province, the PRC. The Group acquired Zhejiang Dongyang in order to expand the commercial real estate business in Zhejiang Province.

– In November 2012, Shanghai Yicheng Hospital Investment Management Co., Ltd. ("Yicheng Management"), a wholly-owned subsidiary of Fosun Pharma entered into an agreement with the shareholders of Suqian Zhongwu Hospital Co., Ltd. ("Zhongwu Hospital"), all of which are independent third parties, to acquire a 55% equity interest in Zhongwu Hospital at consideration not exceeding RMB110,138,000, satisfied by cash. The acquisition was undertaken under the Fosun Pharma's strategy to expand the healthcare service business in the PRC. The first instalment amounting to RMB42,000,000 was paid in February 2013. The remaining cash consideration amounting to RMB68,138,000 shall be paid in two instalments in 2014 and 2015, respectively. The finalised consideration is capped at RMB110,138,000 and will be adjusted based on the actual operating profits of Zhongwu Hospital of 2012 and 2013 according to the terms and conditions set out in the acquisition agreement. The acquisition was completed in December 2012 when Fosun Pharma obtained control of the operating and financial policies of Zhongwu Hospital.

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

(a) Acquisition of subsidiaries *(Continued)*

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

The fair values of the identifiable assets and liabilities of all the subsidiaries acquired during the year were as follows:

	2012 Fair value recognised on acquisition RMB'000
Property, plant and equipment	139,914
Investment in an associate	4,651
Prepaid land lease payments (note 16)	19,426
Investment properties (note 15)	731,000
Deferred tax assets (note 28)	48,321
Completed properties for sale	386,199
Cash and bank balances	45,097
Trade and notes receivables	9,418
Prepayments, deposits and other receivables	55,761
Inventories	6,368
Interest-bearing bank and other borrowings	(192,500)
Trade and notes payables	(176,474)
Accrued liabilities and other payables	(114,832)
Tax payable	(145,635)
Deferred tax liabilities (note 28)	(278,043)
Non-controlling interests	(90,022)
Total identifiable net assets at fair value	448,649
Gain on disposal of investments in an associate and a joint-controlled entity	(273)
Gain on bargain purchase of subsidiaries (note 6)	(3,645)
Goodwill on acquisition (note 20)	69,125
	513,856
Satisfied by:	
Cash	401,007
Investments in an associate and a joint-controlled entity	2,711
Cash consideration unpaid	110,138
	513,856

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

(a) Acquisition of subsidiaries *(Continued)*

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

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB9,418,000 and RMB55,761,000 respectively. The gross contractual amounts of trade receivables and other receivables were RMB9,418,000 and RMB55,761,000, respectively, of which no trade receivables and other receivables expected to be uncollectible, respectively.

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

None of the goodwill recognised is expected to be deductible for income tax purposes.

Since the acquisition, the acquired subsidiaries contributed RMB230,412,000 to the Group's turnover and net loss of RMB12,213,000 to the consolidated profit for the year ended 31 December 2012.

Had the combinations taken place at the beginning of the year, the revenue of the Group and the net profit of the Group for the year ended 31 December 2012 would have been RMB51,891,280,000 and RMB4,907,966,000, respectively.

(ii) Acquisition of subsidiaries not accounted for as business combination

The major acquisition of subsidiaries not accounted for as business combination is set out as follows:

In January 2012, Forte, through its wholly-owned subsidiaries acquired 100% equity interests in Ningbo Zhongrui Investment Co., Ltd. ("Ningbo Zhongrui") and 46.25% equity interests in Ningbo Baolai Property Co., Ltd. and Ningbo Xucheng Property Co., Ltd. ("Ningbo Project Companies") at a total consideration of RMB1,155,742,000. The major assets of Ningbo Zhongrui are its 23.75% equity interests in Ningbo Project Companies. After the completion of the acquisition, Forte held an indirect 70% equity interests in Ningbo Project Companies. The major assets of Ningbo Project Companies are a piece of land in Ningbo, Zhejiang Province, the PRC.

The above acquisition has been accounted for as acquisition of assets in the Group's consolidated financial statements. The purchase cost of the Group is allocated to the assets and liabilities, respectively on the basis of their relative fair values at the date of purchase. As at 31 December 2012, among the total consideration, RMB576,184,000 was settled by cash, RMB304,558,000 was settled by netting off the balance of other receivables and the remaining RMB275,000,000 will be paid in 2013.

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

(ii) Acquisition of subsidiaries not accounted for as business combination *(Continued)*

The allocation of the purchase cost on the basis of the relative fair values of the assets and liabilities acquired as at the date of the purchase are as follows:

	2012 Allocation of purchase cost RMB'000
Property, plant and equipment	663
Properties under development	2,174,875
Cash and bank balances	2,291
Prepayments, deposits and other receivables	355,978
Accrued liabilities and other payables	(341,052)
Tax payable	(32)
	2,192,723
Non-controlling interests	(619,349)
Total purchase costs	1,573,374
Satisfied by:	
Cash	685,184
Investment in an associate	3,982
Other receivables	304,558
Cash consideration unpaid	579,650
	1,573,374

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

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

	RMB'000
Consideration settled by cash	(1,086,191)
Cash and bank balances acquired	47,388
	(1,038,803)
Payment of unpaid cash consideration as at 31 December 2011	(408,403)
Prepayment of cash consideration as at 31 December 2011	60,000
Net outflow of cash and cash equivalents included in cash flows from investing activities	(1,387,206)
Transaction costs of these acquisitions included in cash flows from operating activities	176
	(1,387,030)

(iv) Acquisition of subsidiaries accounted for as a business combination subsequent to 31 December 2012

In December 2012, Fosun Pharma, through its subsidiary, entered into an agreement with the shareholders of Hunan Dongting Pharmaceutical Co., Ltd. ("Dongting Pharma"), which are independent third parties, to acquire 77.78% equity interest in Dongting Pharma at a consideration of RMB586,120,000. Dongting Pharma is engaged in the manufacture and sale of hemostatic and psychotropic medicines. The acquisition was undertaken under Fosun Pharma's strategy to penetrate the market of hemostatic and psychotropic medicines. The acquisition was completed in early January 2013 when Fosun Pharma obtained control of the operating and financial policies of Dongting Pharma.

The information of the fair values of the identifiable assets and liabilities of the above subsidiary as at the date of acquisition is not available at the date of this report, which will be disclosed in the consolidated financial statements of the Group for the year ended 31 December 2013.

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

(b) Disposal of subsidiaries

The major disposal during the year is set out as follows:

On 21 March 2012, the Group through its wholly-owned subsidiaries, Shanghai Fosun Industrial Investment Co., Ltd. entered into an equity transfer agreement with Jiangsu Diyuan Qiuqiuye Mining Engineering Co., Ltd. for the disposal of the entire shareholding of 70% in Hongshan Mining for a consideration amounting to RMB256,200,000, of which RMB35,000,000 was for repayment of the loan provided by Fosun Industrial Investment Co., Ltd. to Hongshan Mining. As at 31 December 2011, the carrying amounts of the assets and liabilities of Hongshan Mining were classified as held for sale in the consolidated statement of financial position as set out in note 35. The disposal transaction was completed at the end of March 2013.

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

	2012 RMB'000	2011 RMB'000
Net assets disposed of:		
Property, plant and equipment (note 14)	25,291	28,979
Prepaid land lease payments (note 16)	2,652	4,592
Exploration and evaluation assets	5,000	—
Mining rights	199,972	—
Intangible assets (note 19)	—	4,080
Investment in an associate	—	3,720
Available-for-sale investments	—	500
Cash and bank balances	127	35,191
Trade and notes receivables	1,680	69,435
Properties under development	—	753,239
Prepayments, deposits and other receivables	1,963	18,489
Inventories	16,447	50,818
Interest-bearing bank and other borrowings	—	(24,000)
Trade and notes payables	(82)	(81,823)
Accrued liabilities and other payables	(56,966)	(118,447)
Tax payable	—	(46)
Deferred tax liabilities	—	(1,020)
Non-controlling interests	(59,925)	(14,175)
	136,159	729,532
Fair value of the retained interests in subsidiaries disposed of	—	(443,064)
Net gain on disposal of subsidiaries (note 6)	85,041	59,304
	221,200	345,772

45. 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:

	2012 RMB'000	2011 RMB'000
Satisfied by:		
Cash	95,000	335,531
Other receivables (note 32)	126,200	10,241
	221,200	345,772
Cash consideration	95,000	335,531
Cash and bank balances disposed of	(127)	(35,191)
Net inflow of cash and cash equivalents included in cash flows from investing activities	94,873	300,340

46. SHARE-BASED PAYMENTS

Chindex Medical Limited ("CML") was established as at 31 December 2010 whereby Ample Up Limited, an indirect subsidiary of Fosun Pharma, and Chindex Medical Holdings (BVI) Limited, a subsidiary of Chindex International Inc. ("Chindex", listed in the NASDAQ market), held 51% and 49% equity interests respectively. CML was included in the consolidated financial statements of the Group since its establishment.

Certain employees of Chindex, who operates a share option scheme for its employees, provide services to CML. The services agreement between CML and Chindex provides that the full compensation cost of certain Chindex employees will be charged to CML, which will also include the cost of the share-based compensation, if applicable to the individual. In addition, certain former Chindex employees who are now employees of CML still retained the rights to vest the share options granted to them in the prior years, and the cost of these share options for the year of 2011 was charged to staff costs of CML as the incentive and reward for the services provided to CML. For the year ended 31 December 2012, the equity-settled share-based payment expenses amounting to RMB6,065,000 (2011: RMB7,712,000) were recognised in the consolidated income statements as set out in note 8 to the financial statements.

47. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases its investment properties, as set out in note 14 to the financial statements, under operating lease arrangements, with negotiated terms ranging from one to ten years.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

Group

	2012 RMB'000	2011 RMB'000
Within one year	90,325	70,796
In the second to fifth years, inclusive	123,316	91,870
Over five years	6,942	16,508
	220,583	179,174

As lessee

The Group leases certain of its office properties, shop lots, land and plant buildings under operating lease arrangements, with negotiated terms ranging from one to nineteen years.

At the end of the reporting period, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

Group

	2012 RMB'000	2011 RMB'000
Within one year	114,500	117,851
In the second to fifth years, inclusive	227,319	319,196
Over five years	587,558	529,478
	929,377	966,525

Company

	2012 RMB'000	2011 RMB'000
Within one year	5,425	5,760
In the second to fifth years, inclusive	1,999	2,638
	7,424	8,398

48. COMMITMENTS

In addition to the operating lease commitments detailed in note 47 above, the Group and the Company had the following capital commitments at the end of the reporting period:

Group

	2012 RMB'000	2011 RMB'000
Contracted, but not provided for:		
In respect of:		
Plant and machinery	**1,369,301**	2,653,036
Properties under development	**5,489,243**	5,421,951
Intangible assets	**239**	—
Investments	**1,124,079**	765,346
	7,982,862	8,840,333

	2012 RMB'000	2011 RMB'000
Authorised, but not contracted for:		
In respect of:		
Plant and machinery	**158,705**	71,115
Investments	**474,321**	458,467
	633,026	529,582

In addition, the Group's share of the jointly-controlled entities' own capital commitments, which are not included in the above, is as follows:

Group

	2012 RMB'000	2011 RMB'000
Contracted but not provided for:		
Properties under development	**203,374**	404,249

Company

	2012 RMB'000	2011 RMB'000
Authorised, but not contracted for:		
Investments	**474,321**	458,467

49. CONTINGENT LIABILITIES

The Group had the following contingent liabilities at the end of the reporting period:

	2012 RMB'000	2011 RMB'000
Guaranteed bank loans of:		
Related parties (note 50)	**1,318,000**	956,800
Third parties	**123,400**	123,400
	1,441,400	1,080,200
Qualified buyers' mortgage loans*	**2,823,560**	2,511,362
	4,264,960	3,591,562

* As at 31 December 2012, the Group provided guarantees of approximately RMB2,823,560,000 (31 December 2011: RMB2,511,362,000) 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 principal together with the accrued interest and penalties and therefore no provision has been made in the financial statements for the guarantees.

50. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

Name of related parties	Nature of transactions	2012 RMB'000	2011 RMB'000
Sales of goods			
Sinopharm Group Co. Ltd. (Note 5)	Sales of pharmaceutical products	385,567	316,474
Nanjing Iron & Steel Jiahua New Construction Material Co., Ltd. (Notes 3 & 5)	Sales of utility	67,553	51,482
Nanjing Iron & Steel Jiahua New Construction Material Co., Ltd. (Notes 3 & 5)	Sales of scrap material	59,333	64,067
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. (Notes 2 & 5)	Sales of pharmaceutical products	19,222	22,182
Shanghai Lianhua Fosun Pharmacy Chain Operation Co., Ltd. (Notes 2 & 5)	Sales of pharmaceutical products	18,821	24,834
Suzhou Laishi Transfusion Equipment Co., Ltd. (Notes 2 & 5)	Sales of pharmaceutical products	9,291	—
Shanghai Yaofang Co., Ltd. (Notes 2 & 5)	Sales of pharmaceutical products	7,580	12,205
Shanghai Tonghanchuntang Pharmaceutical Co., Ltd. (Notes 2 & 5)	Sales of pharmaceutical products	6,492	7,694
Shanghai Huifeng Forme Pharmacy Co., Ltd. (Notes 3 & 5)	Sales of pharmaceutical products	4,962	4,651
Shanghai Liyi Pharmacy Co., Ltd. (Notes 2 & 5)	Sales of pharmaceutical products	2,158	3,386
Guilin Auspicious Pharmaceutical Industrial Ltd. (Notes 2 & 5)	Sales of pharmaceutical products	1,273	1,338
Zhejiang Crystal-Optech Co., Ltd. (Notes 2 & 5)	Sales of pharmaceutical products	—	225
Total sales of goods		582,252	508,538
Purchases of goods			
Hainan Haigang Group Co., Ltd. (Notes 4, 5 & 18)	Purchases of low grade ore products	732,451	—
Hainan Haigang Group Co., Ltd. (Notes 4, 5 & 17)	Purchases of iron ore products	22,789	44,290
Sinopharm Group Co., Ltd. (Note 5)	Purchases of pharmaceutical products	165,865	119,350
Suzhou Laishi Transfusion Equipment Co., Ltd. (Notes 2 & 5)	Purchases of pharmaceutical products	21,697	—
Shanghai Tonghanchuntang Pharmaceutical Co., Ltd. (Notes 2 & 5)	Purchases of pharmaceutical products	12,950	8,000
Tongjitang Chinese Medicines Company (Notes 2 & 5)	Purchases of pharmaceutical products	12,097	—
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. (Notes 2 & 5)	Purchases of pharmaceutical products	8,749	8,136
Shanxi Coking Coal Group Wulin Coal Coke Development Co., Ltd.(Notes 2 & 5)	Purchases of coking coal products	5,978	47,498
Shanghai Yaofang Co., Ltd. (Notes 2 & 5)	Purchases of pharmaceutical products	4,752	1,923
Total purchases of goods		987,328	229,197
Transfer of biological assets			
Hainan Haigang Group Co., Ltd. (Notes 4, 15 & 17)	Transfer of biological assets	12,875	—

50. RELATED PARTY TRANSACTIONS *(Continued)*

Name of related parties	Nature of transactions	2012 RMB'000	2011 RMB'000
Service income			
Harbin Xinghao Real Estate Development Co. Ltd. (Notes 3 & 6)	Consulting services provided to the related company	29,400	—
Fuyang Furun Property Co., Ltd. (Notes 3 & 6)	Consulting services provided to the related company	—	5,325
Total service income		29,400	5,325
Interest income			
Haizhimen (Notes 3 & 8)	Interest income	451,572	—
Shanxi Jianqin Real Estate Development Co., Ltd. (Notes 3 & 8)	Interest income	56,305	45,066
Harbin Xinghao Real Estate Development Co. Ltd. (Notes 3 & 8)	Interest income	5,775	—
Nanjing Dahua Investment Development Co., Ltd. (Notes 2 & 8)	Interest income	3,471	—
Shanghai Yuyuan Tourist Mart Co., Ltd. (Notes 2, 4, 8 & 17)	Interest income	367	—
Total interest income		517,490	45,066
Interest expense			
Shanghai Yuyuan Mart Real Estate Development Co., Ltd. (Notes 2, 8 & 17)	Interest expense	20,017	22,027
Interest paid for deposits from related parties			
Shanghai Yuyuan Tourist Mart Co., Ltd. (Notes 2, 4, 14 & 17)	Interest paid for deposits	1,095	—
Shanghai Xingjue Investment Management Co., Ltd. (Notes 3 & 14)	Interest paid for deposits	860	—
Total interest paid for deposits from related parties		1,955	—
Other expenses			
Nanjing Xinwu Shipping Co., Ltd. (Notes 2 & 7)	Transportation fees	99,083	105,877
Hainan Haigang Group Co., Ltd.(Notes 4, 7 & 17)	Operating lease in respect of land leased from the related company	16,789	16,971
Shanghai Foreal Property Management Co., Ltd. (Notes 2, 7 & 17)	Property management services provided by the related company	15,091	28,597
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. (Notes 2 & 7)	Operating lease in respect of office buildings leased from the related company	2,662	3,000
Shanghai Yinping Investment Management Co., Ltd. (Notes 2 & 7)	Operating lease in respect of office buildings leased from the related company	—	1,600
Total other expenses		133,625	156,045

50. RELATED PARTY TRANSACTIONS *(Continued)*

Name of related parties	Nature of transactions	2012 RMB'000	2011 RMB'000
Underlying notional interest of loans from related companies			
Wuxi Forte Real Estate Development Co., Ltd. (Notes 3 & 10)	Notional interest	5,856	5,943
Tianjin Binhai Auto Parts Industry Base Co., Ltd. (Note 2)	Notional interest	—	1,322
Total notional interest		5,856	7,265
Loans from related companies			
Shanghai Yuyuan Mart Real Estate Development Co., Ltd. (Notes 2, 8, 11 & 17)	Loan provided by the related company	618,000	—
Wuxi Forte Real Estate Development Co., Ltd. (Notes 3 ,8 & 12)	Loan provided by the related company	65,000	65,000
Nanjing Iron & Steel (Group) Co., Ltd. (Notes 4, 8, 11 & 17)	Loan provided by the related company	50,000	—
Chengde Jingfukang Pharmaceutical Co., Ltd. (Notes 2 & 8)	Loan provided by the related company	—	10,000
Total loans from related companies		733,000	75,000
Deposits from related companies			
Shanghai Yuyuan Tourist Mart Co., Ltd. (Notes 2, 4, 14 & 17)	Deposits from the related company	149,488	—
Shanghai Xingjue Investment Management Co., Ltd. (Notes 3 & 14)	Deposits from the related company	789,726	—
Total deposits from related companies		939,214	—

50. RELATED PARTY TRANSACTIONS *(Continued)*

Name of related parties	Nature of transactions	2012 RMB'000	2011 RMB'000
Guarantees of bank loans			
Fosun Holdings Limited (Notes 1, 9 & 17)	Bank loans guaranteed by the related company	**1,382,810**	1,386,198
Nanjing Iron & Steel (Group) Co., Ltd. (Notes 4, 9 & 17)	Bank loans guaranteed by the related company	**1,110,640**	2,835,405
Beijing Hehua Property Development Co., Ltd. (Notes 2 & 9)	Guarantees granted for bank loans of the related company	**518,000**	441,000
Tianjin Jianlong Iron & Steel Industrial Co., Ltd. (Notes 2 & 9)	Guarantees granted for bank loans of the related company	**300,000**	150,000
Shanxi Coking Coal Group Wulin Coal Coke Development Co., Ltd. (Notes 2 & 9)	Guarantees granted for bank loans of the related company	**150,000**	134,800
Sichuan Forte Huanglong Property Development Co., Ltd. (Notes 3 & 9)	Guarantees granted for bank loans of the related company	**150,000**	—
Nanjing Iron & Steel Jiahua New Construction Material Co., Ltd. (Notes 3 & 9)	Guarantees granted for bank loans of the related company	**140,000**	160,000
Nanjing Xinwu Shipping Co., Ltd. (Notes 2 & 9)	Guarantees granted for bank loans of the related company	**60,000**	71,000
Total loans guaranteed		**3,811,450**	5,178,403
Loans to related companies			
Harbin Xinghao Real Estate Development Co., Ltd. (Notes 3, 8 & 13)	Entrusted loan provided to the related company	**160,000**	—
Shanxi Jianqin Real Estate Development Co., Ltd. (Notes 3, 8 & 13)	Entrusted loan provided to the related company	**—**	500,000
Sinopharm Industrial Investment Co., Ltd. (Notes 2 & 8)	Entrusted loan provided to the related company	**—**	98,000
Haizhimen (Notes 2, 8 & 13)	Shareholder loan provided to the related company	**254,931**	291,000
Chengdu Meijili Business Services Co., Ltd. (Notes 3, 8 & 13)	Shareholder loan provided to the related company	**—**	66,000
Shanghai Yuyuan Tourist Mart Co., Ltd. (Notes 2, 8, 13 & 17)	Loan provided to the related company	**150,000**	—
Total loans to related companies		**564,931**	955,000

50. RELATED PARTY TRANSACTIONS *(Continued)*

Notes:

(1) It is the holding company of the Group.

(2) They are associates of the Group.

(3) They are jointly-controlled entities of the Group.

(4) They are non-controlling shareholders of the subsidiaries of the Group.

(5) The directors consider that the sales and purchases were undertaken on commercial terms similar to those offered to/by unrelated customers/suppliers in the ordinary course of business of the relevant companies.

(6) The directors consider that the fees for consulting services and sales agency services were determined based on prices available to third party customers.

(7) The directors consider that the fees for property management services, transportation services and leasing paid to the related companies were determined based on prices available to third party customers of the related companies.

(8) The directors consider that the loans provided by/to the related companies are unsecured, repayable on demand, and the applicable interest rates are determined in accordance with the prevailing market borrowing rates.

(9) 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.

(10) The entrusted bank loan in the amount of RMB93,000,000 is provided by Wuxi Forte Real Estate Development Co., Ltd. and is interest-free, unsecured and repayable by 2014 as set out in note 37 to the financial statements. The corresponding notional interest for the year ended 31 December 2012 amounted to approximately RMB5,856,000 (2011: RMB5,943,000).

(11) The loan in the amount of RMB618,000,000 is provided by Shanghai Yuyuan Mart Real Estate Development Co., Ltd. which had been settled as at 31 December 2012.

The loan in the amount of RMB50,000,000 provided by Nanjing Iron &Steel (Group) Co., Ltd bears interest at a rate of 6.6% per annum and the maturity date is 25 September 2013 as set out in note 37.

(12) The entrusted bank loan in the amount of RMB65,000,000 is provided by Wuxi Forte Real Estate Development Co., Ltd. The entrusted loan bears interest at a rate of 3.5% per annum and the maturity date is 28 November 2013.

(13) The balances of shareholders' loans provided to Shaanxi Jianqin Real Estate Development Co., Ltd. and Chengdu Meijili Business Services Co., Ltd. as at 31 December 2012 were RMB247,515,000 and RMB66,000,000 respectively as set out in note 22 to the financial statements.

The balances of shareholders' loans provided to Haizhimen as at 31 December 2012 were RMB2,892,249,000 and RMB1,887,084,000 as set out in note 22 and note 26 to the financial statements respectively.

The balances of entrusted loans provided to Harbin Xinghao Real Estate Development Co., Ltd. and Shaanxi Jianqin Real Estate Development Co., Ltd. as at 31 December 2012 were RMB160,000,000 and RMB500,000,000 respectively as set out in note 26 to the financial statements.

The loan provided to Shanghai Yuyuan Tourist Mart Co., Ltd. amounting to RMB150,000,000 was settled as at 31 December 2012.

(14) Interests paid for deposits from related parties represent the interests paid for deposits placed by related parties in the Finance Company, a subsidiary of the Group. The deposits from related parties carry interests which are determined in accordance with the benchmark deposit interest rate of PBC and the prevailing market deposit interest rate. The deposits will be repaid upon demand of the related parties.

(15) During 2012, Hainan Mining transferred the biological assets to Hainan Haigang Group Co., Ltd. at a consideration of RMB12,875,000. The gain on transfer amounted to RMB6,711,000.

50. RELATED PARTY TRANSACTIONS *(Continued)*

Notes: *(Continued)*

(16) Compensation of key management personnel of the Group:

	2012 RMB'000	2011 RMB'000
Short-term employee benefits	46,737	50,535
Pension scheme contributions	315	280
Total compensation paid to key management personnel	47,052	50,815

(17) These transactions constitute connected transaction or continuing connected transactions of the Group under Chapter 14A of the Listing Rules. They are exempted from the disclosure requirements under Chapter 14A of the Listing Rules.

(18) This transaction constitutes connected transaction under Chapter 14A of the Listing Rules. The Group confirmed that it has compiled with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of this transaction, save for the delay in the publication of the announcement dated 8 February 2013.

51. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2012 Group

Financial assets

	Financial assets at fair value through profit or loss – held for trading RMB'000	Loans and receivables RMB'000	Available-for-sale financial investments RMB'000	Total RMB'000
Available-for-sale investments	—	—	7,382,891	7,382,891
Loans receivable		2,751,338	—	2,751,338
Cash and bank balances	—	22,088,468	—	22,088,468
Equity investments at fair value through profit or loss	10,656,075	—	—	10,656,075
Trade and notes receivables	—	5,600,118	—	5,600,118
Financial assets included in prepayments, deposits and other receivables (note 32)	—	2,574,606	—	2,574,606
Investments in jointly-controlled entities (note 22)	—	3,205,764	—	3,205,764
Due from related companies	—	3,118,450	—	3,118,450
	10,656,075	39,338,744	7,382,891	57,377,710

51. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(Continued)*

2012 Group *(Continued)*

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	56,697,346	56,697,346
Loans from related companies	205,250	205,250
Trade and notes payables	15,626,765	15,626,765
Financial liabilities included in accrued liabilities and other payables (note 39)	10,548,694	10,548,694
Due to related companies and the holding company	6,747,940	6,747,940
Other long-term payables	652,102	652,102
Finance lease payables	125,422	125,422
	90,603,519	90,603,519

2011 Group

Financial assets

	Financial assets at fair value through profit or loss – held for trading RMB'000	Loans and receivables RMB'000	Available-for-sale financial investments RMB'000	Total RMB'000
Available-for-sale investments	—	—	8,437,265	8,437,265
Loans receivable	—	2,366,682	—	2,366,682
Cash and bank balances	—	16,777,753	—	16,777,753
Equity investments at fair value through profit or loss	7,406,727	—	—	7,406,727
Trade and notes receivables	—	6,506,112	—	6,506,112
Financial assets included in prepayments, deposits and other receivables (note 32)	—	2,143,235	—	2,143,235
Investments in jointly-controlled entities (note 22)	—	356,000	—	356,000
Investments in associates (note 23)	—	3,035,000	—	3,035,000
Due from related companies	—	2,304,801	—	2,304,801
	7,406,727	33,489,583	8,437,265	49,333,575

51. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(Continued)*

2011 Group *(Continued)*

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Financial liabilities at fair value through profit or loss RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	53,889,638	—	53,889,638
Loans from related companies	167,830	—	167,830
Trade and notes payables	11,330,982	—	11,330,982
Financial liabilities included in accrued liabilities and other payables (note 39)	5,963,740	—	5,963,740
Due to related companies and the holding company	4,169,701	—	4,169,701
Other long-term payables	334,864	—	334,864
Finance lease payables	163,964	—	163,964
Derivative financial instruments	—	9,228	9,228
	76,020,719	9,228	76,029,947

2012 Company

Financial assets

	Financial assets at fair value through profit or loss – held for trading RMB'000	Loans and receivables RMB'000	Total RMB'000
Equity investments at fair value through profit or loss	7,171,355	—	7,171,355
Cash and bank balances	—	176,428	176,428
Financial assets included in prepayments, deposits and other receivables (note 32)	—	5,558	5,558
Due from related companies	—	3,087	3,087
Due from subsidiaries	—	11,561,761	11,561,761
	7,171,355	11,746,834	18,918,189

51. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(Continued)*

2012 Company *(Continued)*

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in accrued liabilities and other payables (note 39)	53,376
Interest-bearing bank and other borrowings	6,631,180
Due to the holding company	2,440,986
	9,125,542

2011 Company

Financial assets

	Financial assets at fair value through profit or loss – held for trading RMB'000	Loans and receivables RMB'000	Total RMB'000
Equity investments at fair value through profit or loss	4,685,741	—	4,685,741
Cash and bank balances	—	2,223,886	2,223,886
Financial assets included in prepayments, deposits and other receivables (note 32)	—	5,720	5,720
Due from subsidiaries	—	11,244,793	11,244,793
	4,685,741	13,474,399	18,160,140

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in accrued liabilities and other payables (note 39)	49,900
Interest-bearing bank and other borrowings	6,860,461
Due to the holding company	1,431,144
	8,341,505

52. TRANSFERS OF FINANCIAL ASSETS

At 31 December 2012, the Group endorsed certain bills receivable accepted by banks in the PRC (the "Endorsed Bills"), to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB10,899,777,000 (2011: RMB7,861,606,000). In addition, the Group discounted certain bills receivable accepted by banks in the PRC (the "Discounted Bills"), to certain banks to finance its operating cash flow with a carrying amount in aggregate of RMB1,274,852,000 (2011: RMB448,383,000). The Endorsed Bills and the Discounted Bills have a maturity from one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC and relevant discounting arrangement with certain banks, the holders of the Endorsed Bills and the Discounted Bills have a right of recourse against the Group if the accepting banks default (the "Continuing Involvement").

In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Endorsed Bills and the Discounted Bills. Accordingly, it has derecognised the full carrying amounts of the Endorsed Bills and the Discounted Bills. The maximum exposure to loss from the Group's Continuing Involvement in the Endorsed Bills and the Discounted Bills and the undiscounted cash flows to repurchase these Endorsed Bills and Discounted Bills equal to their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group's Continuing Involvement in the Endorsed Bills and the Discounted Bills are not significant.

During the year, the Group has not recognised any gain or loss on the date of transfer of the Endorsed Bills and the Discounted Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement and the discount has been made evenly throughout the year.

53. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts and fair values of the Group's and the Company's financial instruments are as follows:

Group

	Carrying amounts		Fair values	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Available-for-sale investments	**7,382,891**	8,437,265	**7,382,891**	8,437,265
Loans receivable	**2,751,338**	2,366,682	**2,751,338**	2,366,682
Trade and notes receivables	**5,600,118**	6,506,112	**5,600,118**	6,506,112
Equity investments at fair value through profit or loss	**10,656,075**	7,406,727	**10,656,075**	7,406,727
Financial assets included in prepayments, deposits and other receivables (note 32)	**2,574,606**	2,143,235	**2,574,606**	2,143,235
Cash and bank balances	**22,088,468**	16,777,753	**22,088,468**	16,777,753
Investments in jointly-controlled entities (note 22)	**3,205,764**	356,000	**3,205,764**	356,000
Investments in associates (note 23)	**—**	3,035,000	**—**	3,035,000
Due from related companies	**3,118,450**	2,304,801	**3,118,450**	2,304,801
	57,377,710	49,333,575	**57,377,710**	49,333,575
Financial liabilities				
Interest-bearing bank and other borrowings	**56,697,346**	53,889,638	**56,950,813**	53,861,337
Trade and notes payables	**15,626,765**	11,330,982	**15,626,765**	11,330,982
Financial liabilities included in accrued liabilities and other payables (note 39)	**10,548,694**	5,963,740	**10,548,694**	5,963,740
Due to related companies and the holding company	**6,747,940**	4,169,701	**6,747,940**	4,169,701
Other long-term payables	**652,102**	334,864	**652,102**	334,864
Finance lease payables	**125,422**	163,964	**125,422**	163,964
Derivative financial instruments	**—**	9,228	**—**	9,228
Loans from related companies	**205,250**	167,830	**205,250**	167,830
	90,603,519	76,029,947	**90,856,986**	76,001,646

53. FAIR VALUE AND FAIR VALUE HIERARCHY *(Continued)*

The carrying amounts and fair values of the Group's and the Company's financial instruments are as follows: *(Continued)*

Company

	Carrying amounts		Fair values	
	2012 RMB'000	2011 RMB'000	**2012 RMB'000**	2011 RMB'000
Financial assets				
Equity investments at fair value through profit or loss	**7,171,355**	4,685,741	**7,171,355**	4,685,741
Financial assets included in prepayments, deposits and other receivables (note 32)	**5,558**	5,720	**5,558**	5,720
Cash and bank balances	**176,428**	2,223,886	**176,428**	2,223,886
Due from related companies	**3,087**	—	**3,087**	—
Due from subsidiaries	**11,561,761**	11,244,793	**11,561,761**	11,244,793
	18,918,189	18,160,140	**18,918,189**	18,160,140
Financial liabilities				
Interest-bearing bank and other borrowings	**6,631,180**	6,860,461	**6,789,178**	6,902,511
Financial liabilities included in accrued liabilities and other payables (note 39)	**53,376**	49,900	**53,376**	49,900
Due to the holding company	**2,440,986**	1,431,144	**2,440,986**	1,431,144
	9,125,542	8,341,505	**9,283,540**	8,383,555

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:

For the financial assets and liabilities with active market, their fair values are measured using quoted market prices. For the financial assets and liabilities without active market, the Group uses valuation techniques to measure their fair values.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with high credit ratings. Derivative financial instruments include commodity derivative contracts and forward currency contracts. As at 31 December 2012, the derivative financial instruments are all settled.

53. FAIR VALUE AND FAIR VALUE HIERARCHY *(Continued)*

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Assets measured at fair value:

Group

As at 31 December 2012

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Available-for-sale investments:				
Equity investments (note 24)	**1,729,254**	**944,927**	**—**	**2,674,181**
Equity investments at fair value through profit or loss	**10,656,075**	**—**	**—**	**10,656,075**
	12,385,329	**944,927**	**—**	**13,330,256**

As at 31 December 2011

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Available-for-sale investments:				
Equity investments (note 24)	581,257	2,503,646	—	3,084,903
Equity investments at fair value through profit or loss	7,169,861	236,866	—	7,406,727
	7,751,118	2,740,512	—	10,491,630

53. FAIR VALUE AND FAIR VALUE HIERARCHY *(Continued)*

Fair value hierarchy *(Continued)*

Assets measured at fair value: *(Continued)*

Company

As at 31 December 2012

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Equity investments at fair value through profit or loss	**7,171,355**	**—**	**—**	**7,171,355**

As at 31 December 2011

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Equity investments at fair value through profit or loss	4,448,875	236,866	—	4,685,741

Liabilities measured at fair value:

Group

As at 31 December 2011

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Derivative financial instruments	—	9,228	—	9,228

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2011: Nil).

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans and other borrowings, finance lease payables and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and notes receivables and trade and notes payables, which arise directly from its operations.

The Group also entered into derivative transactions, representing forward currency contracts and commodity derivative contracts during the year ended 31 December 2012. The purpose is to manage the foreign currency risks and commodity price risk arising from the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. At 31 December 2012, approximately 34% (2011: 37%) of the Group's interest-bearing borrowings bore interest at fixed rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

Group:

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
2012	**75**	**(154,313)**
	(25)	**51,438**
2011	75	(176,440)
	(25)	58,813

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk

The Group has transactional currency exposures. These exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the United States dollar and Hong Kong dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

Group:

	Increase/ (decrease) in foreign currency rate %	Increase/ (decrease) in profit before tax RMB'000
2012		
If RMB weakens against the United States dollar	**5**	**(421,239)**
If RMB strengthens against the United States dollar	**(5)**	**421,239**
If RMB weakens against the Hong Kong dollar	**5**	**(7,962)**
If RMB strengthens against the Hong Kong dollar	**(5)**	**7,962**
2011		
If RMB weakens against the United States dollar	5	(195,740)
If RMB strengthens against the United States dollar	(5)	195,740
If RMB weakens against the Hong Kong dollar	5	(77,418)
If RMB strengthens against the Hong Kong dollar	(5)	77,418

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and bank balances, available-for-sale investments, equity investments at fair value through profit or loss, loan receivables, amounts due from related companies and other receivables, arises from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in note 49 to the financial statements.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and notes receivables are disclosed in note 31 to the financial statements.

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans and other borrowings and loan from related companies. The Group's policy is that not more than 80% of the borrowings should mature in any 12-month period. 48% (2011: 44%) of the Group's debts would mature in less than one year as at 31 December 2012 based on the carrying value of borrowings reflected in the financial statements.

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

2012 Group

	On demand RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	—	26,717,695	29,532,442	6,196,462	62,446,599
Loans from related companies	—	115,000	125,014	—	240,014
Trade and notes payables	5,136,308	10,490,457	—	—	15,626,765
Due to related companies and the holding company	5,087,999	678,088	1,087,580	—	6,853,667
Financial liabilities included in accrued liabilities and other payables	9,588,906	959,788	—	—	10,548,694
Other long-term payables	—	—	652,102	—	652,102
Finance lease payables	—	41,981	83,441	—	125,422
	19,813,213	39,003,009	31,480,579	6,196,462	96,493,263

2011 Group

	On demand RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	—	25,138,476	25,931,819	6,175,994	57,246,289
Loans from related companies	—	168,000	—	—	168,000
Trade and notes payables	6,523,372	4,807,610	—	—	11,330,982
Due to related companies and the holding company	3,345,564	—	876,805	—	4,222,369
Financial liabilities included in accrued liabilities and other payables	5,963,740	—	—	—	5,963,740
Other long-term payables	—	—	334,864	—	334,864
Finance lease payables	—	43,966	119,998	—	163,964
Derivative financial instruments	—	9,228	—	—	9,228
	15,832,676	30,167,280	27,263,486	6,175,994	79,439,436

The disclosed derivative financial instruments in the above table are stated at net-off undiscounted cash flows which approximate to their aggregate carrying amounts since almost all of the amounts will be settled in net amount.

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

In addition, the guarantees provided by the Group will be called in case of default in payments by the guaranteed companies as set out in note 49.

2012 Company

	On demand RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	—	866,773	6,447,161	—	7,313,934
Due to the holding company	2,440,986	—	—	—	2,440,986
Financial liabilities included in accrued liabilities and other payables	53,376	—	—	—	53,376
	2,494,362	866,773	6,447,161	—	9,808,296

2011 Company

	On demand RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	—	441,063	6,587,442	—	7,028,505
Due to the holding company	1,431,144	—	—	—	1,431,144
Financial liabilities included in accrued liabilities and other payables	49,900	—	—	—	49,900
	1,481,044	441,063	6,587,442	—	8,509,549

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group was exposed to equity price risk arising from individual equity investments classified as trading equity investments (note 30) and available-for-sale investments measured at fair value (note 24) as at 31 December 2012. The Group's listed investments are listed on Stock Exchange of Hong Kong, Shenzhen, Shanghai, United States and Europe and are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the available-for-sale equity investments, the impact is deemed to be on the available-for-sale investment revaluation reserve and no account is given for factors such as impairment which might impact the income statement.

		Carrying amount of equity investments RMB'000	Increase in profit before tax RMB'000	Increase in equity RMB'000
2012				
Investments listed in:				
Hong Kong	– Available-for-sale	**172,498**	**—**	**8,625**
	– Held-for-trading	**2,599,442**	**129,972**	**—**
Shenzhen	– Available-for-sale	**908,358**	**—**	**45,418**
	– Held-for-trading	**—**	**—**	**—**
Shanghai	– Available-for-sale	**1,320,262**	**—**	**66,013**
	– Held-for-trading	**2,304,364**	**115,218**	**—**
United States	– Available-for-sale	**273,063**	**—**	**13,653**
	– Held-for-trading	**4,626,351**	**231,318**	**—**
Europe	– Held-for-trading	**1,125,918**	**56,296**	**—**
2011				
Investments listed in:				
Hong Kong	– Available-for-sale	98,914	—	4,946
	– Held-for-trading	1,682,234	84,112	—
Shenzhen	– Available-for-sale	1,704,811	—	85,241
	– Held-for-trading	60	3	—
Shanghai	– Available-for-sale	1,062,778	—	53,139
	– Held-for-trading	1,707,332	85,367	—
United States	– Available-for-sale	218,400	—	10,920
	– Held-for-trading	3,256,871	162,844	—
Europe	– Held-for-trading	760,229	38,012	—

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustment to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2012 and 31 December 2011.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio between 20% and 60%. Net debt includes interest-bearing bank and other borrowings, and loans from related companies, less cash and cash equivalents. Total equity includes equity attributable to owners of the parent and non-controlling interests. The gearing ratios as at the end of the reporting periods were as follows:

Group	**2012** **RMB'000**	2011 RMB'000
Interest-bearing bank and other borrowings	**56,697,346**	53,889,638
Loans from related companies	**205,250**	167,830
Less: Cash and cash equivalents	**(19,195,603)**	(13,908,383)
Net debt	**37,706,993**	40,149,085
Total equity	**57,218,396**	48,486,154
Total equity and net debt	**94,925,389**	88,635,239
Gearing ratio	**40%**	45%

55. EVENTS AFTER THE REPORTING PERIOD

(a) On 31 January 2013, Sparkle Assets Limited, which is an indirect subsidiary of the Company, issued senior notes in the aggregate principal amount of USD400,000,000 due by the year of 2020 (the "Senior Notes") guaranteed by the Company and its 8 subsidiaries. The Senior Notes bear interest at the rate of 6.875% per annum, payable semi-annually in arrears.

(b) On 27 February 2013, after the completion of the redemption as set out in note 36 to the financial statements, the principal amount of RMB30,000,000 of the 2009 Nangang Bond was redeemed by the bond holders. The remaining principal amount of RMB2,470,000,000 will be repaid by Nanjing Nangang equally on 27 February 2015 and 27 February 2016 with no further redemption option for bond holders.

(c) As set out in note 45(a) to the financial statements, in December 2012, Fosun Pharma, through its subsidiary, entered into an agreement with the shareholders of Dongting Pharma, which are independent third parties, to acquire 77.78% equity interest in Dongting Pharma at a consideration of RMB586,120,000. The acquisition was completed in early January 2013 when Fosun Pharma obtained control of the operating and financial policies of Dongting Pharma.

56. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current year's presentation. In addition, as stated in note 5 to the financial statements, the comparative segment information has been restated to reflect the change of the reporting segments of the Group.

57. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2013.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Guo Guangchang *(Chairman)*
Liang Xinjun *(Vice Chairman and Chief Executive Officer)*
Wang Qunbin *(President)*
Fan Wei *(Co-President)*
Ding Guoqi
Qin Xuetang
Wu Ping

INDEPENDENT NON-EXECUTIVE DIRECTORS

Zhang Shengman
Andrew Y. Yan
Zhang Huaqiao
David T. Zhang

AUDIT COMMITTEE

Zhang Shengman *(Chairman)*
Andrew Y. Yan
Zhang Huaqiao
David T. Zhang

REMUNERATION COMMITTEE

Andrew Y. Yan *(Chairman)*
Liang Xinjun
Zhang Shengman
David T. Zhang

NOMINATION COMMITTEE

Zhang Huaqiao *(Chairman)*
Wang Qunbin
Zhang Shengman
Andrew Y. Yan

COMPANY SECRETARY

Sze Mei Ming

AUTHORIZED REPRESENTATIVES

Qin Xuetang
Ding Guoqi

AUDITORS

Ernst & Young

LEGAL ADVISOR AS TO HONG KONG LAW

Herbert Smith Freehills

LEGAL ADVISOR AS TO PRC LAW

Chen & Co. Law Firm

PRINCIPAL BANKERS

China Development Bank
Agricultural Bank of China
Industrial and Commercial Bank of China
China Construction Bank
Bank of Communications
Bank of China
Standard Chartered Bank
China Merchants Bank
Shanghai Pudong Development Bank
The Bank of East Asia
Union Bank of Switzerland
Bank of Beijing

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STOCK CODE

00656

WEBSITE

http://www.fosun.com

GLOSSARY

FORMULAE

EBITDA	=	profit for the year + tax + interest expenses + depreciation and amortisation
Total debt	=	current and non-current interest-bearing bank and other borrowings + current and non-current loans from related parties
Total capitalisation	=	equity attributable to owners of the parent + minority interests + total debt
Interest coverage	=	EBITDA/interest expenses
Capital employed	=	equity attributable to owners of the parent + total debt

ABBREVIATIONS

Articles of Association	the current articles of association of the Company with the latest amendments made on 17 June 2008
Associate	has the same meaning ascribed thereto under the Listing Rules
the Board	the board of Directors
Carlyle-Fosun	Fosun-Carlyle (Shanghai) Equity Investment Fund L.P.
CG Code	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules
Club Med	Club Méditerranée SA
the Company	Fosun International Limited
the Director(s)	the director(s) of the Company
Focus Media	Focus Media Holding Limited
Folli Follie	Folli Follie Group
Forte	Shanghai Forte Land Co., Ltd.
Fosun Capital	Shanghai Fosun Capital Equity Investment Fund Partnership (L.P.)
Fosun Chuanghong	Shanghai Fosun Chuanghong Equity Investment Fund Partnership (L.P.)
Fosun Group	Shanghai Fosun High Technology (Group) Co., Ltd.
Fosun Holdings	Fosun Holdings Limited
Fosun International Holdings	Fosun International Holdings Ltd.
Fosun Pharma	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.
GFA	gross floor area
the Group or Fosun	the Company and its subsidiaries
Hainan Mining	Hainan Mining Co., Ltd.
HKD	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of China
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Huaxia Mining	Beijing Huaxia Jianlong Mining Technology Co., Ltd.
Jianlong Group	Tianjin Jianlong Iron & Steel Industrial Co., Ltd.
Jin'an Mining	Anhui Jin'an Mining Co., Ltd.
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Minsheng Bank	China Minsheng Banking Corp., Ltd.
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules

Nanjing Iron & Steel	Nanjing Iron & Steel Co., Ltd.
Nanjing Nangang	Nanjing Nangang Iron & Steel United Co., Ltd.
Nanjing Steel United	Nanjing Iron & Steel United Co., Ltd.
Peak Reinsurance	Peak Reinsurance Company Limited
Pramerica-Fosun China Opportunity Fund	Pramerica-Fosun China Opportunity Fund, L.P.
Pramerica Fosun Life Insurance	Pramerica Fosun Life Insurance Co., Ltd.
PRC	the People's Republic of China
Reporting Period	the year ended 31 December 2012
Resource Property	Shanghai Resource Property Consultancy Co., Ltd.
RMB	Renminbi, the lawful currency of the PRC
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shanjiaowulin	Shanxi Coking Coal Group Wulin Coal Coke Development Co., Ltd.
Shares	the shares of the Company
Share Option Scheme	the share option scheme of the Company adopted on 19 June 2007
Sinopharm	Sinopharm Group Co. Ltd.
Star Capital	Shanghai Star Equity Investment L.P.
Starcastle Senior Living	Starcastle Senior Living Corporation
USD	United States dollars, the lawful currency of the United States
Yong'an P&C Insurance	Yong'an Property Insurance Company Limited
Yuyuan	Shanghai Yuyuan Tourist Mart Co., Ltd.
Zendai	Shanghai Zendai Property Limited
Zhaojin Mining	Zhaojin Mining Industry Co., Ltd.

China

Expertise Global

Capacity