The following is the text of a report, prepared for the purpose of incorporation in this Prospectus, received from our reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

ERNST & YOUNG
安永會計師事務所

22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

17 October 2012

The Directors
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.
UBS Securities Hong Kong Limited
China International Capital Corporation Hong Kong Securities Limited
J.P. Morgan Securities (Far East) Limited
Deutsche Bank AG, Hong Kong Branch

Dear Sirs,

We set out below our report on the financial information of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the consolidated income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2009, 2010 and 2011, and the six months ended 30 June 2012 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2009, 2010 and 2011 and 30 June 2012, together with the notes thereto (the "Financial Information"), and the comparative consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the six months ended 30 June 2011 (the "Interim Comparative Information"), for inclusion in the prospectus of the Company dated 17 October 2012 (the "Prospectus") in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was established as a joint stock company with limited liability on 31 May 1995 in the People's Republic of China (the "PRC" or Mainland China, which excludes, for the purpose of this report, the Hong Kong Special Administrative Region of the PRC or Hong Kong, the Macau Special Administrative Region of the PRC or Macau, and Taiwan). In 1998, the Company conducted an initial public offering of its domestic common shares ("A Shares") in Mainland China. The Company's A Shares have been listed on the Shanghai Stock Exchange since 7 August 1998 (ticker: 600196).

As at the end of the Relevant Periods, the Company had direct and indirect interests in the subsidiaries as set out in note 20 of Section II below. All companies now comprising the Group have adopted 31 December as their financial year end date. The statutory financial statements of the companies now comprising the Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Relevant Periods are set out in note 20 of Section II below.

For the purpose of this report, the directors of the Company (the "Directors") have prepared the consolidated financial statements of the Group (the "Underlying Financial Statements") 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 (the "HKICPA"). The Underlying Financial Statements for each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

DIRECTORS' RESPONSIBILITY

The Directors are responsible for the preparation of the Underlying Financial Statements and the Financial Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements and the Financial Information that are free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

We have also performed a review of the Interim Comparative Information in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of affairs of the Group and the Company as at 31 December 2009, 2010 and 2011 and 30 June 2012 and of the consolidated results and cash flows of the Group for each of the Relevant Periods.

REVIEW CONCLUSION IN RESPECT OF THE INTERIM COMPARATIVE INFORMATION

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

I. FINANCIAL INFORMATION

(A) Consolidated Income Statements

	Notes	Year ended 31 December			Six-month period ended 30 June	
		2009	2010	2011	2011	2012
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
REVENUE	6	3,850,312	4,528,773	6,432,589	3,079,680	3,464,107
Cost of sales		(2,610,665)	(2,984,561)	(3,991,147)	(2,030,534)	(1,934,832)
Gross profit		1,239,647	1,544,212	2,441,442	1,049,146	1,529,275
Other income	7	61,085	70,509	123,318	77,874	45,510
Selling and distribution costs		(636,510)	(798,275)	(1,209,957)	(533,091)	(716,632)
Administrative expenses		(369,631)	(449,759)	(696,707)	(313,899)	(402,480)
Research and development costs	8	(71,378)	(119,861)	(189,427)	(72,157)	(101,734)
Other gains	9	2,793,543	680,618	1,101,638	976,343	464,710
Other expenses		(67,152)	(128,309)	(213,649)	(133,782)	(32,532)
Interest income		14,465	19,598	51,579	20,231	20,739
Finance costs	10	(132,391)	(162,379)	(313,978)	(150,144)	(198,094)
Share of profits and losses of:						
Jointly-controlled entities		(1,034)	(713)	(189)	(173)	(250)
Associates		436,833	546,310	633,168	323,220	378,717
PROFIT BEFORE TAX	8	3,267,477	1,201,951	1,727,238	1,243,568	987,229
Income tax	12	(700,396)	(201,607)	(341,819)	(255,742)	(129,460)
PROFIT FOR THE YEAR/PERIOD		2,567,081	1,000,344	1,385,419	987,826	857,769
Attributable to:						
Owners of the parent	13	2,501,010	863,654	1,166,184	867,279	701,767
Non-controlling interests		66,071	136,690	219,235	120,547	156,002
		2,567,081	1,000,344	1,385,419	987,826	857,769
Earnings per share attributable to ordinary equity holders of the parent:	15					
Basic		RMB1.35	RMB0.46	RMB0.61	RMB0.46	RMB0.37
Diluted		RMB1.35	RMB0.46	RMB0.61	RMB0.46	RMB0.37

Details of the proposed dividend for the Relevant Periods and the six months ended 30 June 2011 are disclosed in note 14 of Section II below.

(B) Consolidated Statements of Comprehensive Income

	Year ended 31 December			Six-month period ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
PROFIT FOR THE YEAR/PERIOD	2,567,081	1,000,344	1,385,419	987,826	857,769
OTHER COMPREHENSIVE INCOME					
Available-for-sale investments					
Changes in fair value	154,843	600,642	1,112,382	531,543	58,637
Reversal of changes in fair value due to an available-for-sale investment becoming an associate (note 22(7))	—	—	(58,284)	(58,284)	—
Reclassification adjustments for gains included in the consolidated income statements — Gain on disposal	(96,358)	(36,119)	(192,750)	(133,933)	(228,231)
Income tax effect	(11,590)	(109,305)	(280,012)	(117,404)	48,768
	46,895	455,218	581,336	221,922	(120,826)
Share of other comprehensive income/(loss) of associates	51,065	99,514	(182,733)	4,399	23,528
Exchange differences on translation of foreign operations	(111)	(3,468)	(8,410)	(5,573)	923
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX	97,849	551,264	390,193	220,748	(96,375)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	2,664,930	1,551,608	1,775,612	1,208,574	761,394
Attributable to:					
Owners of the parent	2,597,630	1,398,982	1,539,051	1,086,569	605,867
Non-controlling interests	67,300	152,626	236,561	122,005	155,527
	2,664,930	1,551,608	1,775,612	1,208,574	761,394

(C) Consolidated Statements of Financial Position

	Notes	As at 31 December 2009	As at 31 December 2010	As at 31 December 2011	As at 30 June 2012
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	16	1,260,024	1,696,551	2,632,165	3,087,740
Prepaid land lease payments	17	183,200	298,707	458,910	460,410
Goodwill	18	51,109	338,909	1,585,136	1,585,136
Other intangible assets	19	25,766	235,167	1,246,188	1,236,567
Investments in jointly-controlled entities	21	8,086	2,143	1,954	1,704
Investments in associates	22	5,622,404	6,065,280	7,395,499	7,642,946
Available-for-sale investments	23	976,626	2,055,131	2,788,504	2,874,837
Deferred tax assets	25	11,407	18,354	16,727	23,794
Other non-current assets	24	24,760	185,825	59,742	67,668
Total non-current assets		8,163,382	10,896,067	16,184,825	16,980,802
CURRENT ASSETS					
Inventories	26	597,993	932,774	1,123,943	1,230,602
Trade and bills receivables	27	680,333	1,058,407	1,147,700	1,237,591
Prepayments, deposits and other receivables	29	208,445	292,721	519,448	529,059
Due from related companies	37	36,399	19,458	132,123	304,776
Equity investments at fair value through profit or loss	28	11,702	218,760	231,319	238,857
Held-to-maturity investment	31	—	14,312	—	—
Other current asset	33	—	—	—	—
Cash and cash equivalents	30	1,296,761	3,343,555	2,894,573	1,743,582
		2,831,633	5,879,987	6,049,106	5,284,467
Non-current assets held for sale	32	475,244	—	—	—
Total current assets		3,306,877	5,879,987	6,049,106	5,284,467
CURRENT LIABILITIES					
Trade and bills payables	34	489,364	825,254	919,648	887,761
Other payables and accruals	35	392,097	882,419	1,775,933	1,511,107
Interest-bearing bank and other borrowings	36	1,582,998	1,830,386	2,177,051	1,488,805
Due to related companies	37	5,170	23,425	43,588	35,741
Tax payable		28,713	136,209	75,506	71,292
Total current liabilities		2,498,342	3,697,693	4,991,726	3,994,706
NET CURRENT ASSETS		808,535	2,182,294	1,057,380	1,289,761
TOTAL ASSETS LESS CURRENT LIABILITIES		8,971,917	13,078,361	17,242,205	18,270,563

	Notes	As at 31 December			As at 30 June
		2009	2010	2011	2012
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	36	1,286,265	2,760,063	3,916,817	4,655,037
Deferred tax liabilities	25	702,065	864,804	1,595,765	1,565,993
Deferred income	38	25,250	39,370	40,164	44,754
Other long-term liabilities	39	63,194	59,126	375,518	313,279
Total non-current liabilities		2,076,774	3,723,363	5,928,264	6,579,063
Net assets		6,895,143	9,354,998	11,313,941	11,691,500
EQUITY					
Equity attributable to owners of the parent					
Issued share capital	40	1,237,775	1,904,392	1,904,392	1,904,392
Reserves	41(a)	5,058,083	6,271,305	7,620,145	8,179,435
Proposed final dividend	14	123,777	190,439	190,439	—
		6,419,635	8,366,136	9,714,976	10,083,827
Non-controlling interests		475,508	988,862	1,598,965	1,607,673
Total equity		6,895,143	9,354,998	11,313,941	11,691,500

(D) Consolidated Statements of Changes in Equity

	Attributable to owners of the parent									
	Issued share capital	Share premium	Available-for-sale investment revaluation reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Total	Non-controlling interests	Total equity
	RMB'000 (note 40)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2009	1,237,775	765,653	452,448	525,242	106	846,972	123,777	3,951,973	437,050	4,389,023
Profit for the year	—	—	—	—	—	2,501,010	—	2,501,010	66,071	2,567,081
Other comprehensive income for the year:										
Changes in fair value of available-for-sale investments, net of tax	—	—	45,216	—	—	—	—	45,216	1,679	46,895
Share of other comprehensive income of associates	—	—	51,515	—	—	—	—	51,515	(450)	51,065
Exchange differences on translation of foreign operations	—	—	—	—	(111)	—	—	(111)	—	(111)
Total comprehensive income for the year	—	—	96,731	—	(111)	2,501,010	—	2,597,630	67,300	2,664,930
Profit appropriation to reserve	—	—	—	299,712	—	(299,712)	—	—	—	—
Capital injections from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	26,521	26,521
Acquisition of non-controlling interests	—	(6,191)	—	—	—	—	—	(6,191)	(20,566)	(26,757)
Dividends paid to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	(34,797)	(34,797)
Final 2008 dividend declared and paid	—	—	—	—	—	—	(123,777)	(123,777)	—	(123,777)
Proposed final 2009 dividend (note 14)	—	—	—	—	—	(123,777)	123,777	—	—	—
As at 31 December 2009	1,237,775	759,462*	549,179*	824,954*	(5)*	2,924,493*	123,777	6,419,635	475,508	6,895,143
As at 1 January 2010	1,237,775	759,462	549,179	824,954	(5)	2,924,493	123,777	6,419,635	475,508	6,895,143
Profit for the year	—	—	—	—	—	863,654	—	863,654	136,690	1,000,344
Other comprehensive income for the year:										
Changes in fair value of available-for-sale investments, net of tax	—	—	439,282	—	—	—	—	439,282	15,936	455,218
Share of other comprehensive income of associates	—	—	99,514	—	—	—	—	99,514	—	99,514
Exchange differences on translation of foreign operations	—	—	—	—	(3,468)	—	—	(3,468)	—	(3,468)
Total comprehensive income for the year	—	—	538,796	—	(3,468)	863,654	—	1,398,982	152,626	1,551,608
Profit appropriation to reserve	—	—	—	150,160	—	(150,160)	—	—	—	—
Issue of new shares (note 40(a))	31,820	603,572	—	—	—	—	—	635,392	—	635,392
Capital injections from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	16,167	16,167
Dividends declared to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	(113,719)	(113,719)
Bonus shares (notes 14&40(b))	634,797	(507,838)	—	—	—	(126,959)	—	—	—	—
Acquisition of subsidiaries (note 42)	—	—	—	—	—	—	—	—	392,978	392,978
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—	(1,905)	(1,905)
Disposal of partial interests in a business without loss of control (note 42)	—	39,086	—	—	—	—	—	39,086	67,207	106,293
Additional declared and paid 2009 dividend (note 14)	—	—	—	—	—	(3,182)	—	(3,182)	—	(3,182)
Final 2009 dividend declared and paid	—	—	—	—	—	—	(123,777)	(123,777)	—	(123,777)
Proposed final 2010 dividend (note 14)	—	—	—	—	—	(190,439)	190,439	—	—	—
As at 31 December 2010	1,904,392	894,282*	1,087,975*	975,114*	(3,473)*	3,317,407*	190,439	8,366,136	988,862	9,354,998

	Attributable to owners of the parent									
	Issued share capital	Share premium	Available-for-sale investment revaluation reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Total	Non-controlling interests	Total equity
	RMB'000 (note 40)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2011	1,904,392	894,282	1,087,975	975,114	(3,473)	3,317,407	190,439	8,366,136	988,862	9,354,998
Profit for the year	—	—	—	—	—	1,166,184	—	1,166,184	219,235	1,385,419
Other comprehensive income for the year:										
Changes in fair value of available-for-sale investments, net of tax	—	—	566,443	—	—	—	—	566,443	14,893	581,336
Share of other comprehensive income/(loss) of associates	—	—	(185,166)	—	—	—	—	(185,166)	2,433	(182,733)
Exchange differences on translation of foreign operations	—	—	—	—	(8,410)	—	—	(8,410)	—	(8,410)
Total comprehensive income for the year	—	—	381,277	—	(8,410)	1,166,184	—	1,539,051	236,561	1,775,612
Profit appropriation to reserve	—	—	—	209,438	—	(209,438)	—	—	—	—
Capital injections from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	109,511	109,511
Dividends declared to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	(60,732)	(60,732)
Acquisition of subsidiaries (note 42)	—	—	—	—	—	—	—	—	396,654	396,654
Acquisition of non-controlling interests	—	(3,858)	—	—	—	—	—	(3,858)	(62,091)	(65,949)
Disposal of subsidiaries (note 43)	—	—	—	—	—	—	—	—	(14,173)	(14,173)
Partial disposal of a subsidiary without loss of control	—	153	—	—	—	—	—	153	594	747
Equity-settled share-based payment (note 45)	—	3,933	—	—	—	—	—	3,933	3,779	7,712
Final 2010 dividend declared and paid	—	—	—	—	—	—	(190,439)	(190,439)	—	(190,439)
Proposed final 2011 dividend (note 14)	—	—	—	—	—	(190,439)	190,439	—	—	—
As at 31 December 2011	1,904,392	894,510*	1,469,252*	1,184,552*	(11,883)*	4,083,714*	190,439	9,714,976	1,598,965	11,313,941
As at 1 January 2012	1,904,392	894,510	1,469,252	1,184,552	(11,883)	4,083,714	190,439	9,714,976	1,598,965	11,313,941
Profit for the period	—	—	—	—	—	701,767	—	701,767	156,002	857,769
Other comprehensive income for the period:										
Changes in fair value of available-for-sale investments, net of tax	—	—	(122,399)	—	—	—	—	(122,399)	1,573	(120,826)
Share of other comprehensive income/(loss) of associates	—	—	25,576	—	—	—	—	25,576	(2,048)	23,528
Exchange differences on translation of foreign operations	—	—	—	—	923	—	—	923	—	923
Total comprehensive income for the period	—	—	(96,823)	—	923	701,767	—	605,867	155,527	761,394
Acquisition of non-controlling interests	—	(48,204)	—	—	—	—	—	(48,204)	45,335	(2,869)
Dividends declared to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	(193,717)	(193,717)
Equity-settled share-based payment (note 45)	—	1,627	—	—	—	—	—	1,627	1,563	3,190
Final 2011 dividend declared and paid	—	—	—	—	—	—	(190,439)	(190,439)	—	(190,439)
As at 30 June 2012	1,904,392	847,933*	1,372,429*	1,184,552*	(10,960)*	4,785,481*	—	10,083,827	1,607,673	11,691,500

* As at 31 December 2009, 2010 and 2011 and 30 June 2012, these reserve accounts comprise the consolidated reserves of RMB5,058,083,000, RMB6,271,305,000, RMB7,620,145,000 and RMB8,179,435,000, respectively, in the consolidated statements of financial position.

	Attributable to owners of the parent									
	Issued share capital	Share premium	Available-for-sale investment revaluation reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Total	Non-controlling interests	Total equity
	RMB'000 (note 40)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2011	1,904,392	894,282	1,087,975	975,114	(3,473)	3,317,407	190,439	8,366,136	988,862	9,354,998
Profit for the period (unaudited)	—	—	—	—	—	867,279	—	867,279	120,547	987,826
Other comprehensive income for the period (unaudited):										
Changes in fair value of available-for-sale investments, net of tax (unaudited)	—	—	220,464	—	—	—	—	220,464	1,458	221,922
Share of other comprehensive income of associates (unaudited)	—	—	4,399	—	—	—	—	4,399	—	4,399
Exchange differences on translation of foreign operations (unaudited)	—	—	—	—	(5,573)	—	—	(5,573)	—	(5,573)
Total comprehensive income for the period (unaudited)	—	—	224,863	—	(5,573)	867,279	—	1,086,569	122,005	1,208,574
Acquisition of non-controlling interests (unaudited)	—	(25,894)	—	—	—	—	—	(25,894)	(25,852)	(51,746)
Capital injections from non-controlling shareholders of subsidiaries (unaudited)	—	—	—	—	—	—	—	—	103,437	103,437
Dividends declared to non-controlling shareholders of subsidiaries (unaudited)	—	—	—	—	—	—	—	—	(53,849)	(53,849)
Disposal of subsidiaries (unaudited) (note 43)	—	—	—	—	—	—	—	—	(14,172)	(14,172)
Final 2010 dividend declared and paid (unaudited)	—	—	—	—	—	—	(190,439)	(190,439)	—	(190,439)
As at 30 June 2011 (unaudited)	1,904,392	868,388	1,312,838	975,114	(9,046)	4,184,686	—	9,236,372	1,120,431	10,356,803

(E) Consolidated Statements of Cash Flows

	Notes	Year ended 31 December			Six-month period ended 30 June	
		2009	2010	2011	2011	2012
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		3,267,477	1,201,951	1,727,238	1,243,568	987,229
Adjustments for:						
Finance costs	10	132,391	162,379	313,978	150,144	198,094
Share of losses of jointly-controlled entities		1,034	713	189	173	250
Share of profits of associates		(436,833)	(546,310)	(633,168)	(323,220)	(378,717)
Depreciation	8	126,503	144,129	172,299	83,272	110,471
Amortisation of prepaid land lease payments	8	4,650	5,084	7,313	3,514	4,766
Amortisation of other intangible assets	8	5,702	4,286	28,016	3,178	25,791
Loss on disposal of items of property, plant and equipment	8	2,340	22	16,659	417	1,213
Gain on disposal of subsidiaries	9	—	—	(8,675)	(11,095)	—
Gain on bargain purchase of a subsidiary	9	(1,202)	—	—	—	—
Gain on bargain purchase of an associate	9	—	—	(90,678)	(90,678)	—
Gain on disposal of interests in associates	9	(27,982)	(157,699)	(36,554)	—	(232,681)
Gain on deemed disposal of interests in associates	9	(2,622,092)	(97,848)	(751,007)	(730,160)	—
Gain on disposal of available-for-sale investments	9	(96,358)	(36,820)	(192,750)	(133,933)	(228,231)
Gain on disposal of non-current assets held for sale	9	(28,658)	(327,233)	—	—	—
Dividend income	7	(9,770)	(15,771)	(61,579)	(58,966)	(26,739)
Gain on disposal of equity investments at fair value through profit or loss	9	(1,384)	(824)	(2,422)	(2,422)	—
(Reversal of)/provision for impairment of trade and other receivables	8	(3,656)	8,452	(544)	(143)	1,278
Impairment of intangible assets	8	1,094	—	—	—	—
Impairment of other non-current assets	8	—	81,298	—	—	—
Impairment of other current asset	8	—	—	148,049	86,000	—
Impairment of available-for-sale investments at cost	8	51,119	—	—	—	—
Impairment of items of property, plant and equipment	8	1,043	—	473	—	—
Provision for/(reversal of) impairment of inventories	8	2,657	10,792	(12,196)	2,554	6,566
Fair value (gain)/loss on equity investments at fair value through profit or loss	8	(6,029)	(45,450)	24,941	26,638	10,009
		362,046	391,151	649,582	248,841	479,299

	Notes	Year ended 31 December 2009	Year ended 31 December 2010	Year ended 31 December 2011	Six-month period ended 30 June 2011	Six-month period ended 30 June 2012
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		362,046	391,151	649,582	248,841	479,299
(Increase)/decrease in inventories		(70,125)	(66,213)	(99,816)	748	(112,428)
Increase in trade and bills receivables		(133,595)	(140,351)	(161,255)	(50,095)	(89,935)
(Increase)/decrease in prepayments, deposits and other receivables		(24,194)	(184,721)	190,554	(37,942)	25,334
Decrease/(increase) in amounts due from related companies		4,555	16,941	(86,632)	(83,621)	(23,055)
Increase/(decrease) in trade and bills payables		92,757	47,595	178,118	47,862	(31,887)
Increase/(decrease) in amounts due to related companies		2,567	11,909	20,162	(4,801)	2,153
Increase/(decrease) in other payables and accruals		95,321	259,955	(99,573)	83,115	78,994
Decrease/(increase) in pledged bank balances to secure bills payable		7,211	(44,655)	(57,507)	(29,141)	24,178
Cash generated from operations		336,543	291,611	533,633	174,966	352,653
Income tax paid		(74,674)	(88,248)	(216,983)	(142,845)	(121,745)
Net cash flows from operating activities		261,869	203,363	316,650	32,121	230,908

	Notes	Year ended 31 December 2009	2010	2011	Six-month period ended 30 June 2011	2012
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment, prepaid land lease payments, other intangible assets and other non-current assets		(348,068)	(339,167)	(796,833)	(281,382)	(619,843)
Acquisition of subsidiaries, net of cash acquired	42	(2,596)	(176,099)	(1,114,111)	(96,762)	(419,458)
Purchase of equity investments at fair value through profit or loss		(5,578)	(173,496)	(77,287)	—	(16,712)
Acquisition of interests in associates		(376,251)	(231,442)	(59,452)	(31,338)	(104,486)
Prepayment and deposit for acquisition of subsidiaries		—	—	—	(374,274)	—
Purchases of available-for-sale investments		(361,601)	(607,296)	(91,037)	(80,583)	(140,000)
Disposal of associates		199,450	488,671	50,186	—	121,178
Disposal of available-for-sale investments		113,180	56,947	218,714	164,199	311,529
Disposal of equity investments at fair value through profit or loss		1,384	6,497	31,702	31,702	—
Disposal of non-current assets held for sale		67,325	585,184	—	—	—
Disposal of subsidiaries	43	—	—	12,661	(1,380)	2,409
Dividends from equity investments at fair value through profit or loss		178	—	—	—	—
Dividends from associates		364,427	197,084	150,716	41,415	70,897
Dividends from available-for-sale investments		9,593	15,771	61,579	58,966	26,739
Proceeds from disposal of items of property, plant and equipment		1,514	1,845	3,833	2,818	1,635
Provision of an entrusted loan to an associate	48	—	—	(98,000)	(98,000)	—
Collection of an entrusted loan to an associate	48	—	—	98,000	—	—
Interest received		—	—	4,577	—	—
Deposit for a potential acquisition		—	—	(150,000)	—	(10,000)
Deposit received for purchase of a land use right		—	—	50,000	—	35,000
Increase/(decrease) in non-pledged time deposits with original maturity of three months or more when acquired		(34,000)	(86,893)	(1,423)	(32,567)	4,228
Net cash flows used in investing activities		(371,043)	(262,394)	(1,706,175)	(697,186)	(736,884)

	Notes	Year ended 31 December			Six-month period ended 30 June	
		2009	2010	2011	2011	2012
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank and other borrowings		1,756,456	2,817,114	4,006,942	2,639,541	719,382
Repayment of bank and other borrowings		(1,071,885)	(2,081,709)	(4,203,050)	(2,891,055)	(2,274,594)
Interest paid		(144,794)	(170,448)	(246,872)	(96,044)	(192,262)
Proceeds from issuance of new shares		—	639,492	—	—	—
Share issue expenses		—	(4,100)	—	—	—
Proceeds from issuance of medium-term notes		—	985,500	1,576,000	1,576,000	—
Proceeds from issuance of corporate bonds		—	—	—	—	1,486,950
Capital injections from non-controlling shareholders of subsidiaries		18,918	2,435	75,656	69,251	—
Dividends paid to owners of the parent		(123,777)	(126,959)	(190,439)	—	(190,439)
Dividends paid to non-controlling shareholders of subsidiaries		(33,943)	(81,372)	(105,980)	(104,837)	(166,138)
(Increase)/decrease in pledged bank balances to secure bank borrowings		—	(157,500)	—	—	157,500
Acquisition of non-controlling interests		(26,757)	(1,905)	(60,372)	(59,870)	(2,869)
Partial disposal of a subsidiary without loss of control		—	—	747	—	—
Net cash flows from financing activities		374,218	1,820,548	852,632	1,132,986	(462,470)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		265,044	1,761,517	(536,893)	467,921	(968,446)
Cash and cash equivalents at beginning of year		949,056	1,213,385	2,971,131	2,971,131	2,428,219
Effect of foreign exchange rate changes, net		(715)	(3,771)	(6,019)	(4,200)	3,361
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	30	1,213,385	2,971,131	2,428,219	3,434,852	1,463,134

(F) Statements of Financial Position

	Notes	As at 31 December 2009	As at 31 December 2010	As at 31 December 2011	As at 30 June 2012
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	16	20,336	21,509	20,739	20,388
Other intangible assets	19	2,553	3,694	3,763	3,703
Investments in subsidiaries	20	2,532,892	3,096,047	3,310,283	3,310,283
Investments in associates	22	171,840	171,840	171,840	171,840
Available-for-sale investments	23	91,040	149,388	176,388	176,388
Deferred tax assets	25	449	449	—	—
Due from related companies	37	—	—	1,093,151	2,123,150
Total non-current assets		2,819,110	3,442,927	4,776,164	5,805,752
CURRENT ASSETS					
Inventories	26	682	1,010	498	512
Prepayments, deposits and other receivables	29	1,607	9,357	36,863	47,645
Due from related companies	37	1,670,861	1,721,645	1,697,119	2,160,932
Cash and cash equivalents	30	549,526	800,476	417,006	245,220
Total current assets		2,222,676	2,532,488	2,151,486	2,454,309
CURRENT LIABILITIES					
Trade payables	34	1,118	1,103	—	—
Other payables and accruals	35	33,556	38,044	129,475	144,119
Interest-bearing bank and other borrowings	36	500,000	380,000	298,000	26,000
Due to related companies	37	1,261,664	580,925	12,496	363,926
Total current liabilities		1,796,338	1,000,072	439,971	534,045
NET CURRENT ASSETS		426,338	1,532,416	1,711,515	1,920,264
TOTAL ASSETS LESS CURRENT LIABILITIES		3,245,448	4,975,343	6,487,679	7,726,016
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	36	1,040,000	2,016,104	3,245,056	4,578,819
Deferred tax liabilities	25	15,874	7,937	—	—
Deferred income	38	3,000	—	—	—
Total non-current liabilities		1,058,874	2,024,041	3,245,056	4,579,819
Net assets		2,186,574	2,951,302	3,242,623	3,147,197
EQUITY					
Issued share capital	40	1,237,775	1,904,392	1,904,392	1,904,392
Reserves	41(b)	825,022	856,471	1,147,792	1,242,805
Proposed final dividend	14	123,777	190,439	190,439	—
Total equity		2,186,574	2,951,302	3,242,623	3,147,197

II. NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was established as a joint stock company with limited liability on 31 May 1995 in the PRC. The Company's A Shares have been listed on the Shanghai Stock Exchange since 7 August 1998. The registered office of the Company is located at 9th Floor, 510 Caoyang Road, Putuo District, Shanghai, the PRC.

The holding company of the Company is Shanghai Fosun High Technology (Group) Co., Ltd. ("Fosun High Tech"). The ultimate holding company of the Group is Fosun International Limited. The ultimate controlling shareholder of the Company is Mr. Guo Guangchang.

During the Relevant Periods, the Group was principally engaged in the development, manufacture and sale of pharmaceutical products and medical equipment, import and export of medical equipment and the provision of related and other consulting services and investment management.

2. BASIS OF PREPARATION

The Financial Information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The HKICPA has issued certain new and revised HKFRSs which are effective for annual periods beginning on or after 1 January 2009, 2010, 2011 and 2012. For the purpose of preparing and presenting the Financial Information for inclusion in this Prospectus, the Group has adopted all these new and revised HKFRSs that are relevant to the Group's operations as at the beginning of the Relevant Periods.

The Financial Information has been prepared under the historical cost convention, except for certain equity investments, which have been measured at fair value. The Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand, except when otherwise indicated.

3.1 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 the Financial Information herein.

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 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]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities*[3]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans*[2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12: *Transition Guidance*[2]
Annual Improvement to HKFRS 2009–2011 Cycle[2]	

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

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The Financial Information includes the financial statements of the Company and its subsidiaries for the Relevant Periods. 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 incorporation/establishment or 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 that 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.

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statements 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 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits or losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

(a) a subsidiary, if the Group/Company has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group/Company does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group/Company does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39, if the Group/Company holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

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. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated income statements 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 statements 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*.

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. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statements 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 statements 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 and liabilities assumed by the Group to the former owners of the acquiree in exchange for control of the acquiree. For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree that are present ownership interest and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets acquired 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 acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS.

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 net 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 of the subsidiary acquired, the difference is, after reassessment, recognised in the consolidated income statement as a gain on bargain purchase.

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

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

Where goodwill forms part of a cash-generating unit (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 disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of 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, deferred tax assets, financial assets, goodwill and non-current assets 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 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 profit or loss 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 any 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.

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 recognised such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Buildings	10 to 45 years
Plant and machinery	5 to 15 years
Office equipment	3 to 14 years
Motor vehicles	5 to 12 years
Leasehold improvements	The shorter of the lease terms and 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, office equipment and motor vehicles under construction or installation and testing which are stated at cost less any impairment losses, and are 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 or installation and testing. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

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 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 as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

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

Trademarks

Trademarks with finite useful lives are measured initially at cost 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, technical know-how, office software and a franchise

Purchased patents, technical know-how, office software and a franchise 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 20 years.

Business networks

Business networks 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 15 years.

Research and development costs

All research costs are charged to the consolidated income statements 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 of five to seven years, commencing from the date when the products are put into commercial production.

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, 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 statements so as to provide a constant periodic rate of charge over the lease terms.

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 statements on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the consolidated income statements 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, held-to-maturity investments 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.

The Group's financial assets include cash and cash equivalents, trade and other receivables, amounts due from related companies, and quoted and unquoted financial instruments.

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 net changes in fair value recognised in the other gains or other expenses in the consolidated income statements. These net fair value changes recognised do not include any dividends 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 these financial assets in rare circumstances. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial investments 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 interest income in the consolidated income statements. The loss arising from impairment is recognised in the consolidated income statements in finance costs for loans and in other expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments 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 fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in interest income in the consolidated income statements. The loss arising from impairment is recognised in the consolidated income statements in other expenses.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. 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 consolidated income statements 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 consolidated income statements 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 statements 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 investments 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 asset 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 statements.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any 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 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 a 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 either directly or through the use of an allowance account and the amount of 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.

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 future write-off is later recovered, the recovery is credited to other expenses in the consolidated income statements.

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 financial 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 profit or loss. Impairment losses on equity investments classified as available for sale are not reversed through in the consolidated income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

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.

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 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 and 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.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are 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 plus, and in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables, amounts due to related companies and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification.

Loans and borrowings

After initial recognition, interest-bearing bank and other 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 consolidated income statements 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 consolidated income statements.

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, and only 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.

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.

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.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits.

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 or areas 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 liability 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 joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset realised 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 values 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 over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. 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 measured reliably, on the following bases:

(a) from the sale of goods, 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) from the rendering of services, including processing fees, import and export agent fees, consulting fees, when the relevant services have been rendered and it is probable that economic benefits will flow to the Group and the relevant fees can be measured reliably;

(c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset; and

(d) dividend income, when the shareholders' right to receive payment has been established.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. 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. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies
The Financial Information is presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences arising on settlement or translation of monetary items are taken to the consolidated income statements.

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 retranslation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or the consolidated income statement are also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling 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.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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

Retirement benefits

The full-time employees of the Group in the PRC 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.

Accommodation benefits

According to the relevant 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 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 administered by government agencies are charged to the consolidated income statements as and when they incurred.

Share based payment transactions

Certain employees of Chindex International, lnc. ("Chindex"), the non-controlling shareholder of one of the Group's subsidiaries, Chindex Medical Limited ("CML"), provide services to CML. The service agreement between CML and Chindex provides that the full compensation cost of Chindex employees who provide service to CML will be charged to CML, which will include the cost of share-based compensation on a non-cash basis, if applicable to the employees. In addition, certain former Chindex employees that are now employees of CML retained options on Chindex's common shares granted in prior years. Employees and non-employees of CML receive remuneration in the form of share-based payment transactions, whereby employees and non-employees render services as consideration for equity instruments ("equity-settled transactions"). Further details are given in note 45 of this section below.

The cost of equity-settled transactions with employees and non-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.

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 the 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 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 payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

4. SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of each of the Relevant Periods. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

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

Operating lease commitments — Group as lessee

The Group has entered into property, plant and equipment leases with various lessors. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessors retain all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, 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:

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. Further details are given in note 18 of this section below.

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.

Impairment of available-for-sale investments

The Group classifies certain investments as available for sale and recognises movements of their fair values in other comprehensive income. When the fair value declines, management makes judgements about the decline in value to determine whether there is an impairment that should be recognised in the consolidated income statements.

Provision for bad debts of loans and receivables

The Group reviews the recoverability and ageing of loans and receivables and provides impairment provisions 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 will affect the carrying amounts of the loans and receivables, and impairment losses in the period in which such estimate is changed.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and sale. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customers' needs and prices change when the products' expiration date is approaching. Management reassesses these estimates at the end of each of the Relevant Periods.

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.

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.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits 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. Unrecognised deductible temporary differences and tax losses are set out in note 25 of this section below.

Development costs

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 3.2 of this section above. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

Contingent consideration for acquisition of subsidiaries

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

5. OPERATING SEGMENT INFORMATION

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

(a) the pharmaceutical manufacturing segment mainly engages in the production, sale and research of medicine;

(b) the pharmaceutical distribution and retail segment mainly engages in the retail and wholesale of medicine;

(c) the diagnostic products and medical devices segment mainly engages in the sale of medical equipment and the provision of medical services;

(d) the healthcare service mainly engages in the provision of healthcare and hospital management, which is a new segment acquired in the second half year of 2011; and

(e) the other business operations segment comprises businesses other than those mentioned above.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss after tax. The adjusted profit or loss after tax is measured consistently with the Group's profit or loss after tax except that finance costs, dividend income from available-for-sale investments, gain or loss on disposal of available-for-sale investments, fair value gain or loss from equity investments at fair value through profit or loss, impairment of available-for-sale investments as well as head office and corporate income and expenses are excluded from such measurement.

Intersegment revenues are eliminated on consolidation. 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.

Segment assets exclude equity investments at fair value through profit or loss, available-for-sale investments and unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, interest payable and unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's operating segments for the Relevant Periods and the six-month period ended 30 June 2011.

Year ended 31 December 2009

	Pharmaceutical manufacturing	Pharmaceutical distribution and retail	Diagnostic products and medical devices	Other business operations	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:						
Sales to external customers	2,307,091	1,054,014	315,497	173,710	—	3,850,312
Intersegment sales	6,642	—	6,611	20,241	(33,494)	—
Total revenue	2,313,733	1,054,014	322,108	193,951	(33,494)	3,850,312
Segment results	215,140	15,095	26,978	(685)	296	256,824
Other income	43,260	—	5,281	1,065	—	49,606
Other gains	9,450	2,610,317	1,242	50,557	(34,229)	2,637,337
Interest income	4,986	430	1,182	852	—	7,450
Other expenses	(8,599)	(672)	(4,767)	(815)	2,580	(12,273)
Share of profits and losses of:						
Jointly-controlled entities	(1,151)	117	—	—	—	(1,034)
Associates	52,267	358,839	1,544	24,183	—	436,833
Unallocated other income, interest income and other gains						174,700
Finance costs						(132,391)
Unallocated expenses						(149,575)
Profit before tax						3,267,477
Tax	(44,030)	(656,531)	(6,425)	(4,343)	—	(711,329)
Unallocated tax						10,933
Profit for the year						2,567,081
Segment assets:	4,453,513	5,434,237	435,937	1,157,550	(1,656,852)	9,824,385
Including:						
Investments in jointly-controlled entities	2,307	5,779	—	—	—	8,086
Investments in associates	853,612	4,318,957	47,116	402,719	—	5,622,404
Unallocated assets						1,645,874
Total assets						11,470,259
Segment liabilities	1,516,206	1,309,609	177,882	542,252	(1,906,722)	1,639,227
Unallocated liabilities						2,935,889
Total liabilities						4,575,116
Other segment information:						
Depreciation and amortisation	117,440	3,144	14,177	2,094	—	136,855
Provision for impairment of items of property, plant and equipment	1,043	—	—	—	—	1,043
Provision for impairment of intangible assets	1,094	—	—	—	—	1,094
Provision for impairment of inventories	2,657	—	—	—	—	2,657
(Reversal of)/provision for impairment of trade and other receivables	(3,380)	—	327	(603)	—	(3,656)
Capital expenditure[1]	229,634	12,482	24,831	8,420	—	275,367

[1] Capital expenditure consists of additions to property, plant and equipment, other intangible assets and prepaid land lease payments.

Year ended 31 December 2010

	Pharmaceutical manufacturing	Pharmaceutical distribution and retail	Diagnostic products and medical devices	Other business operations	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:						
Sales to external customers	2,837,930	1,146,340	392,386	152,117	—	4,528,773
Intersegment sales	820	—	7,750	9,624	(18,194)	—
Total revenue	2,838,750	1,146,340	400,136	161,741	(18,194)	4,528,773
Segment results	240,326	23,977	31,104	(299)	5,324	300,432
Other income	36,772	1,029	7,549	—	—	45,350
Other gains	112,057	16,798	5,522	2,104	(1,901)	134,580
Interest income	9,661	395	1,052	912	—	12,020
Other expenses	(25,529)	(658)	(8,578)	(81,072)	—	(115,837)
Share of profits and losses of:						
Jointly-controlled entities	(817)	104	—	—	—	(713)
Associates	125,424	401,869	683	18,334	—	546,310
Unallocated other income, interest income and other gains						578,775
Finance costs						(162,379)
Unallocated expenses						(136,587)
Profit before tax						1,201,951
Tax	(61,839)	(9,923)	(6,830)	(232)	—	(78,824)
Unallocated tax						(122,783)
Profit for the year						1,000,344
Segment assets:	6,112,513	5,712,542	1,360,555	873,034	(840,016)	13,218,628
Including:						
Investments in jointly-controlled entities	1,490	653	—	—	—	2,143
Investments in associates	1,473,391	4,307,844	34,214	249,831	—	6,065,280
Unallocated assets						3,557,426
Total assets						16,776,054
Segment liabilities	2,101,235	1,072,545	610,552	835,151	(1,927,354)	2,692,129
Unallocated liabilities						4,728,927
Total liabilities						7,421,056
Other segment information:						
Depreciation and amortisation	131,798	3,908	11,758	6,035	—	153,499
Provision for impairment of other non-current asset	—	—	—	81,298	—	81,298
Provision for impairment of inventories	8,005	—	2,787	—	—	10,792
(Reversal of)/provision for impairment of trade and other receivables	3,609	—	5,153	(310)	—	8,452
Capital expenditure[1]	352,264	8,998	60,142	4,914	—	426,318

1 Capital expenditure consists of additions to property, plant and equipment, other intangible assets and prepaid land lease payments.

Year ended 31 December 2011

	Pharmaceutical manufacturing	Pharmaceutical distribution and retail	Diagnostic products and medical devices	Healthcare service	Other business operations	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:							
Sales to external customers	3,830,824	1,436,049	1,049,304	11,258	105,154	—	6,432,589
Intersegment sales	612	—	—	—	10,244	(10,856)	—
Total revenue	3,831,436	1,436,049	1,049,304	11,258	115,398	(10,856)	6,432,589
Segment results	440,793	22,848	52,352	681	2,663	3,486	522,823
Other income	38,525	—	8,679	—	134	—	47,338
Other gains	158,988	677,916	1,031	632	22,696	—	861,263
Interest income	13,437	7,905	3,029	611	1,606	(3,921)	22,667
Other expenses	(4,805)	(1,960)	(278)	(4)	(159,293)	—	(166,340)
Share of profits and losses of:							
Jointly-controlled entities	(274)	85	—	—	—	—	(189)
Associates	97,934	517,796	5,439	897	11,102	—	633,168
Unallocated other income, interest income and other gains							345,267
Finance costs							(313,978)
Unallocated expenses							(224,781)
Profit before tax							1,727,238
Tax	(99,172)	(178,428)	(15,593)	(101)	(5,980)	—	(299,274)
Unallocated tax							(42,545)
Profit for the year							1,385,419
Segment assets:	9,589,327	6,705,071	1,224,029	398,501	494,110	(108,988)	18,302,050
Including:							
Investments in jointly-controlled entities	1,217	737	—	—	—	—	1,954
Investments in associates	1,652,828	5,403,896	104,606	15,444	218,725	—	7,395,499
Unallocated assets							3,931,881
Total assets							22,233,931
Segment liabilities	1,952,877	1,244,447	639,858	164,794	671,388	(80,425)	4,592,939
Unallocated liabilities							6,327,051
Total liabilities							10,919,990
Other segment information:							
Depreciation and amortisation	169,555	7,738	21,354	727	8,254	—	207,628
Provision for impairment of other current asset	—	—	—	—	148,049	—	148,049
Provision for impairment of items of property, plant and equipment	473	—	—	—	—	—	473
Reversal of impairment of inventories	(9,975)	—	(2,221)	—	—	—	(12,196)
(Reversal of)/provision for impairment of trade and other receivables	(415)	(102)	59	—	(86)	—	(544)
Capital expenditure[1]	773,702	14,685	58,197	2,517	22,333	—	871,434

[1] Capital expenditure consists of additions to property, plant and equipment, other intangible assets and prepaid land lease payments.

Six-month period ended 30 June 2011 (unaudited)

	Pharmaceutical business	Pharmaceutical distribution and retail	Diagnostic products and medical devices	Other business operations	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:						
Sales to external customers	1,771,825	738,796	516,703	52,356	—	3,079,680
Intersegment sales	1,979	—	1,288	6,682	(9,949)	—
Total revenue	1,773,804	738,796	517,991	59,038	(9,949)	3,079,680
Segment results	171,970	10,001	23,970	2,511	1,710	210,162
Other income	15,702	—	3,206	—	—	18,908
Other gains/(losses)	200,369	676,671	1,563	(205)	—	878,398
Interest income	5,685	766	1,335	1,916	—	9,702
Other expenses	(7,379)	(701)	(1,763)	(85,950)	—	(95,793)
Share of profits and losses of:						
Jointly-controlled entities	(188)	15	—	—	—	(173)
Associates	47,595	265,525	1,119	8,981	—	323,220
Unallocated other income, interest income and other gains						167,440
Finance costs						(150,144)
Unallocated expenses						(118,152)
Profit before tax						1,243,568
Tax	(49,715)	(172,161)	(6,781)	(964)	—	(229,621)
Unallocated tax						(26,121)
Profit for the period						987,826
Segment assets:	7,230,603	6,519,972	1,359,225	762,354	(441,546)	15,430,608
Including:						
Investments in jointly-controlled entities	1,303	667	—	—	—	1,970
Investments in associates	1,814,482	5,229,342	116,883	191,448	—	7,352,155
Unallocated assets						3,945,204
Total assets						19,375,812
Segment liabilities	2,583,026	1,213,047	550,555	861,144	(2,611,354)	2,596,418
Unallocated liabilities						6,422,895
Total liabilities						9,019,313
Other segment information:						
Depreciation and amortisation	75,217	4,803	6,821	3,123	—	89,964
Impairment of other current asset	—	—	—	86,000	—	86,000
Provision for impairment of inventories	810	—	1,744	—	—	2,554
(Reversal of)/provision for impairment of trade and other receivables	450	(189)	(404)	—	—	(143)
Capital expenditure[1]	281,620	6,023	29,069	1,013	—	317,725

1 Capital expenditure consists of additions to property, plant and equipment, other intangible assets and prepaid land lease payments.

Six-month period ended 30 June 2012

	Pharmaceutical manufacturing	Pharmaceutical distribution and retail	Diagnostic products and medical devices	Healthcare service	Other business operations	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:							
Sales to external customers	2,175,876	692,689	511,031	77,895	6,616	—	3,464,107
Intersegment sales	914	—	411	—	3,597	(4,922)	—
Total revenue	2,176,790	692,689	511,442	77,895	10,213	(4,922)	3,464,107
Segment results	362,230	11,376	24,943	10,665	1,162	1,708	412,084
Other income	14,885	—	2,744	—	—	—	17,629
Other gains	3,345	84	367	—	—	—	3,796
Interest income	5,715	2,381	1,783	103	461	(2,560)	7,883
Other expenses	(7,527)	(2,167)	(2,106)	(1,425)	(8)	—	(13,233)
Share of profits and losses of:							
Jointly-controlled entities	(278)	28	—	—	—	—	(250)
Associates	68,791	309,003	1,478	212	(767)	—	378,717
Unallocated other income, interest income and other gains							501,651
Finance costs							(198,094)
Unallocated expenses							(122,954)
Profit before tax							987,229
Tax	(67,694)	(4,629)	716	(1,936)	(58,272)	—	(131,815)
Unallocated tax							2,355
Profit for the period							857,769
Segment assets:	9,957,635	6,938,705	1,221,158	460,828	445,874	(46,708)	18,977,492
Including:							
Investments in jointly-controlled entities	939	765	—	—	—	—	1,704
Investments in associates	1,827,549	5,556,805	102,984	15,655	139,953	—	7,642,946
Unallocated assets							3,287,777
Total assets							22,265,269
Segment liabilities	2,151,613	1,275,450	622,109	237,261	780,491	(39,592)	5,027,332
Unallocated liabilities							5,546,437
Total liabilities							10,573,769
Other segment information:							
Depreciation and amortisation	111,209	3,903	12,601	8,024	5,291	—	141,028
Reversal of impairment of inventories	4,980	—	1,586	—	—	—	6,566
Provision for/(reversal of) impairment of trade and other receivables	726	1,112	(560)	—	—	—	1,278
Capital expenditure[1]	403,657	5,929	29,187	14,514	136,774	—	590,061

[1] Capital expenditure consists of additions to property, plant and equipment, other intangible assets and prepaid land lease payments.

Information about major customers

For the Relevant Periods and the six-month period ended 30 June 2011, no revenue amounting to 10% or more of the Group's total revenue was derived from sales to a single customer.

Geographical information

(a) ***Revenue from external customers***

	Year ended 31 December			Six-month period ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Mainland China	3,177,259	3,900,550	5,675,645	2,665,130	3,080,078
Overseas countries and regions	673,053	628,223	756,944	414,550	384,029
	3,850,312	4,528,773	6,432,589	3,079,680	3,464,107

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

(b) ***Non-current assets***

	As at 31 December		As at 30 June	
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Mainland China	7,159,315	8,760,039	13,032,573	13,667,600
Overseas countries and regions	16,034	62,543	347,021	414,571
	7,175,349	8,822,582	13,379,594	14,082,171

The non-current asset information above is based on the location of the assets and excludes available-for-sale investments and deferred tax assets.

6. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and the value of services rendered.

An analysis of the Group's revenue is as follows:

	Year ended 31 December			Six-month period ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Sale of goods	3,574,502	4,280,941	6,154,004	2,968,498	3,342,731
Rendering of services	257,168	236,844	262,345	103,672	117,559
Sale of materials	18,642	10,988	16,240	7,510	3,817
	3,850,312	4,528,773	6,432,589	3,079,680	3,464,107

7. OTHER INCOME

	Year ended 31 December			Six-month period ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Dividends from equity investments at fair value through profit or loss	177	—	—	—	—
Dividends from available-for-sale investments	9,593	15,771	61,579	58,966	26,739
Government grants (note 38)	51,315	54,738	61,739	18,908	18,771
	61,085	70,509	123,318	77,874	45,510

8. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December 2009	2010	2011	Six-month period ended 30 June 2011	2012
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Cost of inventories sold		2,401,953	2,774,493	3,761,483	1,942,702	1,856,274
Cost of services provided		208,712	210,068	229,664	87,832	78,557
Staff costs (including Directors' and Supervisors' remuneration (note 11))						
Salaries and other staff costs		401,498	528,207	558,193	303,591	364,752
Retirement benefits:						
Defined contribution fund		37,362	56,228	62,528	28,534	36,816
Accommodation benefits:						
Defined contribution fund		17,228	19,931	20,389	10,488	13,773
Share-based payment expense	45	—	—	7,712	4,297	3,190
		456,088	604,366	648,822	346,910	418,531
Research and development costs:						
Current year expenditure		71,378	119,861	189,427	72,157	101,734
Amortisation of deferred development costs	19	1,711	—	—	—	—
Less: Government grants for R&D projects*		(4,032)	(19,199)	(25,645)	(17,809)	(13,416)
		69,057	100,662	163,782	54,348	88,318
Auditors' remuneration		4,428	5,620	8,826	5,344	2,473
Operating lease payments		12,452	17,231	62,243	23,220	16,224
Depreciation of items of property, plant and equipment	16	126,503	144,129	172,299	83,272	110,471
Amortisation of prepaid land lease payments	17	4,650	5,084	7,313	3,514	4,766
Amortisation of other intangible assets	19	3,991	4,286	28,016	3,178	25,791
Provision for/(reversal of) impairment of inventories		2,657	10,792	(12,196)	2,554	6,566
Provision for impairment of items of property, plant and equipment	16	1,043	—	473	—	—
Provision for impairment of available-for-sale investments at cost		51,119	—	—	—	—
Provision for impairment of intangible assets		1,094	—	—	—	—
Provision for impairment of other non-current assets		—	81,298	—	—	—
Provision for impairment of other current asset		—	—	148,049	86,000	—
(Reversal of)/provision for impairment of trade and other receivables		(3,656)	8,452	(544)	(143)	1,278
Fair value loss/(gain) on equity investments at fair value through profit or loss		(6,029)	(45,450)	24,941	26,638	10,009
Foreign exchange (gain)/loss, net		(63)	6,711	5,412	3,712	1,661
Loss on disposal of items of property, plant and equipment		2,340	22	16,659	417	1,213
Donations		801	2,634	2,911	631	1,651

* The Group received various government grants related to research and development projects. The government grants released have been deducted from the research and development costs to which they relate. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statements of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

9. OTHER GAINS

	Year ended 31 December			Six-month period ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Fair value gains on equity investments at fair value through profit or loss	6,029	45,450	—	—	—
Gain on disposal of interests in associates*	27,982	157,699	36,554	—	232,681
Gain on deemed disposal of associates**	2,622,092	97,848	751,007	730,160	—
Gain on disposal of non-current assets held for sale (note 48(h))	28,658	327,233	—	—	—
Gain on bargain purchase of a subsidiary (note 42)	1,202	—	—	—	—
Gain on bargain purchase of an associate (note 22(7))	—	—	90,678	90,678	—
Gain on disposal of subsidiaries (note 43)	—	—	8,675	11,095	—
Gain on disposal of available-for-sale investments	96,358	36,820	192,750	133,933	228,231
Gain on disposal of equity investments at fair value through profit or loss	1,384	824	2,422	2,422	—
Others	9,838	14,744	19,552	8,055	3,798
	2,793,543	680,618	1,101,638	976,343	464,710

* In the six-month period ended 30 June 2012, RMB232,681 represents the gain on disposal of Zhejiang Crystal-Optech Co., Ltd. Details are set out in note 22(3) of this section below.

** In September 2009, Sinopharm, which is a subsidiary of one of the Group's associates, Sinopharm Investment, was listed on the Main Board of the Stock Exchange. As a result, the Group's effective equity interest in Sinopharm was diluted from 47.0% to 34.0%. The deemed disposal gain amounted to RMB2,608,157,000.

In May 2011, Sinopharm issued additional shares on the Main Board of the Stock Exchange. The Group's effective equity interest in Sinopharm was further diluted from 34.0% to 32.1%. The deemed disposal gain amounted to RMB673,051,000.

10. FINANCE COSTS

	Year ended 31 December			Six-month period ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest on bank and other borrowings wholly repayable within five years	133,823	158,851	315,759	147,116	200,586
Interest on bank and other borrowings not wholly repayable within five years	1,518	8,030	2,255	5,382	1,293
	135,341	166,881	318,014	152,498	201,879
Less: Interest capitalised	(2,950)	(4,502)	(4,036)	(2,354)	(3,785)
Interest expenses, net	132,391	162,379	313,978	150,144	198,094

11. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' and Supervisors' remuneration

The aggregate amounts of remuneration of the Directors and the supervisors of the Company (the "Supervisors") during the Relevant Periods and the six-month period ended 30 June 2011 are as follows:

	Year ended 31 December			Six-month period ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Fees	200	258	300	150	150
Other emoluments:					
— Salaries, allowances and benefits in kind	1,758	2,829	3,952	1,928	2,153
— Performance related bonuses	739	700	1,920	1,920	3,020
— Pension scheme contributions	54	49	60	30	33
	2,751	3,836	6,232	4,028	5,355

The names of the Directors and the Supervisors and their remuneration for the Relevant Periods and the six-month period ended 30 June 2011 are as follows:

Year ended 31 December 2009

	Fees	Salaries, allowances, and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors					
Wang Qunbin	—	—	—	—	—
Chen Qiyu	—	965	450	25	1,440
Guo Guangchang	—	—	—	—	—
Zhang Guozheng	—	302	200	10	512
	—	1,267	650	35	1,952
Independent Directors					
Guan Yimin	100	—	—	—	100
Rui Mingjie*	42	—	—	—	42
Han Jiong**	58	—	—	—	58
	200	—	—	—	200
Supervisors					
Liu Hailiang	—	491	89	19	599
Zhang Houlin	—	—	—	—	—
Cao Genxing	—	—	—	—	—
	—	491	89	19	599
	200	1,758	739	54	2,751

* Rui Mingjie resigned as an Independent Director in April 2009.

** Han Jiong was appointed as an Independent Director in April 2009.

Year ended 31 December 2010

	Fees	Salaries, allowances, and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors					
Wang Qunbin	—	—	—	—	—
Chen Qiyu	—	1,528	480	28	2,036
Guo Guangchang	—	—	—	—	—
Zhang Guozheng	—	—	—	—	—
Yao Fang*	—	821	—	21	842
	—	2,349	480	49	2,878
Independent Directors					
Guan Yimin	100	—	—	—	100
Han Jiong	100	—	—	—	100
Zhang Weijiong**	58	—	—	—	58
	258	—	—	—	258
Supervisors					
Liu Hailiang	—	480	220	—	700
Cao Genxing	—	—	—	—	—
Zhang Houlin***	—	—	—	—	—
Wang Pinliang****	—	—	—	—	—
	—	480	220	—	700
	258	2,829	700	49	3,836

* Yao Fang was appointed as a Director of the Company on 9 June 2010.

** Zhang Weijiong was appointed as an Independent Director of the Company on 9 June 2010.

*** Zhang Houlin resigned as a Supervisor of the Company with effective from 9 June 2010.

**** Wang Pinliang was appointed as a Supervisor of the Company with effect from 9 June 2010.

Year ended 31 December 2011

	Fees	Salaries, allowances, and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors					
Wang Qunbin	—	—	—	—	—
Chen Qiyu	—	2,025	800	30	2,855
Guo Guangchang	—	—	—	—	—
Zhang Guozheng	—	—	—	—	—
Yao Fang	—	1,227	800	30	2,057
	—	3,252	1,600	60	4,912
Independent Directors					
Guan Yimin	100	—	—	—	100
Han Jiong	100	—	—	—	100
Zhang Weijiong	100	—	—	—	100
	300	—	—	—	300
Supervisors					
Liu Hailiang	—	700	320	—	1,020
Cao Genxing	—	—	—	—	—
Wang Pinliang	—	—	—	—	—
	—	700	320	—	1,020
	300	3,952	1,920	60	6,232

Six-month period ended 30 June 2011 (unaudited)

	Fees	Salaries, allowances, and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors					
Wang Qunbin	—	—	—	—	—
Chen Qiyu	—	980	800	15	1,795
Guo Guangchang	—	—	—	—	—
Zhang Guozheng	—	—	—	—	—
Yao Fang	—	608	800	15	1,423
	—	1,588	1,600	30	3,218
Independent Directors					
Guan Yimin	50	—	—	—	50
Han Jiong	50	—	—	—	50
Zhang Weijiong	50	—	—	—	50
	150	—	—	—	150
Supervisors					
Liu Hailiang	—	340	320	—	660
Cao Genxing	—	—	—	—	—
Wang Pinliang	—	—	—	—	—
	—	340	320	—	660
	150	1,928	1,920	30	4,028

Six-month period ended 30 June 2012

	Fees	Salaries, allowances, and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors					
Wang Qunbin	—	—	—	—	—
Chen Qiyu	—	1,098	1,200	16	2,314
Guo Guangchang	—	—	—	—	—
Zhang Guozheng	—	—	—	—	—
Yao Fang	—	670	1,500	16	2,186
	—	1,768	2,700	32	4,500
Independent Directors					
Guan Yimin	50	—	—	—	50
Han Jiong	50	—	—	—	50
Zhang Weijiong	50	—	—	—	50
	150	—	—	—	150
Supervisors					
Liu Hailiang	—	385	320	—	705
Cao Genxing	—	—	—	—	—
Wang Pinliang	—	—	—	—	—
	—	385	320	—	705
	150	2,153	3,020	32	5,355

During the Relevant Periods and the six-month period ended 30 June 2011, no Directors waived or agreed to waive any emoluments and no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.

(b) Five highest paid employees

An analysis of the headcounts of the five highest paid employees within the Group for the Relevant Periods and the six-month period ended 30 June 2011 is as follows:

	Year ended 31 December			Six-month period ended 30 June	
	2009	2010	2011	2011	2012
				(unaudited)	
Directors	1	2	2	2	2
Supervisors	—	—	—	—	—
Non-Director and non-supervisor employees	4	3	3	3	3

Details of the remuneration of the above non-Director and non-Supervisor, highest paid employees are as follows:

	Year ended 31 December			Six-month period ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, allowances and benefits in kind	1,938	2,215	2,453	1,216	1,299
Performance related bonuses	1,391	1,319	1,723	1,723	3,093
Pension scheme contributions	76	55	60	30	49
	3,405	3,589	4,236	2,969	4,441

The number of non-Director and non-Supervisor, highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Six-month period ended 30 June	
	2009	2010	2011	2011	2012
				(unaudited)	
Nil to HKD1,000,000	2	—	—	1	—
HKD1,000,001 to HKD1,500,000	2	3	2	2	1
HKD1,500,001 to HKD2,000,000	—	—	1	—	1
HKD2,000,001 to HKD2,500,000	—	—	—	—	1
	4	3	3	3	3

12. TAX

The provision for Mainland China current income tax is based on a statutory rate of 25% of the assessable profits of the Group as determined in accordance with the PRC Corporate Income Tax Law 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 15% to 24%.

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

	Year ended 31 December			Six-month period ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Current					
— Mainland China	61,869	190,537	142,348	60,524	119,887
— Hong Kong	—	5,206	3,522	3,531	(2,356)
	61,869	195,743	145,870	64,055	117,531
Deferred (note 25)	638,527	5,864	195,949	191,687	11,929
Tax expenses for the year/period	700,396	201,607	341,819	255,742	129,460

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate applicable in Mainland China to the tax expense at the Group's effective tax rate is as follows:

	Year ended 31 December			Six-month period ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
				(unaudited)	
Profit before tax	3,267,477	1,201,951	1,727,238	1,243,568	987,229
Tax at the statutory tax rate	816,869	300,488	431,810	310,892	246,807
Lower tax rates for certain entities	(28,727)	(19,611)	(69,589)	(20,995)	(35,387)
Adjustments in respect of current tax of previous years	7,848	1,031	2,434	2,434	(2,738)
Profit attributable to jointly-controlled entities and associates	(108,950)	(136,399)	(158,245)	(80,762)	(94,617)
Income not subject to tax	(3,245)	(3,221)	(25,982)	(23,371)	(6,672)
Expenses not deductible for tax	8,919	26,790	13,153	3,920	8,544
Tax losses utilised	(7,848)	(759)	—	(115)	(25,337)
Tax incentives on eligible expenditures	(5,171)	(4,136)	(4,003)	(2,479)	(3,010)
Deductible temporary differences and tax losses not recognised	20,701	37,424	152,241	66,218	41,870
Tax expenses	700,396	201,607	341,819	255,742	129,460

13. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profits attributable to owners of the parent for the years ended 31 December 2009, 2010 and 2011 and the six-month periods ended 30 June 2011 and 2012 include the losses of approximately RMB99,928,000, RMB115,245,000, RMB181,240,000, RMB127,225,000 (unaudited) and RMB96,987,000, respectively, which have been dealt with in the financial statements of the Company.

14. DIVIDENDS

Cash dividend

	Year ended 31 December			Six-month period ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
				(unaudited)	
Proposed final dividend (RMB0.1, RMB0.1, RMB0.1, nil and nil per ordinary share for the years ended 31 December 2009, 2010 and 2011 and the six-month periods ended 30 June 2011 and 2012, respectively)	123,777	190,439	190,439	—	—

On 4 May 2010, the Company completed an additional issue of 31,820,000 A Shares. Pursuant to a resolution of the annual general meeting of shareholders on 9 June 2010, the Company declared an additional cash dividend of RMB3,182,000 (RMB0.1 per share for the additional shares issued).

Bonus shares

Pursuant to a resolution of the annual general meeting of shareholders on 9 June 2010, the registered and issued share capital of the Company was increased by the capitalisation of capital reserve of RMB507,838,000 and retained profits of RMB126,959,000 for all shareholders in the record of the Company's register of shareholders on 23 July 2010. The issued share capital of the Company thereby increased by RMB634,797,000.

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

The calculation of basic earnings per share amounts for the Relevant Periods and the six-month period ended 30 June 2011 is based on the profit attributable to ordinary equity holders of the parent for the years ended 31 December 2009, 2010 and 2011 and the six-month periods ended 30 June 2011 and 2012 and the weighted average number of ordinary shares in issue during the years ended 31 December 2009, 2010 and 2011 and the six-month periods ended 30 June 2011 and 2012, as adjusted to reflect the bonus shares during the Relevant Periods.

	Year ended 31 December			Six-month period ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
				(unaudited)	
Earnings					
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	2,501,010	863,654	1,166,184	867,279	701,767

	Year ended 31 December			Six-month period ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
				(unaudited)	
Shares					
Weighted average number of ordinary shares*	1,856,662,364	1,884,504,864	1,904,392,364	1,904,392,364	1,904,392,364

* The weighted average number of ordinary shares in issue during the Relevant Periods and the six-month period ended 30 June 2011 used in the basic earnings per share calculation were adjusted to reflect the bonus shares from the beginning of the Relevant Periods, or since the date when the new shares were issued, up to the date of this report.

No adjustment has been made to the basic earnings per share amounts presented in respect of a dilution as the Group did not have any potentially dilutive ordinary shares during the Relevant Periods and the six-month period ended 30 June 2011. CML's share option plan was not considered as a potential dilutive event as the options granted were in respect of the common shares of Chindex, which is not an entity within the Group.

16. PROPERTY, PLANT AND EQUIPMENT

Group

	Year ended 31 December 2009						
	Buildings	Plant and machinery	Office equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:							
At 1 January 2009	689,019	834,995	24,151	40,095	2,282	101,984	1,692,526
Additions	5,203	60,682	2,716	1,357	230	191,611	261,799
Acquisition of a subsidiary (note 42)	—	1,174	590	—	—	24	1,788
Disposals	(8,015)	(20,401)	(887)	(1,657)	(83)	(9,698)	(40,741)
Transferred from construction in progress	29,499	31,430	1,834	—	—	(62,763)	—
At 31 December 2009	715,706	907,880	28,404	39,795	2,429	221,158	1,915,372
Accumulated depreciation:							
At 1 January 2009	(139,653)	(351,516)	(9,898)	(22,451)	(742)	—	(524,260)
Depreciation charge for the year (note 8)	(27,550)	(91,407)	(3,098)	(3,997)	(451)	—	(126,503)
Acquisition of a subsidiary (note 42)	—	(536)	(347)	—	—	—	(883)
Disposals	122	14,745	344	1,141	—	—	16,352
At 31 December 2009	(167,081)	(428,714)	(12,999)	(25,307)	(1,193)	—	(635,294)
Impairment losses:							
At 1 January 2009	(13,870)	(7,402)	(109)	(7)	—	(75)	(21,463)
Provided for the year (note 8)	(823)	(205)	(15)	—	—	—	(1,043)
Disposals	748	1,595	109	—	—	—	2,452
At 31 December 2009	(13,945)	(6,012)	(15)	(7)	—	(75)	(20,054)
Net carrying amount:							
At 31 December 2009	534,680	473,154	15,390	14,481	1,236	221,083	1,260,024
At 1 January 2009	535,496	476,077	14,144	17,637	1,540	101,909	1,146,803

Group

	Year ended 31 December 2010						
	Buildings	Plant and machinery	Office equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:							
At 1 January 2010	715,706	907,880	28,404	39,795	2,429	221,158	1,915,372
Additions	2,866	123,453	5,603	7,308	4,160	250,102	393,492
Acquisition of subsidiaries (note 42)	204,485	75,788	4,503	7,331	2,531	9,732	304,370
Disposals	(22,081)	(4,923)	(246)	(1,506)	—	(18,658)	(47,414)
Transferred from construction in progress	24,583	45,147	9,474	48	—	(79,252)	—
At 31 December 2010	925,559	1,147,345	47,738	52,976	9,120	383,082	2,565,820
Accumulated depreciation:							
At 1 January 2010	(167,081)	(428,714)	(12,999)	(25,307)	(1,193)	—	(635,294)
Depreciation charge for the year (note 8)	(31,508)	(103,736)	(3,728)	(4,317)	(840)	—	(144,129)
Acquisition of subsidiaries (note 42)	(28,387)	(40,018)	(2,400)	(3,648)	(1,562)	—	(76,015)
Disposals	1,789	3,121	232	1,063	—	—	6,205
At 31 December 2010	(225,187)	(569,347)	(18,895)	(32,209)	(3,595)	—	(849,233)
Impairment losses:							
At 1 January 2010	(13,945)	(6,012)	(15)	(7)	—	(75)	(20,054)
Disposals	—	18	—	—	—	—	18
At 31 December 2010	(13,945)	(5,994)	(15)	(7)	—	(75)	(20,036)
Net carrying amount:							
At 31 December 2010	686,427	572,004	28,828	20,760	5,525	383,007	1,696,551
At 1 January 2010	534,680	473,154	15,390	14,481	1,236	221,083	1,260,024

Group

	Year ended 31 December 2011						
	Buildings	Plant and machinery	Office equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:							
At 1 January 2011	925,559	1,147,345	47,738	52,976	9,120	383,082	2,565,820
Additions	14,723	86,157	19,422	7,232	3,518	685,438	816,490
Acquisition of subsidiaries (note 42)	127,180	144,413	12,771	11,833	—	158,872	455,069
Disposals	(18,010)	(48,382)	(2,878)	(6,225)	(5,246)	(9,811)	(90,552)
Disposal of subsidiaries (note 43)	(37,548)	(10,844)	(515)	(1,638)	—	(60)	(50,605)
Transferred from construction in progress	105,913	37,946	5,964	435	—	(150,258)	—
At 31 December 2011	1,117,817	1,356,635	82,502	64,613	7,392	1,067,263	3,696,222
Accumulated depreciation:							
At 1 January 2011	(225,187)	(569,347)	(18,895)	(32,209)	(3,595)	—	(849,233)
Depreciation charge for the year (note 8)	(42,653)	(112,737)	(9,640)	(6,738)	(531)	—	(172,299)
Acquisition of subsidiaries (note 42)	(20,606)	(65,511)	(6,084)	(4,477)	—	—	(96,678)
Disposals	5,769	33,522	7,271	5,551	—	—	52,113
Disposal of subsidiaries (note 43)	11,909	8,113	427	1,304	—	—	21,753
At 31 December 2011	(270,768)	(705,960)	(26,921)	(36,569)	(4,126)	—	(1,044,344)
Impairment losses:							
At 1 January 2011	(13,945)	(5,994)	(15)	(7)	—	(75)	(20,036)
Provided for the year	—	(418)	—	(55)	—	—	(473)
Disposals	—	793	3	—	—	—	796
At 31 December 2011	(13,945)	(5,619)	(12)	(62)	—	(75)	(19,713)
Net carrying amount:							
At 31 December 2011	833,104	645,056	55,569	27,982	3,266	1,067,188	2,632,165
At 1 January 2011	686,427	572,004	28,828	20,760	5,525	383,007	1,696,551

Group

	Six-month period ended 30 June 2012						
	Buildings	Plant and machinery	Office equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:							
At 1 January 2012	1,117,817	1,356,635	82,502	64,613	7,392	1,067,263	3,696,222
Additions	4,334	64,609	6,192	1,988	11,376	479,048	567,547
Disposals	—	(5,913)	(893)	(903)	—	—	(7,709)
Transferred from construction in progress	84,344	27,577	8,558	—	—	(120,479)	—
At 30 June 2012	1,206,495	1,442,908	96,359	65,698	18,768	1,425,832	4,256,060
Accumulated depreciation:							
At 1 January 2012	(270,768)	(705,960)	(26,921)	(36,569)	(4,126)	—	(1,044,344)
Depreciation charge for the period (note 8)	(42,178)	(48,851)	(13,193)	(4,113)	(2,136)	—	(110,471)
Disposals	—	4,729	806	673	—	—	6,208
At 30 June 2012	(312,946)	(750,082)	(39,308)	(40,009)	(6,262)	—	(1,148,607)
Impairment losses:							
At 1 January 2012 and 30 June 2012	(13,945)	(5,619)	(12)	(62)	—	(75)	(19,713)
Net carrying amount:							
At 30 June 2012	879,604	687,207	57,039	25,627	12,506	1,425,757	3,087,740
At 1 January 2012	833,104	645,056	55,569	27,982	3,266	1,067,188	2,632,165

Company

	Year ended 31 December 2009					
	Buildings	Plant and machinery	Office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At 1 January 2009	10,134	5,865	555	7,067	—	23,621
Additions	—	397	—	—	7,352	7,749
Transferred from construction in progress	4,707	—	—	—	(4,707)	—
At 31 December 2009	14,841	6,262	555	7,067	2,645	31,370
Accumulated depreciation:						
At 1 January 2009	(266)	(3,209)	(500)	(4,671)	—	(8,646)
Depreciation charge for the year	(456)	(496)	—	(657)	—	(1,609)
At 31 December 2009	(722)	(3,705)	(500)	(5,328)	—	(10,255)
Impairment losses:						
At 1 January 2009 and 31 December 2009	—	(779)	—	—	—	(779)
Net carrying amount:						
At 31 December 2009	14,119	1,778	55	1,739	2,645	20,336
At 1 January 2009	9,868	1,877	55	2,396	—	14,196

Company

	Year ended 31 December 2010					
	Buildings	Plant and machinery	Office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At 1 January 2010	14,841	6,262	555	7,067	2,645	31,370
Additions	73	845	—	2,130	—	3,048
At 31 December 2010	14,914	7,107	555	9,197	2,645	34,418
Accumulated depreciation:						
At 1 January 2010	(722)	(3,705)	(500)	(5,328)	—	(10,255)
Depreciation charge for the year	(671)	(518)	—	(686)	—	(1,875)
At 31 December 2010	(1,393)	(4,223)	(500)	(6,014)	—	(12,130)
Impairment losses:						
At 1 January 2010 and 31 December 2010	—	(779)	—	—	—	(779)
Net carrying amount:						
At 31 December 2010	13,521	2,105	55	3,183	2,645	21,509
At 1 January 2010	14,119	1,778	55	1,739	2,645	20,336

Company

	Year ended 31 December 2011					
	Buildings	Plant and machinery	Office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At 1 January 2011	14,914	7,107	555	9,197	2,645	34,418
Additions	—	1,227	—	512	386	2,125
Transferred from construction in progress	—	3,031	—	—	(3,031)	—
Disposals	—	(4,616)	(520)	(1,832)	—	(6,968)
At 31 December 2011	14,914	6,749	35	7,877	—	29,575
Accumulated depreciation:						
At 1 January 2011	(1,393)	(4,223)	(500)	(6,014)	—	(12,130)
Depreciation charge for the year	(671)	(848)	—	(768)	—	(2,287)
Disposals	—	3,489	468	1,624	—	5,581
At 31 December 2011	(2,064)	(1,582)	(32)	(5,158)	—	(8,836)
Impairment losses:						
At 1 January 2011	—	(779)	—	—	—	(779)
Disposals	—	779	—	—	—	779
At 31 December 2011	—	—	—	—	—	—
Net carrying amount:						
At 31 December 2011	12,850	5,167	3	2,719	—	20,739
At 1 January 2011	13,521	2,105	55	3,183	2,645	21,509

Company

	Six-month period ended 30 June 2012				
	Buildings	**Plant and machinery**	**Office equipment**	**Motor vehicles**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Cost:					
At 1 January 2012	14,914	6,749	35	7,877	29,575
Additions	—	839	—	—	839
At 30 June 2012	14,914	7,588	35	7,877	30,414
Accumulated depreciation:					
At 1 January 2012	(2,064)	(1,582)	(32)	(5,158)	(8,836)
Depreciation charge for the period	(336)	(524)	—	(330)	(1,190)
At 30 June 2012	(2,400)	(2,106)	(32)	(5,488)	(10,026)
Impairment losses:					
At 1 January 2012 and 30 June 2012	—	—	—	—	—
Net carrying amount:					
At 30 June 2012	12,514	5,482	3	2,389	20,388
At 1 January 2012	12,850	5,167	3	2,719	20,739

The carrying amounts of construction in progress of the Group included capitalised interest of approximately RMB2,950,000, RMB4,502,000, RMB4,036,000, RMB2,354,000 (unaudited) and RMB3,785,000 charged for the years ended 31 December 2009, 2010 and 2011 and the six-month periods ended 30 June 2011 and 2012 (note 10) prior to being transferred to property, plant and equipment.

As at 30 June 2012, the Group have not obtained title certificates for certain of the Group's buildings with an aggregate net carrying amount of approximately RMB48,256,000. The Directors are of the opinion that the aforesaid matter will not have any significant impact on the Group's financial position as at 30 June 2012.

As at 31 December 2009, 2010 and 2011 and 30 June 2012, certain of the Group's property, plant and equipment with net carrying amounts of approximately RMB117,564,000, RMB233,985,000, RMB350,696,000 and RMB298,843,000, respectively, were pledged to secure certain of the Group's bank and other borrowings (note 36).

17. PREPAID LAND LEASE PAYMENTS

Group

	Year ended 31 December			Six-month period ended 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Net carrying amount at the beginning of the year/period	177,452	183,200	298,707	458,910
Additions	10,398	19,497	26,385	6,266
Acquisition of subsidiaries (note 42)	—	101,094	148,382	—
Disposals	—	—	(2,659)	—
Disposal of subsidiaries (note 43)	—	—	(4,592)	—
Amortisation for the year/period (note 8)	(4,650)	(5,084)	(7,313)	(4,766)
Net carrying amount at the end of the year/period	183,200	298,707	458,910	460,410

The leasehold land is situated in Mainland China and is held under a long-term lease.

As at 31 December 2009, 2010 and 2011 and 30 June 2012, certain of the Group's prepaid land lease payments with net carrying amounts of RMB43,314,000, RMB106,931,000, RMB73,744,000 and RMB69,269,000, respectively, were pledged to secure certain of the Group's bank and other borrowings (note 36).

18. GOODWILL

Group

	Year ended 31 December			Six-month period ended 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Cost and net carrying amount at beginning of the year/period	51,109	51,109	338,909	1,585,136
Acquisition of subsidiaries (note 42)	—	287,800	1,246,227	—
Cost and net carrying amount at end of the year/period	51,109	338,909	1,585,136	1,585,136

The addition of the Group's goodwill in 2010 resulted from the acquisition of certain subsidiaries, namely Shenyang Hongqi Pharmaceutical Co., Ltd., Sichuan Hexin Pharmaceutical Co., Ltd., Beijing Golden Elephant Pharmacy Medicine Chain Co., Ltd., Yaneng Bioscience (Shenzhen) Co., Ltd. and Handan Moluodan Pharmaceutical Co., Ltd.

The addition of the Group's goodwill in 2011 resulted from the acquisition of certain subsidiaries, namely Dalian Aleph Biomedical Co., Ltd. ("Dalian Aleph"), Jinzhou Aohong Pharmaceutical Co., Ltd. ("Aohong Pharma"), Anhui Jimin Cancer Hospital, Yueyang Guangji Hospital Co., Ltd. and Hunan Province Guangji Real Estate Co., Ltd.

Impairment testing of goodwill

The cash flows generated from each subsidiary acquired are independent from those of the other subsidiaries of the Group. Therefore, each of these acquired subsidiaries is a separate cash-generating unit. Management considered that the synergies arising from each acquisition mainly benefited the corresponding acquired subsidiary. Therefore, in performing the impairment test, the goodwill generated from each acquisition is allocated to the corresponding subsidiary acquired.

The recoverable amount of each cash-generating unit has been determined based on a value-in-use calculation using cash flow projection based on a financial budget covering a five-year period approved by senior management. The discount rates applied to the cash flow projections are in a range of 13% to 15%. The growth rate used to extrapolate the cash flows of the above cash-generating units beyond the five-year period is 3%, which is also an estimate of the rate of inflation.

Key assumptions were used in the value-in-use calculation of all the cash-generating units for 31 December 2009, 2010 and 2011 and 30 June 2012. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the average gross margin achieved in the year immediately before the budget year, increased for expected efficiency improvements and expected market development.

Discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

The values assigned to key assumptions on market development of pharmaceutical products and the pharmaceutical industry, discount rates and raw materials price inflation are consistent with external information sources.

19. OTHER INTANGIBLE ASSETS

Group

	Year ended 31 December 2009				
	Patents and technical know-how	Office software	Trademarks	Deferred development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:					
At 1 January 2009	59,157	13,827	1,308	1,608	75,900
Additions	2,031	806	4	329	3,170
Capital injection from a non-controlling shareholder of a subsidiary (note 44)	7,139	—	—	—	7,139
Disposals	(36,702)	(267)	—	(226)	(37,195)
At 31 December 2009	31,625	14,366	1,312	1,711	49,014
Accumulated amortisation:					
At 1 January 2009	(48,634)	(4,577)	(35)	—	(53,246)
Amortisation for the year (note 8)	(2,433)	(1,554)	(4)	(1,711)	(5,702)
Disposals	36,702	92	—	—	36,794
At 31 December 2009	(14,365)	(6,039)	(39)	(1,711)	(22,154)
Impairment losses:					
At 1 January 2009	—	—	—	—	—
Provided during the year (note 8)	(1,094)	—	—	—	(1,094)
At 31 December 2009	(1,094)	—	—	—	(1,094)
Net carrying amount:					
At 31 December 2009	16,166	8,327	1,273	—	25,766
At 1 January 2009	10,523	9,250	1,273	1,608	22,654

Group

	Year ended 31 December 2010					
	Medicine licences	Patents and technical know-how	Office software	Trademarks	Deferred development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At 1 January 2010	—	31,625	14,366	1,312	1,711	49,014
Additions	—	4,235	1,702	22	7,280	13,239
Acquisition of subsidiaries (note 42)	64,000	15,843	663	106,672	—	187,178
Capital injection from a non-controlling shareholder of a subsidiary (note 44)	—	13,652	—	—	—	13,652
Disposals	—	—	(35)	—	—	(35)
At 31 December 2010	64,000	65,355	16,696	108,006	8,991	263,048
Accumulated amortisation:						
At 1 January 2010	—	(14,365)	(6,039)	(39)	(1,711)	(22,154)
Amortisation for the year (note 8)	—	(2,615)	(1,652)	(19)	—	(4,286)
Acquisition of subsidiaries (note 42)	—	(379)	(3)	—	—	(382)
Disposals	—	—	35	—	—	35
At 31 December 2010	—	(17,359)	(7,659)	(58)	(1,711)	(26,787)
Impairment losses:						
At 1 January 2010 and 31 December 2010	—	(1,094)	—	—	—	(1,094)
Net carrying amount:						
At 31 December 2010	64,000	46,902	9,037	107,948	7,280	235,167
At 1 January 2010	—	16,166	8,327	1,273	—	25,766

Group

	Year ended 31 December 2011							
	Medicine licences	Patents and technical know-how	Office software	Trademarks	Business networks	Deferred development costs	Franchise	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:								
At 1 January 2011	64,000	65,355	16,696	108,006	—	8,991	—	263,048
Additions	—	13,440	3,756	29	—	11,334	—	28,559
Acquisition of subsidiaries (note 42)	201,000	571,950	828	8,000	206,000	3,297	1,800	992,875
Capital injection from non-controlling shareholders of subsidiaries (note 44)	—	33,697	—	—	—	—	—	33,697
Disposals	—	—	(11,710)	—	—	—	—	(11,710)
At 31 December 2011	265,000	684,442	9,570	116,035	206,000	23,622	1,800	1,306,469
Accumulated amortisation:								
At 1 January 2011	—	(17,359)	(7,659)	(58)	—	(1,711)	—	(26,787)
Amortisation for the year (note 8)	—	(19,503)	(1,625)	(2,235)	(4,578)	—	(75)	(28,016)
Acquisition of subsidiaries (note 42)	—	(10,399)	(388)	—	—	—	(30)	(10,817)
Disposals	—	—	6,433	—	—	—	—	6,433
At 31 December 2011	—	(47,261)	(3,239)	(2,293)	(4,578)	(1,711)	(105)	(59,187)
Impairment losses:								
At 1 January 2011 and 31 December 2011	—	(1,094)	—	—	—	—	—	(1,094)
Net carrying amount:								
At 31 December 2011	265,000	636,087	6,331	113,742	201,422	21,911	1,695	1,246,188
At 1 January 2011	64,000	46,902	9,037	107,948	—	7,280	—	235,167

Group

	Six-month period ended 30 June 2012							
	Medicine licences	Patents and technical know-how	Office software	Trademarks	Business networks	Deferred development costs	Franchise	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:								
At 1 January 2012	265,000	684,442	9,570	116,035	206,000	23,622	1,800	1,306,469
Additions	—	3,122	3,770	—	—	9,356	—	16,248
Disposals	—	—	(88)	—	—	—	—	(88)
At 30 June 2012	265,000	687,564	13,252	116,035	206,000	32,978	1,800	1,322,629
Accumulated amortisation:								
At 1January 2012	—	(47,261)	(3,239)	(2,293)	(4,578)	(1,711)	(105)	(59,187)
Amortisation for the period (note 8)	—	(15,644)	(3,162)	(29)	(6,866)	—	(90)	(25,791)
Disposals	—	—	10	—	—	—	—	10
At 30 June 2012	—	(62,905)	(6,391)	(2,322)	(11,444)	(1,711)	(195)	(84,968)
Impairment losses:								
At 1 January 2012 and 30 June 2012	—	(1,094)	—	—	—	—	—	(1,094)
Net carrying amount:								
At 30 June 2012	265,000	623,565	6,861	113,713	194,556	31,267	1,605	1,236,567
At 1 January 2012	265,000	636,087	6,331	113,742	201,422	21,911	1,695	1,246,188

Company

	Year ended 31 December 2009		
	Office software	**Trademarks**	**Total**
	RMB'000	**RMB'000**	**RMB'000**
Cost:			
At 1 January 2009	1,537	1,210	2,747
Additions	425	4	429
At 31 December 2009	1,962	1,214	3,176
Accumulated amortisation:			
At 1 January 2009	(526)	—	(526)
Amortisation for the year	(97)	—	(97)
At 31 December 2009	(623)	—	(623)
Net carrying amount:			
At 31 December 2009	1,339	1,214	2,553
At 1 January 2009	1,011	1,210	2,221

	Year ended 31 December 2010		
	Office software	**Trademarks**	**Total**
	RMB'000	**RMB'000**	**RMB'000**
Cost:			
At 1 January 2010	1,962	1,214	3,176
Additions	1,547	26	1,573
Disposals	(79)	(4)	(83)
At 31 December 2010	3,430	1,236	4,666
Accumulated amortisation:			
At 1 January 2010	(623)	—	(623)
Amortisation for the year	(432)	—	(432)
Disposals	83	—	83
At 31 December 2010	(972)	—	(972)
Net carrying amount:			
At 31 December 2010	2,458	1,236	3,694
At 1 January 2010	1,339	1,214	2,553

Company

	Year ended 31 December 2011		
	Office software	Trademarks	Total
	RMB'000	RMB'000	RMB'000
Cost:			
At 1 January 2011	3,430	1,236	4,666
Additions	701	29	730
At 31 December 2011	4,131	1,265	5,396
Accumulated amortisation:			
At 1 January 2011	(972)	—	(972)
Amortisation for the year	(661)	—	(661)
At 31 December 2011	(1,633)	—	(1,633)
Net carrying amount:			
At 31 December 2011	2,498	1,265	3,763
At 1 January 2011	2,458	1,236	3,694

	Six-month period ended 30 June 2012		
	Office software	Trademarks	Total
	RMB'000	RMB'000	RMB'000
Cost:			
At 1 January 2012	4,131	1,265	5,396
Additions	268	5	273
At 30 June 2012	4,399	1,270	5,669
Accumulated amortisation:			
At 1 January 2012	(1,633)	—	(1,633)
Amortisation for the period	(333)	—	(333)
At 30 June 2012	(1,966)	—	(1,966)
Net carrying amount:			
At 30 June 2012	2,433	1,270	3,703
At 1 January 2012	2,498	1,265	3,763

20. INVESTMENTS IN SUBSIDIARIES

Company

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted investments, at cost	2,532,892	3,096,047	3,310,283	3,310,283

Particulars of the principal subsidiaries are as follows:

Company name*	Notes	Place and date of incorporation/ registration	Nominal value of issued/ registered share capital ('000)	Percentage of equity interest attributable to the Company		Principal activities	Auditors (note 1)
				Direct	Indirect		
Shanghai Xinchang Medical Equipment Co., Ltd. (上海信長醫療器械有限公司)	(2)	PRC 6 January 2009	RMB1,000	—	100	Manufacture and sale of diagnostic products	2010, 2011: (xxviii)
Shanghai For Me Yixing Pharmacy Chain-Store Co., Ltd. (上海復美益星大藥房連鎖有限公司)		PRC 21 March 2001	RMB50,000	—	100	Distribution and retail of medicine	2009: (ii), 2010: (iii), 2011: (xxiii)
Shanghai Fosun Pharmaceutical Investment Co., Ltd. (上海復星醫藥投資有限公司)		PRC 1 September 2000	RMB689,600	100		Investment management	2009: (ii), 2010, 2011: (i)
Shanghai Chemo Biopharma Co., Ltd. (上海凱茂生物醫藥有限公司)		PRC 19 November 2008	RMB153,000	—	70	Manufacture and trade of medicine	2009, 2010, 2011: (iv)
Chongqing Fochon Pharmaceutical Research Co., Ltd. (重慶復創醫藥研究有限公司)		PRC 18 March 2009	USD11,430	—	70	Research and development of chemical drugs	2009, 2010: (v) 2011: (xxxii)
Fosun Industrial (HK) Co., Ltd. (復星實業(香港)有限公司)		Hong Kong 22 September 2004	USD115,320	100	—	Investment management	2009, 2010, 2011: (vi)
Shanghai Fosun Chemical Pharmaceutical Investment Co., Ltd. (上海復星化工醫藥創業投資有限公司)		PRC 23 December 2003	RMB125,000	96	—	Investment management	2009, 2010, 2011: (i)

Company name*	Notes	Place and date of incorporation/ registration	Nominal value of issued/ registered share capital ('000)	Percentage of equity interest attributable to the Company		Principal activities	Auditors (note 1)
				Direct	Indirect		
Shanghai Fosun Biolog Biotech Co., Ltd. (上海復星佰珞生物技術有限公司)		PRC 5 December 2002	USD1,200	—	75	Manufacture and sale of diagnostic products	2009, 2010, 2011: (vii)
Shanghai Fosun Omni Pharmaceutical Co., Ltd. (上海復星普適醫藥科技有限公司)	(19)	PRC 16 August 2006	USD2,500	—	100	Research and development of medicine	2009, 2010: (ix), 2011: (xxxiii)
Shanghai Fosun New Medicine Research Co., Ltd. (上海復星新藥研究有限公司)		PRC 12 September 2008	RMB60,000	—	100	Research and development of medicine	2009, 2010, 2011: (i)
Jiangsu Wanbang Pharmaceutical Marketing & Distribution Co., Ltd. (江蘇萬邦醫藥營銷有限公司)		PRC 1 August 2008	RMB10,000	—	100	Sale of medicine	2009, 2010, 2011: (x)
Shanghai Keling Pharmaceutical Technology Co., Ltd. (上海科麟醫藥科技有限公司)		PRC 30 July 2008	RMB3,000	—	100	Research and development of medicine	2009, 2010, 2011: (xi)
Shanghai Fosun Pingyao Investment Management Co., Ltd. (上海復星平耀投資管理有限公司)		PRC 21 March 2007	RMB10,000	100	—	Investment management	2009, 2010, 2011: (i)
Chongqing Haisiman Pharmaceutical Co., Ltd. (重慶海斯曼藥業有限責任公司)		PRC 21 June 2007	RMB5,000	—	100	Sale of medicine	2009, 2010, 2011: (xii)
Xuzhou Wanbang Jinqiao Pharmaceutical Co., Ltd. (徐州萬邦金橋製藥有限公司)		PRC 27 September 2006	RMB41,000	—	97.98	Manufacture and trading of medicine	2009, 2010, 2011: (x)
Shanghai Qiguang Investment Management Co., Ltd. (上海齊廣投資管理有限公司)		PRC 24 April 2007	RMB5,000	—	100	Investment management	2009, 2010, 2011: (i)
Shanghai Qishen Investment Management Co., Ltd. (上海齊紳投資管理有限公司)		PRC 24 April 2007	RMB822,430	100	—	Investment management	2009, 2010, 2011: (i)

Company name*	Notes	Place and date of incorporation/ registration	Nominal value of issued/ registered share capital ('000)	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities	Auditors (note 1)
Shanghai Qi Guang Investment Management Co., Ltd. (上海齊光投資管理有限公司)		PRC 20 September 2007	RMB5,000	—	100	Investment management	2009, 2010, 2011: (i)
Shanghai Qirong Investment Management Co., Ltd. (上海齊融投資管理有限公司)		PRC 20 September 2007	RMB5,000	—	100	Investment management	2009, 2010, 2011: (i)
OMNI Pharmaceutical (USA), Inc.	(3)	United States of America 24 January 2008	USD500	—	100	Manufacture and trading of medicine	
Henlius Biopharmaceuticals, Inc.	(4)	United States of America 11 March 2010	USD4,350	—	100	Research and development of medicine	
Shanghai Henlius Biotech Co., Ltd. (上海復宏漢霖生物技術有限公司)		PRC 24 February 2010	USD18,000	—	74	Research and development of biopharma-ceutical drugs	2010, 2011: (i)
Chongqing Kaixing Pharmaceutical Co., Ltd. (重慶凱興製藥有限責任公司)		PRC 28 January 2010	RMB5,000	—	100	Manufacture and trading of medicine	2010, 2011: (xii)
Shanghai Fusheng Pharmaceutical Technology Development Co., Ltd. (上海復盛醫藥科技發展有限公司)		PRC 2 November 2010	RMB100,000	—	100	Research and development of medicine	2010: (iii), 2011: (xxxxii)
Ample Up Limited (能悅有限公司)		Hong Kong 7 April 2010	HKD780	—	100	Investment management	2010, 2011: (vi)
Shanghai Yicheng Hospital Investment Management Co., Ltd. (上海醫誠醫院投資管理有限公司)		PRC 28 December 2010	RMB100,000	100	—	Investment management	2010, 2011: (i)
Kelin Pharmaceutical Technology (Ghana) Limited (科麟醫藥科技(加納)有限公司)	(4)	Ghana 22 March 2010	USD300	—	100	Manufacture and trading of medicine	

Company name*	Notes	Place and date of incorporation/ registration	Nominal value of issued/ registered share capital ('000)	Percentage of equity interest attributable to the Company: Direct	Indirect	Principal activities	Auditors (note 1)
Chongqing Yao Pharmaceutical Co., Ltd. (重慶藥友製藥有限責任公司)		PRC 21 July 1997	RMB196,540	—	51	Manufacture and trading of medicine	2009, 2010, 2011: (xii)
Jiangsu Wanbang Biopharmaceutical Co., Ltd. (江蘇萬邦生化醫藥股份有限公司)		PRC 30 December 1998	RMB115,920	—	97.76	Manufacture and trading of medicine	2009, 2010, 2011: (x)
Guilin South Pharma Co., Ltd. (桂林南藥股份有限公司)		PRC 22 June 2001	RMB285,030	—	94.25	Manufacture and trading of medicine	2009: (ii), 2010: (xiii), 2011: (xxxv)
Shanghai Fosun Pharmaceutical Co., Ltd. (上海復星藥業有限公司)		PRC 28 July 1993	RMB66,550	—	97	Distribution of medicine	2009, 2010: (iii), 2011: (xxiii)
Shanghai Fosun Med-tech Development Co., Ltd. (上海復星醫學科技发展有限公司)		PRC 30 May 1994	RMB10,000	100	—	Manufacture and sale of diagnostic products	2009, 2010, 2011: (xxi)
Chongqing Carelife Pharmaceutical Co., Ltd. (重慶凱林製藥有限公司)		PRC 10 July 2000	RMB16,086	—	100	Manufacture and trading of medicine	2009, 2010: (xv), 2011: (xiv)
Hebei Wanbang Fulin Pharmaceutical Co., Ltd. (河北萬邦復臨藥業有限公司)		PRC 24 April 2004	RMB62,044	—	85	Manufacture and trading of medicine	2009, 2010, 2011: (xviii)
Sichuan Nuoya Medical Service Science and Technology Co., Ltd. (四川諾亞醫療科技有限責任公司)		PRC 7 April 2003	RMB2,600	—	100	Manufacture and sale of diagnostic products	2009, 2010, 2011: (xix)
Shanghai Technology Innovation Co., Ltd. (上海創新科技有限公司)		PRC 5 February 1993	RMB100,000	—	100	Manufacture and sale of medical devices	2009, 2010: (i), 2011: (xxxxii)
Shanghai Transfusion Technology Co., Ltd. (上海輸血技術有限公司)	(5)	PRC 28 August 1992	RMB40,000	—	100	Manufacture and sale of medical devices	2009, 2010: (i), 2011: (xxxii)
Shanghai Zhaohui Pharmaceutical Co., Ltd. (上海朝暉藥業有限公司)		PRC 23 March 1988	RMB100,000	—	100	Manufacture and trading of medicine	2009, 2010, 2011: (xxxvii)

Company name*	Notes	Place and date of incorporation/ registration	Nominal value of issued/ registered share capital ('000)	Percentage of equity interest attributable to the Company		Principal activities	Auditors (note 1)
				Direct	Indirect		
Shanghai Fosun Long March Medical Science Co., Ltd. (上海復星長征醫學科學有限公司)		PRC 9 February 1989	RMB126,854	100	—	Manufacture and sale of diagnostic products	2009: (xxi), 2010: (vii), 2011: (xxviii)
Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd. (上海復星醫藥產業發展有限公司)		PRC 27 November 2001	RMB653,308	100	—	Investment management	2009, 2010, 2011: (xxxvi)
Shanghai ClonBiotech Co., Ltd. (上海克隆生物高技術有限公司)		PRC 5 December 1996	RMB100,000	—	100	Research and development of biopharmaceutical drugs	2009, 2010, 2011: (iv)
Chongqing Pharmaceutical Research Institute Co., Ltd. (重慶醫藥工業研究院有限責任公司)		PRC 17 December 1991	RMB55,000	—	56.89	Research and development of medicine	2009: (i), 2010, 2011: (xxv)
Chongqing Kangle Pharmaceutical Co., Ltd. (重慶康樂製藥有限公司)		PRC 14 January 1988	RMB20,723	—	99.53	Manufacture and trading of medicine	2009: (i), 2010, 2011: (xxv)
Shanghai Fosun Medical System Co., Ltd. (上海復星醫療系统有限公司)		PRC 20 January 2000	RMB5,000	—	100	Manufacture and sale of medical devices	2009, 2010: (i) 2011: (xxxxii)
Shanghai Fuji Medical Instrument Co., Ltd. (上海復技醫療器械有限公司)	(6)	PRC 4 June 2001	RMB4,000	—	90	Manufacture and sale of medical devices	2009, 2010: (i) 2011: (xxxxii)
Huaiyin Medical Instruments Co., Ltd. (淮陰醫療器械有限公司)		PRC 7 June 1999	RMB10,000	—	100	Manufacture and sale of medical devices	2009, 2010, 2011: (xxxviii)
Shanghai Science & Technology Imp. & Exp. Co., Ltd. (上海科技進出口有限公司)	(7)	PRC 22 December 1994	RMB6,000	—	100	Import and export services	2009, 2010: (i)
Fenghuang County Jiangshan Technology Development Co., Ltd. (鳳凰縣江山科技發展有限公司)	(8)	PRC 19 May 2004	RMB15,500	—	65	Manufacture and trading of medicine	2009, 2010, 2011: (xxvi)
Zhejiang Anji Technology Innovation Co., Ltd. (安吉創新科技有限公司)		PRC 12 January 2004	RMB20,000	—	100	Manufacture and sale of medical devices	2009, 2010: (i), 2011: (xxvii)

Company name*	Notes	Place and date of incorporation/ registration	Nominal value of issued/ registered share capital ('000)	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities	Auditors (note 1)
Shine Star (Hubei) Biological Engineering Co., Ltd. (湖北新生源生物工程股份有限公司)		PRC 10 December 2001	RMB51,120	—	51	Manufacture and trading of medicine	2009, 2010, 2011: (xxxix)
Sichuan Hexin Pharmaceutical Co., Ltd. (四川合信藥業有限責任公司)	(9)	PRC 8 November 2002	RMB19,300	—	100	Manufacture and trading of medicine	2010, 2011: (xxix)
Yaneng Bioscience (Shenzhen) Co., Ltd. (亞能生物技術(深圳)有限公司)	(9)	PRC 18 July 2001	HKD11,430	—	51	Manufacture and trading of diagnostic drugs	2010, 2011: (xxx)
Beijing Golden Elephant Pharmacy Medicine Chain Co., Ltd. (北京金象大藥房醫藥連鎖有限責任公司)	(9)	PRC 7 March 2000	RMB42,220	—	55	Distribution and retail of medicine	2010: (xxiv), 2011: (viii)
Shenyang Hongqi Pharmaceutical Co., Ltd. (瀋陽紅旗製藥業有限公司)	(9)	PRC 30 October 1998	RMB12,000	—	74	Manufacture and trading of medicine	2010: (xxii), 2011: (xxxx)
Handan Moluodan Pharmaceutical Co., Ltd. (邯鄲摩羅丹藥業股份有限公司)	(9)	PRC 4 December 1998	RMB66,670	—	60.68	Manufacture and trading of medicine	2010: (xvii), 2011: (xxi)
Chindex Medical Limited (美中互利醫療有限公司)	(10)	Hong Kong 15 November 2010	USD51,880	—	51	Manufacture and sale of medical devices	2011: (ii)
Shanghai Fukun Pharmaceutical Technology Development Co., Ltd. (上海復坤醫藥科技發展有限公司)		PRC 17 June 2011	RMB100,000	—	100	Research and development of medicine	2011: (xxxxii)
Guilin Pharmaceutical Co., Ltd. (桂林製藥有限責任公司)	(11)	PRC 11 December 1989	RMB75,000	—	90.03	Manufacture and trading of medicine	2009, 2010: (xvi)
Shanghai Fosun Purun Investment Partnership Enterprise (上海復星譜潤股權投資企業(有限合夥))	(12)	PRC 29 July 2009	RMB60,000	—	99	Investment management	
Zhejiang Fosun Pharmaceutical Co., Ltd. (浙江復星醫藥有限公司)	(13)	PRC 14 August 1978	RMB30,000	—	68.6	Distribution and retail of medicine	2009, 2010: (xx)

Company name*	Notes	Place and date of incorporation/ registration	Nominal value of issued/ registered share capital ('000)	Percentage of equity interest attributable to the Company		Principal activities	Auditors (note 1)
				Direct	Indirect		
Suzhou Qitian Blood Transfusion Technology Co., Ltd. (蘇州奇天輸血技術有限公司)**	(14)	PRC 20 June 1986	RMB4,471	—	66.67	Manufacture and sale of medical devices	2009, 2010: (i)
Dalian Aleph Biomedical Co. Ltd. (大連雅立峰生物製藥有限公司)	(15)	PRC 28 February 2002	USD7,822	—	75	Manufacture and sale of biologic pharmaceutical product	2011: (xxxxi)
Jinzhou Aohong Pharmaceutical Co. Ltd. (錦州奥鴻藥業有限責任公司)	(15)	PRC 28 January 2002	RMB107,875	—	70	Manufacture and sale of pharmaceutical products	2011: (ii)
Anhui Jimin Hospital Management Co. Ltd. (安徽濟民醫院經營管理有限公司)	(16)	PRC 20 July 2011	RMB3,000	—	70	Hospital management	
Anhui Jimin Cancer Hospital (安徽省濟民腫瘤醫院)	(4) (15)	PRC 16 August 2010	RMB10,000	—	70	Healthcare services	
Yueyang Guangji Hospital Co., Ltd. (岳陽廣濟醫院有限公司)	(15) (18)	PRC 3 December 2004	RMB25,498	—	55	Healthcare services	2011: (xxxiv)
Hunan Province Guangji Real Estate Co., Ltd. (湖南省廣濟置業有限公司)	(15) (18)	PRC 29 September 2007	RMB72,549	—	55	Real estate development	2011: (xxxiv)
Jiangsu Changxing Medical Technology Co., Ltd. (江蘇長星醫療科技有限公司)	(17)	PRC 24 May 2012	RMB10,000	—	100	Manufacture and sale of diagnostic products	
Chongqing Ruizhe pharmaceutical Co., Ltd. (重慶睿哲製藥有限公司)	(17)	PRC 15 February 2012	RMB30,000	—	100	Manufacture and sale of pharmaceutical products	
Chongqing Yaoyou Investment Co., Ltd. (重慶藥友投資有限責任公司)	(17)	PRC 21 May 2012	RMB1,000	—	100	Investment management	

* The English names of the companies registered in the PRC represent the best efforts of the management of the Company in directly translating the Chinese names of these companies as no English names have been registered.

Notes:

(1) These subsidiaries' statutory financial statements for the years ended 2009, 2010 and 2011 were audited by the following certified public accountants in Mainland China:

(i) RSM China Certified Public Accountants
(ii) Ernst & Young Hua Ming
(iii) Shanghai Jiuxin Certified Public Accountants
(iv) Shanghai Huasheng Certified Public Accountants
(v) Chongqing Jingzhou Certified Public Accountants
(vi) Cheer Link Certified Public Accountants Limited
(vii) Hujiang Chengxin Certified Public Accountants
(viii) Beijing Zhonglihong Certified Public Accountants
(ix) Shanghai Kunde Certified Public Accountants
(x) Xuzhou Zhonghe Certified Public Accountants
(xi) Shanghai Jinglong Certified Public Accountants
(xii) Chongqing Zhongrui Certified Public Accountants
(xiii) Lixin Dahua Certified Public Accountants
(xiv) Chongqing Qinye Certified Public Accountants
(xv) Chongqing Kaihong Certified Public Accountants
(xvi) Guangxi Junyi'an Certified Public Accountants
(xvii) Handan Zhixin Certified Public Accountants
(xviii) Zhongxin Caiguang Certified Public Accountants
(xix) Zhongshen International Certified Public Accountants
(xx) Huzhou Guanmin Certified Public Accountants
(xxi) Shanghai Yongdexin Certified Public Accountants
(xxii) Liaoning Zeyuan Certified Public Accountants
(xxiii) Shanghai Maoheng Certified Public Accountants
(xxiv) Beijing Lingfeng Certified Public Accountants
(xxv) Kanghua Certified Public Accountants
(xxvi) Hunan Zhongxin Gaoxin Certified Public Accountants
(xxvii) Anji Huaxin Certified Public Accountants
(xxviii) Shanghai Huiqiang Certified Public Accountants
(xxix) Sichuan Zhonglei Certified Public Accountants
(xxx) Shenzhen Huangjia Certified Public Accountants
(xxxi) Hebei Taihang Certified Public Accountants
(xxxii) Chongqing Haiping Certified Public Accountants
(xxxiii) Shanghai Hongda Dongya Certified Public Accountants
(xxxiv) Shanghai Shangkuai Certified Public Accountants
(xxxv) Guangxi Lixin Certified Public Accountants
(xxxvi) Shanghai Huading Certified Public Accountants
(xxxvii) Shanghai Zhengze Certified Public Accountants
(xxxviii) Zhongzhun Certified Public Accountants
(xxxix) Hubei Daxin Certified Public Accountants
(xxxx) Shenyang Xinhao Lianhe Certified Public Accountants
(xxxxi) Liaoning Zhengwei Certified Public Accountants
(xxxxii) Shanghai Shangshen Certified Public Accountants

(2) No statutory accounts had been audited for this subsidiary for the year ended 31 December 2009 as a statutory audit was not required.

(3) OMNI Pharmaceutical (USA), Inc. was dissolved in 2011. No statutory accounts had been audited for this subsidiary for each of the two years ended 31 December 2009 and 2010 as a statutory audit was not required.

(4) No statutory accounts had been audited for these subsidiaries as a statutory audit was not required.

(5) In 2011, one of the Group's subsidiaries, Shanghai Technology Innovation Co., Ltd. entered into an agreement with the non-controlling shareholder of Shanghai Transfusion Technology Co., Ltd. ("Transfusion Technology"), which is an independent third party, to acquire a 46% equity interest in Transfusion Technology at a cash consideration of RMB40,140,000. After the acquisition, Transfusion Technology became a wholly-owned subsidiary of the Group.

(6) Shanghai Fuji Medical Instrument Co., Ltd. was acquired by the Group in 2009. Details of the transaction are set out in note 42 of this section below.

(7) Shanghai Science & Technology Imp. & Exp. Co., Ltd. was disposed of to an independent third party in 2011. Details of the transaction are set out in note 43 of this section below.

(8) The Group entered into an agreement to dispose of a 35% equity interest in Fenghuang County Jiangshan Technology Development Co., Ltd. to an independent third party. The equity interest held by the Group thereby decreased from 100% to 65% when the transaction was completed in August 2011.

(9) These entities were acquired by the Group in 2010. Details of the transactions are set out in note 42 of this section below.

(10) No statutory accounts had been audited for this subsidiary for the year ended 31 December 2010 as it was established at the end of 2010.

(11) Guilin Pharmaceutical Co., Ltd. was merged by Guilin South Pharma Co., Ltd., a subsidiary of the Group, and was deregistered in 2011.

(12) Shanghai Fosun Purun Investment Partnership Enterprise was disposed of in 2009 to a subsidiary of Fosun High Tech. Details of the transaction are set out in note 43 of this section below.

(13) Zhejiang Fosun Pharmaceutical Co., Ltd. was disposed of to Sinopharm Group Co., Ltd. ("Sinopharm"), a subsidiary of one of the Group's associates, Sinopharm Industrial Investment Co., Ltd. ("Sinopharm Investment") in 2011. Details of the transaction are set out in note 43 of this section below.

(14) In 2011, the Group entered into an agreement to dispose of a 35% equity interest in Suzhou Qitian Blood Transfusion Technology Co., Ltd. ("Suzhou Qitian") to Mr. Ni Yungeng, a non-controlling shareholder of Suzhou Qitian. The equity interest held by the Group thereby decreased from 66.67% to 31.67% when the transaction was completed on 31 March 2011. Therefore, Suzhou Qitian was accounted for as a subsidiary up to 31 March 2011, and as an associate from that date onwards. Details of the transaction are set out in note 43 of this section below.

(15) These subsidiaries were acquired by the Group in 2011. Details of the transactions are set out in note 42 of this section below.

(16) No statutory accounts had been audited for this subsidiary as it was established in 2011.

(17) These subsidiaries were established by the Group in 2012.

(18) During the six-month period 30 June 2012, Shanghai Yicheng Hospital Investment Management Co., Ltd. further acquired 29% equity interests in both Yueyang Guangji Hospital and Hunan Province Guangji Real Estate Co., Ltd. by way of capital injections. The equity interests held by the Group thereby increased from 26% to 55% when the transaction completed in June 2012.

(19) On 10 August 2012, Shanghai Fosun Omni Pharmaceutical Co., Ltd. was renamed to Shanghai Xingtai Pharmaceutical Co., Ltd. (上海星泰醫藥科技有限公司). The nominal value of issued/registered share capital was RMB19,881,000.

21. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

Group

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	8,086	2,143	1,954	1,704

Particulars of the jointly-controlled entities are as follows:

Company name*	Place and date of incorporation/registration	Nominal value of issued/ registered share capital ('000)	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Chongqing Kemei Yaoyou Nano Biotechnology Development Co., Ltd. (重慶科美藥友納米生物技術開發公司)	PRC 20 February 2004	RMB6,000	—	50	Research and development of medicine and health care products
Shanghai Huifeng Forme Pharmacy Co., Ltd. (上海滙豐復美大藥房有限公司)	PRC 29 July 2002	RMB500	—	50	Distribution and retail of medicine
Wanbang Anesiva (Jiangsu) Pharmaceutical Co., Ltd. (江蘇萬邦安新生物技術有限公司)**	PRC 9 January 2008	USD2,100	—	50	Research and development of biotechnology

* The English names of the companies registered in the PRC represent the best efforts of the management of the Company in directly translating the Chinese names of these companies as no English names have been registered.

** Wanbang Anesiva (Jiangsu) Pharmaceutical Co., Ltd. was dissolved in 2010.

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

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Share of the jointly-controlled entities' assets and liabilities:				
Current assets	5,395	1,485	1,416	1,260
Non-current assets	3,425	756	598	521
Current liabilities	(734)	(98)	(60)	(77)
Net assets	8,086	2,143	1,954	1,704

	Year ended 31 December			Six-month period ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Share of the jointly-controlled entities' results:					
Revenue	4,360	3,217	2,856	1,468	1,438
Total expenses	(5,354)	(3,895)	(3,028)	(1,637)	(1,679)
Tax	(40)	(35)	(17)	(4)	(9)
Loss after tax	(1,034)	(713)	(189)	(173)	(250)

22. INVESTMENTS IN ASSOCIATES

Group

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	5,545,513	5,999,038	7,329,257	7,514,414
Goodwill on acquisition	76,891	66,242	66,242	128,532
	5,622,404	6,065,280	7,395,499	7,642,946
Market value of listed shares*	293,778	1,769,096	965,341	639,850

* The carrying amounts of listed shares as at 31 December 2009, 2010 and 2011 and 30 June 2012 are RMB64,607,000, RMB275,293,000, RMB461,312,000 and RMB385,816,000, respectively.

Company

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted investments, at cost	171,840	171,840	171,840	171,840

Particulars of the Group's associates are as follows:

Company name*	Notes	Place and date of incorporation/registration	Nominal value of issued/registered share capital ('000)	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Tianjin Pharmaceutical Group Co., Ltd. (天津藥業集團有限公司)**		PRC 9 July 1988	RMB674,970	25	—	Manufacture and sale of medicine
Shandong Jincheng Pharmaceutical and Medical Co., Ltd. (山東金城醫藥化工股份有限公司)**	(1)	PRC 12 January 2004	RMB121,000	—	14.88	Manufacture and sale of medicine
Hunan Hansen Pharmaceutical Co., Ltd. (湖南漢森製藥股份有限公司)**	(2)	PRC 21 January 1998	RMB148,000	—	14.86	Manufacture and sale of medicine
Hunan Time Sun Pharmaceutical Co., Ltd. (湖南時代陽光藥業股份有限公司)**		PRC 23 July 1999	RMB58,286	—	30	Manufacture and sale of medicine
Guangxi Huahong Pharmaceutical Co., Ltd. (廣西壯族自治區花紅藥業股份有限公司)**		PRC 26 August 1982	RMB100,000	—	36.65	Manufacture and sale of medicine
Shanghai Yaofang Co., Ltd. (上海藥房股份有限公司)**		PRC 30 December 1997	RMB35,000	—	27	Distribution and retail of medicine
Beijing Yongan Fosun Pharmaceutical Company Limited (北京永安復星醫藥股份有限公司)**		PRC 7 October 1993	RMB150,000	—	46	Distribution and retail of medicine
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. (北京金象復星醫藥股份有限公司)**		PRC 12 December 1992	RMB127,418	—	50	Distribution and retail of medicine
Shanghai Lianhua Fosun Pharmacy Chain-store Co., Ltd. (上海聯華復星藥房連鎖經營有限公司)**		PRC 15 May 2000	RMB5,000	—	50	Distribution and retail of medicine
Shanghai Liyi Pharmacy Co., Ltd. (上海利意大藥房有限公司)**		PRC 25 November 2003	RMB1,000	—	35	Distribution and retail of medicine
Taizhou Directional Reflecting Materials Co., Ltd. (台州市定向反光材料有限公司)**		PRC 12 October 2000	RMB38,000	—	49	Research, development, manufacture and sale of glass microspheres
Zhejiang Crystal-Optech Co., Ltd. (浙江水晶光電科技股份有限公司)**	(3)	PRC 2 August 2002	RMB115,653	—	5.03	Research, development, manufacture and sale of precision film optics
Zhejiang Qianglong Seating Co., Ltd. (浙江強龍椅業股份有限公司)**		PRC 6 May 1997	RMB56,400	—	20.04	Manufacture of furniture
Guilin Auspicious Pharmaceutical Industrial Ltd. (桂林澳林製藥有限責任公司)**		PRC 25 March 2002	RMB6,000	—	49	Research, development, manufacture and sale of medicine

Company name*	Notes	Place and date of incorporation/registration	Nominal value of issued/registered share capital ('000)	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
Suzhou Qitian Blood Transfusion Technology Co., Ltd. (蘇州奇天輸血技術有限公司)**	(4)	PRC 20 June 1986	RMB4,471	—	31.67	Manufacture and sale of medical devices
Suzhou Laishi Transfusion Equipment Co., Ltd. (蘇州萊士輸血器材有限公司)**	(5)	PRC 25 December 1992	USD1,150	—	40	Manufacture and sale of medical devices
Zhejiang Old Uncle Restaurant Management Co., Ltd. (浙江老娘舅餐飲管理有限公司)**		PRC 12 May 2000	RMB10,750	—	23	Chinese fast food chain stores
Sinopharm Industrial Investment Co., Ltd. (國藥產業投資有限公司)**		PRC 6 May 2008	RMB100,000	—	49	Manufacture and trading of medicine
Shanghai Huixing Hospital Investment Management Co., Ltd. (上海匯星醫院投資管理有限公司)**	(6)	PRC 15 June 2009	RMB20,000	—	40	Provision of hospital management services
BioSino Bio-technology and Science Inc. (中生北控生物科技股份有限公司)		PRC 1 March 1988	RMB131,304	—	23.83	Manufacture and sale of medicine
Anhui Shanhe Medical Accessories Co., Ltd. (安徽山河藥用輔料股份有限公司)**		PRC 27 April 2001	RMB34,800	—	20	Manufacture and trading of medicine
Chengde Jingfukang Pharmaceutical Co., Ltd. (承德頸復康藥業集團有限公司)**		PRC 25 December 1997	RMB46,960	—	25	Manufacture and trading of medicine
Jiangxi Shengfulai Directional Reflecting Materials Co., Ltd. (江西盛富萊定向反光材料有限公司)**		PRC 16 June 2004	RMB18,000	—	39.54	Manufacture and sale of glass microspheres
Nanjing SINNOWA Medical Science & Technology Co., Ltd. (南京神州英諾華醫療科技有限公司)**		PRC 4 September 2002	RMB30,000	—	25	Research, development and manufacture of medicine equipment
Tongjitang Chinese Medicines Company**	(7)	Cayman Islands 16 May 2006	USD100	—	32.1	Development, manufacture and sale of Chinese medicine
Wuhan Zhonglian Pharmaceutical Co., Ltd. (武漢中聯藥業股份有限公司)**	(8)	PRC 1 December 1997	RMB143,430	—	32.19	Manufacture and trading of medicine
Nanjing Laoshan Pharmaceutical Co., Ltd. (南京老山藥業股份有限公司)**	(9)	PRC 22 December 1998	RMB53,186	—	32.98	Manufacture and trading of medicine
Huixin Biological Paper Co., Ltd. (匯鑫生物漿紙股份有限公司)**	(10)	PRC 8 January 1993	RMB200,000	—	30	Manufacture and trading of paper products
Shanghai Shenli Technology Co., Ltd. (上海神力科技有限公司)**	(11)	PRC 25 June 1998	RMB33,058	—	5	Research and development of battery engine technology

Company name*	Notes	Place and date of incorporation/registration	Nominal value of issued/registered share capital ('000)	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
SD Biosensor Inc.	(12)	Korea 21 December 2010	USD15,000	—	17.65	Research, development, manufacture and sale of blood glucose analysers
Shenzhen Belter Health Measurement and Analysis Technology Co., Ltd.	(13)	PRC 30 June 1994	RMB26,596	—	11	Manufacture and trading of medicine

* The English names of the companies registered in the PRC represent the best efforts of the management of the Company in directly translating the Chinese names of these companies as no English names have been registered.

** Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network

Notes:

(1) Shandong Jincheng Pharmaceutical and Medical Co., Ltd. ("Jincheng Medical") was listed on the Shenzhen Stock Exchange on 22 June 2011, which resulted in the decrease of the Group's equity interest in Jincheng Medical from 20% to 14.88%. The Group continues to account for Jincheng Medical as an associate as the Group still has significant influence on the board of directors as well as the operating and financial policies of this entity.

(2) Hunan Hansen Pharmaceutical Co., Ltd. ("Hunan Hansen") was listed on the Shenzhen Stock Exchange in May 2010, which resulted in the decrease of the Group's equity interest in Hunan Hansen from 20% to 14.86%. The Group continues to account for Hunan Hansen as an associate as the Group still has significant influence on the board of directors as well as the operating and financial policies of this entity.

(3) Zhejiang Crystal-Optech Co., Ltd. ("Zhejiang Crystal") was listed on the Shenzhen Stock Exchange in September 2008, which resulted in the decrease of the Group's equity interest in Zhejiang Crystal from 20% to 14.88%. The Group continued to account for Zhejiang Crystal as an associate as the Group still had significant influence on the board of directors as well as the operating and financial policies of this entity, despite the fact that the Group further reduced its equity interest in this entity to 7.99% by disposal of part of its equity interests from 2008 to 2011. In March 2012, the Group further reduced its equity interest in Zhejiang Crystal to 5.03% by disposal of its 2.96% equity interest in Zhejiang Crystal and lost its significant influence on the board of directors as well as the operating and financial policies of Zhejiang Crystal. Then, the Group started to account for Zhejiang Crystal as an available-for-sale investment from 1 April 2012. The disposal gain is RMB232,681,000.

(4) On 1 March 2011, the Group entered into an agreement to dispose of a 35% equity interest in Suzhou Qitian Blood Transfusion Technology Co., Ltd. ("Suzhou Qitian") to Mr. Ni Yungeng, a non-controlling shareholder of Suzhou Qitian. The equity interest held by the Group thereby decreased from 66.67% to 31.67% when the transaction was completed on 31 March 2011. Therefore, Suzhou Qitian was accounted for as a subsidiary up to 31 March 2011, and as an associate from that date onwards. Details of the transaction are set out in note 43 of this section below.

(5) On 1 March 2011, the Group entered into an agreement to dispose of a 35% equity interest in Suzhou Qitian to Mr. Ni Yungeng. The equity interest in Suzhou Qitian held by the Group decreased from 66.67% to 31.67%. Suzhou Laishi Transfusion Equipment Co., Ltd. ("Suzhou Laishi"), an associate of Suzhou Qitian, was no longer an associate of the Group after this transaction.

(6) The Group holds a 100% equity interest in Shanghai Huixing Hospital Investment Management Co., Ltd. ("Huixing Hospital"). Upon establishment of Huixing Hospital in 2009, the Group signed an agreement with Baihui (Shanghai) Hospital Management Co., Ltd. ("Baihui") and irrevocably entrusted 60% of voting rights of Huixing Hospital to Baihui. In

addition, the Group pledged 60% of its equity interest in Huixin Hospital to Baihui. As a result, the Group has no control but merely exerts significant influence on the board of directors as well as the operating and financial policies of Huixing Hospital. Therefore, Huixing Hospital has been accounted for as an associate of the Group since its establishment.

(7) One of the Group's subsidiaries, Fosun Industrial (HK) Co., Ltd. ("Fosun Industrial"), had bought the public shares of Tongjitang Chinese Medicines Company ("Tongjitang"), a company once listed on the New York Stock Exchange, since August 2007 from the open market. As at 30 June 2011, Fosun Industrial held a total of 32.1% of the equity interest in Tongjitang. Tongjitang was accounted for as an available-for-sale investment up to 9 May 2011 as the Group had no significant influence on Tongjitang. Following the privatisation of Tongjitang on 9 May 2011, the Group obtained representations on the board of directors of Tongjitang, and started to account for Tongjitang as an associate.

As at 9 May 2011, after reversal of the changes in fair value of RMB50,243,000 in respect of the previously held available-for-sale investment against other comprehensive income, the original investment cost of the Group's 32.1% equity interest in Tongjitang was RMB182,542,000, and 32.1% of the fair value of Tongjitang's identifiable net assets was RMB273,220,000, with the difference in an amount of RMB90,678,000 included in other gains in the consolidated income statements as detailed in note 9 of this section above.

(8) Wuhan Zhonglian Pharmaceutical Co., Ltd. was disposed of to independent third parties in 2009.

(9) Nanjing Laoshan Pharmaceutical Co., Ltd. was disposed of to an independent third party in 2010.

(10) On 28 February 2011, the Group through its subsidiaries, Shanghai Fosun Pingyao Investment Management Co., Ltd. and Shanghai Qiguang Investment Management Co., Ltd. (上海齊廣投資管理有限公司), entered into a disposal agreement with the original shareholder of Huixin Biological Paper Co., Ltd. ("Huixin Paper"), which is an independent third party, for the disposal of the Group's entire 30% equity interest in Huixin Paper. Therefore, Huixin Paper was accounted for as investment in an associate held for sale as at 31 December 2010 and was disposed of in the year ended 31 December 2011. According to the disposal agreement, the consideration will be received from 2012 till 2014.

(11) Shanghai Shenli Technology Co., Ltd. was accounted as an available-for-sale investment, when the Group partially disposed of its 31.035% equity interest in this entity in 2009.

(12) On 8 February 2012, Fosun Industrial, entered into a share subscription agreement with the shareholder of SD Biosensor Inc. ("SDB"), an independent third party, to subscribe 154,286 new shares of SDB, representing, upon issuance, approximately 17.65% of the issued and outstanding share capital of SDB on a fully diluted basis. The Group accounts for SDB as an associate as the Group has significant influence on the board of directors as well as the operating and financial policies of this entity starting from 1 March 2012.

(13) On 28 February 2012, Shanghai Fosun Pingyao Investment Management Co., Ltd. entered into a capital injection agreement with the shareholder of Shenzhen Belter Health Measurement and Analysis Technology Co., Ltd. ("Shenzhen Belter"), independent third parties, to acquire 11% equity interest in Shenzhen Belter. The Group accounts for Shenzhen Belter as an associate as the Group has significant influence on the board of directors as well as the operating and financial policies of this entity in April 2012.

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

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	40,964,980	56,572,284	84,372,896	92,327,106
Total liabilities	22,454,516	33,241,617	53,859,611	60,152,015

	Year ended 31 December			Six-month period ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	53,216,791	76,967,424	111,543,551	52,201,613	71,674,596
Profit after tax	1,143,587	1,476,373	1,612,437	839,119	1,770,898

23. AVAILABLE-FOR-SALE INVESTMENTS

Group

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Listed equity investments, at fair value:				
Hong Kong	34,384	37,816	—	—
United States	363,415	580,942	169,488	195,694
Mainland China	139,084	756,278	1,948,446	1,997,210
	536,883	1,375,036	2,117,934	2,192,904
Unlisted equity investments, at cost	439,743	680,095	670,570	681,933
	976,626	2,055,131	2,788,504	2,874,837

Company

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investments, at cost	91,040	149,388	176,388	176,388

The unlisted equity investments are equity securities issued by private entities established in the PRC. They are measured at cost less impairment at each reporting date because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably. The Group does not intend to dispose of them in the near future.

Movements in the provision for impairment of available-for-sale investments are as follows:

Group

	Year ended 31 December			Six-month period ended 30 June
	2009	**2010**	**2011**	**2012**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
At beginning of the year/period	2,694	51,334	50,334	50,334
Provision of impairment losses (note 8)	51,119	—	—	—
Write-off	(2,479)	(1,000)	—	—
At end of the year/period	51,334	50,334	50,334	50,334

24. OTHER NON-CURRENT ASSETS

Group

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Prepayments for purchase of property, plant and equipment	48	32,634	19,429	36,288
Deposits for purchase of land use rights	—	—	24,730	24,730
Prepayments for purchase of other intangible assets	5,950	4,950	5,400	5,400
Investment in an associate held for sale*	—	229,347	—	—
Receivable for disposal of an associate held for sale*	—	—	81,298	81,298
Less: provision for impairment*	—	(81,298)	(81,298)	(81,298)
Others	18,762	192	10,183	1,250
	24,760	185,825	59,742	67,668

* The investment in an associate held for sale represents the Group's investment in Huixin Paper. The amount was classified as a non-current asset as at 31 December 2010, and as other current asset (note 33) as at 31 December 2011 because the consideration is receivable from February 2012. Further details of Huixin Paper are set out in note 22(10) of this section above.

25. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

The deferred tax assets and liabilities are attributed to the following items, which are reflected in the consolidated statements of financial position:

Group

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets:				
Provision for impairment of assets	9,374	11,161	7,279	7,657
Depreciation and amortisation	351	2,021	506	749
Losses available for offsetting against future taxable profit	—	211	—	—
Accrued expenses	1,682	4,961	8,942	15,388
Gross deferred tax assets	11,407	18,354	16,727	23,794
Deferred tax liabilities:				
Deemed disposal of associates	660,106	678,202	865,647	863,559
Gain on disposal of a associate	—	—	—	24,162
Fair value adjustments arising from available-for-sale investments	26,085	136,667	416,873	368,105
Deferred income from disposal of an associate approved by local tax authority	15,874	7,937	—	—
Fair value adjustments arising from acquisition of subsidiaries	—	41,998	313,245	310,167
Gross deferred tax liabilities	702,065	864,804	1,595,765	1,565,993
Net deferred tax liabilities	690,658	846,450	1,579,038	1,542,199

Company

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets:				
Provision for impairment of assets	449	449	—	—
Deferred tax liabilities:				
Deferred income from disposal of associates approved by local tax authority	15,874	7,937	—	—
Net deferred tax liabilities	15,425	7,488	—	—

The movements in deferred tax assets/(liabilities) during the Relevant Periods are as follows:

Group

	Year ended 31 December			Six-month period ended 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period, net	(40,541)	(690,658)	(846,450)	(1,579,038)
Deferred tax assets of acquired subsidiaries (note 42)	—	1,791	3,119	—
Deferred tax liabilities arising from acquisition of subsidiaries (note 42)	—	(42,414)	(259,746)	—
Deferred tax charged to profit or loss during the year/period (note 12)	(638,527)	(5,864)	(195,949)	(11,929)
Deferred tax (charged)/credited to reserves during the year/period	(11,590)	(109,305)	(280,012)	48,768
At end of the year/period, net	(690,658)	(846,450)	(1,579,038)	(1,542,199)

Company

	Year ended 31 December			Six-month period ended 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period, net	(30,752)	(15,425)	(7,488)	—
Deferred tax credited to profit or loss during the year/period	15,327	7,937	7,488	—
At end of the year/period, net	(15,425)	(7,488)	—	—

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

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	73,140	190,100	657,506	720,721
Deductible temporary differences	61,976	148,699	296,748	296,748
	135,116	338,799	954,254	1,017,469

Company

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	40,808	106,590	212,758	309,746
Deductible temporary differences	50,000	50,000	50,000	50,000
	90,808	156,590	262,758	359,746

There are no income tax consequences attaching to the payments of dividends by the Company to its shareholders.

26. INVENTORIES

Group

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	167,948	244,236	324,339	358,970
Work in progress	103,990	148,399	172,150	202,790
Finished and semi-finished goods	312,092	507,807	596,753	636,614
Spare parts and consumables	16,396	45,171	35,466	36,166
Others	9,002	22,951	17,029	23,625
	609,428	968,564	1,145,737	1,258,165
Less: provision	(11,435)	(35,790)	(21,794)	(27,563)
	597,993	932,774	1,123,943	1,230,602

Company

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Spare parts and consumables	682	1,010	498	512

27. TRADE AND BILLS RECEIVABLES

Group

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	529,663	819,047	844,952	977,744
Bills receivable	150,670	239,360	302,748	259,847
	680,333	1,058,407	1,147,700	1,237,591

The credit period for trade receivables is generally three months, which may be extended up to six months for major customers. Trade and bills receivables are non-interest-bearing.

An aged analysis of trade receivables, based on the invoice date and net of provisions, as at the respective reporting dates is as follows:

Group

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	528,005	802,709	837,666	971,305
1 to 2 years	6,888	23,587	16,252	13,477
2 to 3 years	5,893	8,551	4,401	6,198
Over 3 years	27,406	31,468	22,139	22,314
	568,192	866,315	880,458	1,013,294
Less: provision for impairment	(38,529)	(47,268)	(35,506)	(35,550)
	529,663	819,047	844,952	977,744

Movements in the provision for impairment of trade receivables are as follows:

Group

	Year ended 31 December			Six-month period ended 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	48,965	38,529	47,268	35,506
Provision of impairment losses	3,298	7,482	1,690	1,053
Impairment losses reversed	(7,408)	(2,658)	(4,657)	(887)
Acquisition of subsidiaries	333	4,170	11,566	—
Disposal of subsidiaries	—	—	(7,864)	—
Amounts written off as uncollectible	(6,659)	(255)	(12,497)	(122)
At end of the year/period	38,529	47,268	35,506	35,550

As at 31 December 2009, 2010 and 2011 and 30 June 2012, included in the above provision for impairment of trade receivables are provisions for individually impaired trade receivables with carrying amounts before provision of RMB38,529,000, RMB47,268,000, RMB35,506,000 and RMB35,550,000, respectively.

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in principal payments. The Group does not hold any collateral or other credit enhancements over these balances.

An aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

Group

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	341,320	337,340	344,873	405,702
Less than 3 months past due	161,598	420,217	425,301	482,797
3 to 6 months past due	12,318	43,895	52,874	68,935
6 months to 1 year past due	3,522	8,721	14,618	13,871
Over 1 year past due	10,905	8,874	7,286	6,439
	529,663	819,047	844,952	977,744

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 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. The Group does not hold any collateral or other credit enhancements over these balances.

28. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Listed equity investments, at market value				
United States	432	189,480	231,319	238,857
Mainland China	—	29,280	—	—
Singapore	11,270	—	—	—
	11,702	218,760	231,319	238,857

The above equity investments as at 31 December 2009, 2010 and 2011 and 30 June 2012 were held for trading.

29. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Advances to suppliers	136,236	116,190	212,951	178,980
Deposits	19,867	23,762	182,676	196,172
Other receivables	52,342	152,769	123,821	153,907
	208,445	292,721	519,448	529,059

Company

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Deposits	500	—	500	—
Other receivables	1,107	9,357	36,363	47,645
	1,607	9,357	36,863	47,645

An aged analysis of prepayments, deposits and other receivables as at the respective reporting dates, net of provisions, is as follows:

Group

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	199,025	257,894	506,273	494,297
1 to 2 years	4,633	34,516	8,767	25,263
2 to 3 years	6,156	6,414	5,785	10,084
Over 3 years	4,675	8,204	9,578	10,370
	214,489	307,028	530,403	540,014
Less: provision for impairment of other receivables	(6,044)	(14,307)	(10,955)	(10,955)
	208,445	292,721	519,448	529,059

Company

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	710	9,357	36,863	43,667
1 to 2 years	498	—	—	3,978
2 to 3 years	349	—	—	—
Over 3 years	147	97	97	97
	1,704	9,454	36,960	47,742
Less: provision for impairment of other receivables	(97)	(97)	(97)	(97)
	1,607	9,357	36,863	47,645

Movements in the provision for impairment of other receivables are as follows:

Group

	Year ended 31 December			Six-month period ended 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	5,590	6,044	14,307	10,955
Provision of impairment losses	465	4,032	2,964	1,112
Impairment losses reversed	(11)	(404)	(541)	—
Acquisition of subsidiaries	—	4,656	702	—
Disposal of subsidiaries	—	—	(755)	—
Amounts written off as uncollectible	—	(21)	(5,722)	(1,112)
At end of the year/period	6,044	14,307	10,955	10,955

30. CASH AND CASH EQUIVALENTS

Group

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Cash on hand	1,332	1,629	10,060	3,140
Cash at banks, unrestricted	1,212,053	2,969,502	2,348,028	1,313,835
Deposits in Fosun Finance*	—	—	70,131	146,159
Cash and cash equivalents as stated in the consolidated statements of cash flows	1,213,385	2,971,131	2,428,219	1,463,134
Pledged bank balances to secure bills payable	21,176	65,831	123,338	99,160
Pledged bank balances to secure bank borrowings (note 36)	—	157,500	157,500	—
Term deposits with original maturity of more than three months	62,200	149,093	185,516	181,288
Cash and cash equivalents as stated in the consolidated statements of financial position	1,296,761	3,343,555	2,894,573	1,743,582

Company

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Cash on hand	120	112	28	45
Cash at banks, unrestricted	514,406	537,864	119,347	53,932
Deposits in Fosun Finance*	—	—	131	51,243
Pledged bank balances to secure bank borrowings	—	157,500	157,500	—
Term deposits with original maturity of more than three months	35,000	105,000	140,000	140,000
Cash and cash equivalents as stated in the statements of financial position	549,526	800,476	417,006	245,220

* Fosun Group Finance Corporation Limited ("Fosun Finance") is a licensed financial institution registered with the China Banking Regulatory Commission. Fosun Finance is a subsidiary of Fosun High Tech. Details of the deposits are given in note 48(d) of this section below

As at 31 December 2009, 2010 and 2011 and 30 June 2012, the cash and cash equivalents of the Group denominated in foreign currencies amounted to RMB92,677,000, RMB451,734,000, RMB259,602,000 and RMB100,005,000, respectively. The RMB is not freely convertible into other currencies. However, under Mainland China's prevailing rules and regulations over foreign exchange, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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 seven days and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. Term deposits with original maturity of more than three months earn interest at fixed interest rates for varying periods of between three months and three years. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. Details of the interest earned on deposits in Fosun Finance are set out in note 48(f) of this section below.

31. HELD-TO-MATURITY INVESTMENT

Group

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Debt investment (note 42)	—	14,312	—	—

As at 31 December 2010, the held-to-maturity investment was a government bond purchased by one of the Group's subsidiaries, Chindex Medical Limited, amounting to USD2,161,070. The effective interest rate was 0.2% per annum and the bond was due on 3 May 2011. The carrying amount of the held-to-maturity investment approximated to its fair value.

32. NON-CURRENT ASSETS HELD FOR SALE

Group

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets held for sale	475,244	—	—	—

As at 31 December 2009, the non-current assets held for sale are equity interests in Shanghai Forte Land Co., Ltd. ("Forte"). On 27 October 2009, the Group entered into an equity transfer agreement with its holding company, Fosun High Tech, for the disposal of its entire 9.56% equity interest in Forte. Details are set out in note 48(h) of this section below.

33. OTHER CURRENT ASSET

Group

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Receivable for disposal of an associate held for sale	—	—	148,049	148,049
Less: provision for impairment	—	—	(148,049)	(148,049)
	—	—	—	—

As at 31 December 2011, the receivable for disposal of an associate held for sale represents the receivable for disposal of the Group's investment in Huixin Paper, which was expected to be received by instalments from February 2012 and was reclassified from other non-current assets (note 24). As Huixin Paper has experienced financial difficulties and operational abnormalities since 2010, the receivable was fully impaired as at 31 December 2011. The details of Huixin Paper are set out in note 22(10) of this section above.

34. TRADE AND BILLS PAYABLES

Group

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	457,235	725,059	735,707	725,810
Bills payable	32,129	100,195	183,941	161,951
	489,364	825,254	919,648	887,761

Company

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	1,118	1,103	—	—

Trade and bills payables are non-interest-bearing and are normally settled on a three-month term.

An aged analysis of the trade payables as at 31 December 2009, 2010 and 2011 and 30 June 2012 is as follows:

Group

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	441,843	701,665	717,565	710,687
1 to 2 years	7,497	13,632	4,352	8,541
2 to 3 years	2,289	1,946	6,620	1,027
Over 3 years	5,606	7,816	7,170	5,555
	457,235	725,059	735,707	725,810

Company

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	21	—	—	—
1 to 2 years	—	21	—	—
Over 3 years	1,097	1,082	—	—
	1,118	1,103	—	—

35. OTHER PAYABLES AND ACCRUALS

Group

	Notes	As at 31 December 2009	As at 31 December 2010	As at 31 December 2011	As at 30 June 2012
		RMB'000	RMB'000	RMB'000	RMB'000
Advances from customers		67,631	95,493	197,910	167,504
Payables relating to purchase of plant, property and equipment		27,308	15,136	47,937	14,966
Deposits received		32,964	50,081	118,956	78,144
Payroll		81,273	110,956	129,520	129,530
Business tax		453	2,824	3,074	1,336
Value-added tax		11,047	16,486	12,718	14,640
Other taxes		8,700	91,930	20,369	28,787
Accrued interest expenses		6,105	14,312	94,927	98,974
Dividends payable to non-controlling shareholders of subsidiaries		21,180	56,464	17,563	42,453
Other accrued expenses		67,306	70,600	91,995	141,447
Current portion of deferred income (note 38)		—	—	20,074	20,950
Payables for acquisition of subsidiaries	(i)	—	96,762	987,094	573,164
Payables for purchase of an associate and an available-for-sale investment	(ii)	—	—	—	43,357
Loans from non-controlling shareholders of subsidiaries	(iii)	—	96,506	43,324	40,000
Loans from independent third parties	(iv)	—	—	33,159	—
Other payables	(v)	68,130	164,869	269,949	357,579
		392,097	882,419	2,088,569	1,752,831
Less: Non-current portion of payables for acquisition of subsidiaries	(i)	—	—	(312,636)	(241,724)
		392,097	882,419	1,775,933	1,511,107

Company

	Notes	As at 31 December 2009	As at 31 December 2010	As at 31 December 2011	As at 30 June 2012
		RMB'000	RMB'000	RMB'000	RMB'000
Payroll		12,444	13,469	18,617	27,838
Accrued interest expenses		4,665	11,519	88,374	96,437
Value-added tax		(413)	(713)	(1,093)	(1,401)
Other payables	(v)	16,860	13,769	23,577	21,245
		33,556	38,044	129,475	144,119

Notes:

(i) Payables for acquisition of subsidiaries as at 31 December 2010 represent the cash considerations for the acquisitions of Shenyang Hongqi Pharmaceutical Co., Ltd. and Handan Moluodan Pharmaceutical Co., Ltd., which was paid by the Group in 2011.

Payables for acquisition of subsidiaries as at 31 December 2011 were the cash considerations for the acquisitions of Dalian Aleph, Aohong Pharma, Guangji Hospital and Guangji Real Estate. The non-current portion is the fair value of the contingent consideration for the acquisition of Aohong Pharma, which will be paid in 2013 to 2015.

Payables for acquisitions of subsidiaries as at 30 June 2012 represent the cash considerations for the acquisitions of Dalian Aleph and Aohong Pharma. The non-current portion is the fair value of the contingent consideration for the acquisition of Aohong Pharma, which will be paid in 2014 and 2015. The forth instalment of RMB76,440,000 for the acquisition of Aohong Pharma would be fullfiled in 2013, and was reclassified to the current portion as at 30 June 2012 (note 39(ii)).

Details of the acquisitions are set out in note 42 of this section below.

(ii) Payables for purchase of an associate and an available-for-sale investment as at 30 June 2012 represent the cash considerations for purchase of Shenzhen Belter Health Measurement and Analysis Technology Co., Ltd. (note 22(13)) and Shenzhen Haotong Investment Development Company Limited, amounting to RMB34,767,000 and RMB8,590,000, respectively.

(iii) Loans from non-controlling shareholders of subsidiaries as at 31 December 2010 include a loan of RMB60,000,000, which bears interest at a rate of 12% per annum and is repayable on demand. The remaining balance of RMB36,506,000 as at 31 December 2010 is interest-free and repayable on demand. Loans from non-controlling shareholders of subsidiaries as at 31 December 2011 are loans of RMB43,324,000, which bear interest at a rate of 12% per annum and are repayable on demand. The loan from non-controlling shareholder of a subsidiary as at 30 June 2012 is a loan of RMB40,000,000, which bears interest at a rate of 10% per annum and is repayable on demand.

(iv) Loans from independent third parties of RMB33,159,000 as at 31 December 2011 bear interest at a rate of 12% per annum and are repayable on demand.

(v) Other payables are non-interest-bearing and repayable on demand.

36. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans: (note (1))				
Guaranteed by related parties	1,191,883	988,552	511,018	—
Secured	527,400	762,603	881,179	749,000
Unsecured	1,149,980	1,853,190	2,133,615	1,311,023
	2,869,263	3,604,345	3,525,812	2,060,023
Medium-term notes (note (2))	—	986,104	2,568,056	2,571,442
Corporate bonds (note (3))	—	—	—	1,487,377
Loans from Fosun Finance (note (4))	—	—	—	25,000
Total	2,869,263	4,590,449	6,093,868	6,143,842
Repayable:				
Within 1 year	1,582,998	1,830,386	2,177,051	1,488,805
1 to 2 years	165,000	566,603	962,114	429,400
2 to 5 years	1,015,000	1,853,460	2,904,703	4,175,637
Over 5 years	106,265	340,000	50,000	50,000
	2,869,263	4,590,449	6,093,868	6,143,842
Portion classified as current liabilities	(1,582,998)	(1,830,386)	(2,177,051)	(1,488,805)
Non-current portion	1,286,265	2,760,063	3,916,817	4,655,037

Company

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Bank loans:				
Guaranteed by related parties	1,120,000	660,000	455,000	1,000
Secured	420,000	420,000	320,000	545,000
Unsecured	—	330,000	200,000	—
	1,540,000	1,410,000	975,000	546,000
Medium-term notes (note (2))	—	986,104	2,568,056	2,571,442
Corporate bond (note (3))	—	—	—	1,487,377
	1,540,000	2,396,104	3,543,056	4,604,819
Repayable:				
Within 1 year	500,000	380,000	298,000	26,000
1 to 2 years	110,000	380,000	412,000	355,000
2 to 5 years	830,000	1,296,104	2,783,056	4,173,819
Over 5 years	100,000	340,000	50,000	50,000
	1,540,000	2,396,104	3,543,056	4,604,819
Portion classified as current liabilities	(500,000)	(380,000)	(298,000)	(26,000)
Non-current portion	1,040,000	2,016,104	3,245,056	4,578,819

Notes:

(1) ***Bank loans — Group***

(a) *Foreign currency loans*

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
USD:				
Guaranteed by related parties	121,883	328,552	126,018	—
Unsecured	199,753	193,741	404,858	588,241
	321,636	522,293	530,876	588,241
HKD:				
Secured	—	146,603	139,479	—

(b) *The bank loans bear interest at annual interest rates of:*

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Interest rate range	1.331% to 6.372%	1.050% to 6.390%	1.00% to 8.530%	1.895% to 8.530%

(c) As at 30 June 2012, certain of the Group's bank loans are secured by the pledge of certain of the Group's time deposits (note 30) amounting to nil (31 December 2011 and 2010: RMB157,500,000 and 31 December 2009: nil), property, plant and equipment (note 16) amounting to RMB298,843,000 (31 December 2011: RMB350,696,000, 31 December 2010: RMB233,985,000 and 31 December 2009: RMB117,564,000), prepaid land lease payments (note 17) amounting to RMB69,269,000 (31 December 2011: RMB73,744,000, 31 December 2010: RMB106,931,000 and 31 December 2009: RMB43,314,000), and the Group's 94.16% equity interest in Guilin South Pharma Co., Ltd. (31 December 2011: the Group's 70% equity interest in Shenyang Hongqi Pharmaceutical Co., Ltd., 31 December 2010 and 31 December 2009: the Group's 51% equity interest in Chongqing Yao Pharmaceutical Co., Ltd. and 77.85% equity interest in Guilin Pharmaceutical Co., Ltd.)

(d) As at 31 December 2009, 2010 and 2011 and 30 June 2012, secured bank loans include RMB420,000,000, RMB420,000,000, RMB320,000,000 and RMB320,000,000, respectively, which were also guaranteed by Fosun High Tech.

(2) *Medium-term notes*

On 8 November 2010, the Company issued medium-term notes with a maturity of five years in an aggregate amount of RMB1,000,000,000, which bear interest at the one-year term deposit bank interest rate plus 240 basis points per annum. The interest is payable annually in arrears and the maturity date is 10 November 2015.

On 31 March 2011, the Company issued medium-term notes with a maturity of five years in an aggregate amount of RMB1,600,000,000, which bear interest at the one-year term deposit bank interest rate plus 290 basis points per annum. The interest is payable annually in arrears and the maturity date is 31 March 2016.

(3) *Corporate bonds*

On 25 April 2012, the Company issued corporate bonds with a maturity of five years in an aggregate amount of RMB1,500,000,000, which bear interest at 5.53% per annum. The interest is payable annually in arrears and the maturity date is 25 April 2017.

(4) *Details are given in note 48(d) and (g) of this section below.*

The carrying amounts of the Group's current bank and other borrowings approximate to their fair values. The fair values of the Group's non-current bank and other borrowings as at 31 December 2009, 2010 and 2011 and 30 June 2012 are RMB1,176,608,000, RMB2,650,940,000, RMB3,822,693,000 and RMB4,521,152,000, respectively. The carrying amounts of the Company's current bank and other borrowings approximate to their fair values. The fair values of the Company's non-current bank and other borrowings as at 31 December 2009, 2010 and 2011 and 30 June 2012 are RMB1,031,741,000, RMB1,925,986,000, RMB3,159,356,000 and RMB4,444,893,000, respectively. The fair values have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

37. BALANCES WITH RELATED COMPANIES

Group

Due from related companies	Notes	As at 31 December 2009	As at 31 December 2010	As at 31 December 2011	As at 30 June 2012
		RMB'000	RMB'000	RMB'000	RMB'000
Associates	(i)	36,399	19,458	132,123	302,506
Other related companies		—	—	—	2,270
		36,399	19,458	132,123	304,776

Company

Due from related companies	Notes	As at 31 December 2009	As at 31 December 2010	As at 31 December 2011	As at 30 June 2012
		RMB'000	RMB'000	RMB'000	RMB'000
Associates		100	—	—	7,500
Subsidiaries	(ii)	1,670,761	1,721,645	2,790,270	4,276,582
		1,670,861	1,721,645	2,790,270	4,284,082
Portion classified as current		(1,670,861)	(1,721,645)	(1,697,119)	(2,160,932)
Non-current portion		—	—	1,093,151	2,123,150

Notes:

(i) The amounts due from associates as at 30 June 2012 include an amount of RMB171,029,000, which is dividend receivable from associates of the Group. The amounts due from associates as at 31 December 2011 include an amount of RMB21,431,000, which is dividend receivable from associates of the Group. The remaining balances due from associates as at 31 December 2009, 2010 and 2011 and 30 June 2012 are trade in nature, non-interest-bearing and repayable on demand.

(ii) As at 30 June 2012, the balances due from subsidiaries include entrusted loans to the subsidiaries amounting to RMB2,883,150,000 (31 December 2011: RMB1,773,150,000; 31 December 2010 and 31 December 2009: nil), which bear interest at rates ranging from 6.40% to 10.5% per annum. The interest is payable annually from 2012 to 2014. The principal amounts will be repaid on the maturity dates. As at 30 June 2012, the balances due from subsidiaries also include dividend receivable amounting to RMB99,840,000 (31 December 2011: RMB31,000,000, 31 December 2010: nil and 31 December 2009: RMB383,000,000) and interest receivable amounting to RMB100,011,000 (31 December 2011: RMB7,371,000, 31 December 2010: nil and 31 December 2009: nil). The remaining balances are trade in nature, non-interest-bearing and repayable on demand.

Group

Due to related companies	Notes	As at 31 December 2009	2010	2011	As at 30 June 2012
		RMB'000	RMB'000	RMB'000	RMB'000
Associates	(iii)	4,170	23,425	43,588	33,627
Jointly-controlled entities		1,000	—	—	—
Other related companies		—	—	—	2,114
		5,170	23,425	43,588	35,741

Company

Due to related companies	Notes	As at 31 December 2009	2010	2011	As at 30 June 2012
		RMB'000	RMB'000	RMB'000	RMB'000
Subsidiaries	(iv)	1,261,664	580,925	12,496	363,926

Notes:

(iii) The amounts due to associates as at 31 December 2010 include an amount of RMB6,347,000, which is dividend payable to Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. The amounts due to associates as at 31 December 2011 include an amount of RMB10,000,000, which is an entrusted loan from an associate of the Group. Further details are given in note 48 (d) of this section below.

(iv) The amounts due to subsidiaries are unsecured, non-interest-bearing and repayable on demand.

The remaining balances due to related parties are trade in nature, non-interest-bearing and repayable on demand.

The carrying amounts of the balances with related companies approximate to their fair values. The nature of the transactions with related companies is disclosed in note 48 of this section below.

38. DEFERRED INCOME

Group

	As at 31 December 2009	2010	2011	As at 30 June 2012
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants	25,250	39,370	35,101	38,269
Extended warranty	—	—	25,137	27,435
Less: Extended warranty classified as current portion (note 35)	—	—	(20,074)	(20,950)
	25,250	39,370	40,164	44,754

Company

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants	3,000	—	—	—

Government grants were received by the Group as financial subsidies for some research and development projects, industrial development funds and value-added tax refund. Government grants are recognised as income over the periods necessary to match the grants on a systematic basis to the costs that they are intended to compensate. There are no unfulfilled conditions or contingencies relating to these grants.

The movements in government grants during the Relevant Periods are as follows:

Group

	Year ended 31 December			Six-month period ended 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	13,000	25,250	39,370	35,101
Additions	63,565	68,858	57,470	21,939
Recognised as income during the year/period (note 7).	(51,315)	(54,738)	(61,739)	(18,771)
At end of the year/period	25,250	39,370	35,101	38,269

Company

	Year ended 31 December			Six-month period ended 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	3,000	3,000	—	—
Additions	—	—	—	—
Recognised as income during the year/period	—	(3,000)	—	—
At end of the year/period	3,000	—	—	—

39. OTHER LONG-TERM LIABILITIES

Group

		As at 31 December			As at 30 June
	Notes	2009	2010	2011	2012
		RMB'000	RMB'000	RMB'000	RMB'000
Staff placement fees	(i)	57,507	52,484	44,376	41,442
Payables for acquisition of subsidiaries	(ii)	—	—	312,636	241,724
Others		5,687	6,642	18,506	30,113
		63,194	59,126	375,518	313,279

Notes:

(i) Staff placement fees represent liabilities incurred by certain subsidiaries of the Group before 2008 in respect of the retirement benefits of certain employees and retirees.

(ii) Payables for acquisition of subsidiaries represent the fair value of the contingent consideration for the acquisition of Aohong Pharma, which will be paid in 2014 and 2015 (note 35(i)).

40. ISSUED SHARE CAPITAL

	As at 31 December						As at 30 June 2012	
	2009		2010		2011		2012	
	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value
	'000	RMB'000	'000	RMB'000	'000	RMB'000	'000	RMB'000
Shares								
Registered, issued and fully paid:								
A Shares of RMB1 each	1,237,775	1,237,775	1,904,392	1,904,392	1,904,392	1,904,392	1,904,392	1,904,392

Movements in the issued share capital during the Relevant Periods were as follows:

	Year ended 31 December						Six-month period ended 30 June	
	2009		2010		2011		2012	
	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value	Number of shares	Nominal value
	'000	RMB'000	'000	RMB'000	'000	RMB'000	'000	RMB'000
At beginning of the year/period	1,237,775	1,237,775	1,237,775	1,237,775	1,904,392	1,904,392	1,904,392	1,904,392
Issue of new shares	—	—	31,820[(a)]	31,820[(a)]	—	—	—	—
Bonus shares	—	—	634,797[(b)]	634,797[(b)]	—	—	—	—
At end of the year/period	1,237,775	1,237,775	1,904,392	1,904,392	1,904,392	1,904,392	1,904,392	1,904,392

Notes:

(a) On 4 May 2010, the Company completed an issue of 31,820,000 additional A Shares. The net proceeds received from the issue amounted to RMB635,392,000, after the deduction of issue expenses of RMB4,100,000. Part of the proceeds, amounting to RMB31,820,000, was credited as issued and fully paid share capital, and the remaining balance of RMB603,572,000 was credited to share premium.

(b) Pursuant to a resolution of the annual general meeting of shareholders on 9 June 2010, the registered and issued share capital of the Company was increased by the capitalisation of capital reserve of RMB507,838,000 and retained profits of RMB126,959,000 for all shareholders in the record of the Company's register of shareholders on 23 July 2010. The issued share capital of the Company thereby increased from RMB1,269,595,000 to RMB1,904,392,000.

41. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of changes in equity in Section I.

(b) Company

	Share premium	Statutory surplus reserve (note)	(Accumulated losses)/retained profits	Proposed final dividend	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2009	746,224	166,062	(256,159)	123,777	779,904
Profit for the year	—	—	292,672	—	292,672
Profit appropriation to reserve	—	29,518	(29,518)	—	—
Final 2008 dividend declared and paid	—	—	—	(123,777)	(123,777)
Proposed final 2009 dividend	—	—	(123,777)	123,777	—
At 31 December 2009 and 1 January 2010	746,224	195,580	(116,782)	123,777	948,799
Profit for the year	—	—	256,295	—	256,295
Profit appropriation to reserve	—	29,385	(29,385)	—	—
Issue of new shares (note 40(a))	603,572	—	—	—	603,572
Bonus shares (note 40(b))	(507,838)	—	(126,959)	—	(634,797)
Additional declared and paid 2009 dividend (note 14)	—	—	(3,182)	—	(3,182)
Final 2009 dividend declared and paid	—	—	—	(123,777)	(123,777)
Proposed final 2010 dividend	—	—	(190,439)	190,439	—
At 31 December 2010 and 1 January 2011	841,958	224,965	(210,452)	190,439	1,046,910
Profit for the year	—	—	481,760	—	481,760
Profit appropriation to reserve	—	49,492	(49,492)	—	—
Final 2010 dividend declared and paid	—	—	—	(190,439)	(190,439)
Proposed final 2011 dividend	—	—	(190,439)	190,439	—
At 31 December 2011 and 1 January 2012	841,958	274,457	31,377	190,439	1,338,231
Profit for the period	—	—	95,013	—	95,013
Final 2011 dividend declared and paid	—	—	—	(190,439)	(190,439)
As at 30 June 2012	841,958	274,457	126,390	—	1,242,805
At 1 January 2011	841,958	224,965	(210,452)	190,439	1,046,910
Profit for the period (unaudited)	—	—	54,775	—	54,775
Final 2010 dividend declared and paid (unaudited)	—	—	—	(190,439)	(190,439)
As at 30 June 2011 (unaudited)	841,958	224,965	(155,677)	—	911,246

Note: The statutory surplus reserve is presented as part of the reserve in the consolidated statements of changes in equity. According to the relevant PRC regulations and the articles of association of the Company in the PRC, the Company is required to transfer 10% of its profit after income tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before the distribution of dividends to equity owners. The statutory surplus reserve can be used to make good previous years' losses, if any, and may be converted into paid-in capital/issued share capital in proportion to the existing interests of equity owners, provided that the balance after such conversion is not less than 25% of its registered capital. This reserve is non-distributable other than in liquidation.

42. ACQUISITION OF SUBSIDIARIES

Year ended 31 December 2009

On 30 July 2009, one of the Group's subsidiaries, Shanghai Technology Innovation Co., Ltd. ("Technology Innovation"), entered into a share purchase agreement with the shareholder of Shanghai Fuji Medical Instrument Co., Ltd. ("Fuji Medical"), an independent third party, to acquire a total of 90% equity interests in Fuji Medical at a cash consideration of RMB4,953,000. Fuji Medical is engaged in the manufacture and sale of medical devices. The acquisition was made as part of the Group's strategy to expand its market share in the medical device industry. The acquisition was completed on 30 July 2009 when the Group obtained the control of the operating and financial policies of Fuji Medical.

The Group has elected to measure the non-controlling interests in Fuji Medical at the non-controlling interests' proportionate share of Fuji Medical's identifiable net assets.

The fair values of the identifiable assets and liabilities of Fuji Medical as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition
		RMB'000
Property, plant and equipment	16	905
Current assets		19,737
Current liabilities		(13,803)
Total identifiable net assets at fair value		6,839
Non-controlling interests		(684)
Gain on bargain purchase recognised in other gains in the consolidated income statement	9	(1,202)
Satisfied by cash		4,953

The Group did not incur transaction costs for this acquisition.

An analysis of the cash flows in respect of the acquisition of Fuji Medical is as follows:

	RMB'000
Cash consideration	4,953
Cash and cash equivalents acquired	(2,357)
Net outflow of cash and cash equivalents included in cash flows from investing activities	2,596
Transaction costs of the acquisition included in cash flows from operating activities	—
	2,596

Since the acquisition, Fuji Medical contributed RMB17,950,000 to the Group's revenue and RMB963,000 to the Group's profit for the year ended 31 December 2009.

Had the combination taken place at the beginning of the year ended 31 December 2009, the revenue and the profit of the Group for the year ended 31 December 2009 would have been RMB3,877,231,000 and RMB2,568,417,000, respectively.

Year ended 31 December 2010
The acquisitions during the year ended 31 December 2010 are as follows:

In January 2010, one of the Group's subsidiaries, Chongqing Yao Pharmaceutical Co., Ltd. ("Yao Pharma"), entered into a share purchase agreement with the shareholders of Sichuan Hexin Pharmaceutical Co., Ltd. ("Hexin Pharma"), all of which are independent third parties, to acquire a total of 100% equity interest in Hexin Pharma at a cash consideration of RMB68,000,000. Hexin Pharma is engaged in the manufacturing and sale of anti-infection medicine. The acquisition was made as part of the Group's strategy to expand its sales of medicine. The acquisition was completed on 28 February 2010 when the Group obtained control of the operating and financial policies of Hexin Pharma.

In August 2010, the Group entered into a share purchase and capital injection agreement with the shareholders of Yaneng Bioscience (Shenzhen) Co., Ltd. ("Yaneng Bioscience"), all of which are independent third parties, to acquire a total of 51% equity interest in Yaneng Bioscience at a cash consideration of RMB53,040,000. Yaneng Bioscience is a pioneer in the industrialisation of gene chips in Mainland China. The acquisition was made as part of the Group's strategy to enter into the gene chip diagnostic field. The acquisition was completed on 30 September 2010 when the Group obtained control of the operating and financial policies of Yaneng Bioscience.

In December 2009, the Group entered into a share purchase and capital injection agreement with the shareholders of Handan Moluodan Pharmaceutical Co., Ltd. ("Moluodan Pharma"), all of which are independent third parties, to acquire a total of 60.68% equity interest in Moluodan Pharma at a cash consideration of RMB135,586,000. Moluodan Pharma is engaged in the manufacturing and sale of traditional Chinese stomach medicine. The acquisition was made as part of the Group's strategy to enter into the area of the production of traditional Chinese medicine. The acquisition was completed on 31 August 2010 when the Group obtained control of the operating and financial policies of Moluodan Pharma.

In November 2010, the Group entered into a share purchase agreement with the shareholders of Shenyang Hongqi Pharmaceutical Co., Ltd. ("Shenyang Hongqi Pharma"), all of which are independent third parties, to acquire a total of 70% equity interest in Shenyang Hongqi Pharma at a cash consideration of RMB322,133,000. Shenyang Hongqi Pharma is engaged in the manufacture and sale of medicines. The acquisition was made as part of the Group's strategy to enter into the area of the production of anti-tuberculosis drugs. The acquisition was completed on 31 December 2010 when the Group obtained control of the operating and financial policies of Shenyang Hongqi Pharma.

In December 2010, the Group entered into a formation agreement with Chindex International, lnc. ("Chindex"), in which the Group held 18.52% equity interest, for the establishment of a subsidiary, Chindex Medical Limited ("CML"), in which the Group and Chindex held 51% and 49% of equity interests, respectively. CML is principally engaged in marketing, distributing, selling and servicing medical devices in Mainland China and Hong Kong as well as activities in the R&D and manufacturing of medical devices for the domestic and overseas markets. The acquisition was made as part of the Group's strategy to expand its market share in the medical device industry. The Group and Chindex subscribed for the shares of CML by injecting their respective medical device business and the relevant assets and liabilities into CML. The medical device business taken over from Chindex was accounted for as an acquisition as at 31 December 2010 upon the establishment of CML and when the Group obtained control of the operating and financial policies of the medical device business injected by Chindex into CML.

In October 2010, the Group entered into a capital injection agreement with one of the Group's associates, Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. ("Jinxiang Fosun") to acquire a 50% equity interest in Beijing Golden Elephant Pharmacy Medicine Chain Co., Ltd. ("Golden Elephant Pharmacy") by capital injection, which was a subsidiary of Jinxiang Fosun at that time. The cash consideration for the acquisition amounted to RMB122,222,000. Together with the 5% equity interest held before the acquisition, the Group's interest in Golden Elephant Pharmacy increased to 55% after the acquisition. Golden Elephant Pharmacy is principally engaged in the distribution and retail of medicines. The acquisition was made as part of the Group's strategy to expand its sales network. The acquisition was completed on 31 December 2010 when the Group obtained control over the operating and financial policies of Golden Elephant Pharmacy.

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

The fair values of the identifiable assets and liabilities of all the subsidiaries acquired during the year ended 31 December 2010 were as follows:

	Notes	Fair value recognised on acquisition
		RMB'000
Property, plant and equipment	16	228,355
Prepaid land lease payments	17	101,094
Other intangible assts	19	186,796
Deferred tax assets	25	1,791
Other non-current assets		1,730
Inventories		271,659
Trade and bills receivables		246,462
Prepayments, deposits and other receivables		124,030
Held-to-maturity investment	31	14,312
Other current assets		15
Cash and cash equivalents		428,120
Interest-bearing bank and other borrowings		(57,400)
Trade and bills payables		(288,295)
Other payables and accruals		(262,343)
Deferred tax liabilities	25	(42,414)
Non-current liabilities		(8,502)
Exchange fluctuation reserve		(7,487)
Non-controlling interests of the acquirees' subsidiaries		(219)
Total identifiable net assets at fair value		937,704
Non-controlling interests		(392,978)
Goodwill on acquisition	18	287,800
		832,526
Satisfied by:		
Cash*		700,981
Fair value of 49% equity interest in the medical device business injected by the Group into CML**		119,323
Fair value of 5% equity interest in Golden Elephant Pharmacy previously held by the Group***		12,222
		832,526

* Among the cash consideration, RMB604,219,000 was paid in 2010. The remaining balance of RMB96,762,000 (note 35) was paid during the year ended 31 December 2011.

** The difference between the fair value and the carrying value of the 49% equity interest in the medical device business, amounting to RMB39,086,000, is included in share premium as this is a gain from disposal of partial interests in a business without loss of control.

*** The carrying value of the 5% equity interest in Golden Elephant Pharmacy was RMB1,093,000. The difference between the fair value and the carrying value, amounting to RMB11,129,000, is included in other gains in the consolidated income statement.

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB239,157,000 and RMB84,820,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB243,327,000 and RMB89,476,000, respectively, of which trade receivables and other receivables of RMB4,170,000 and RMB4,656,000 are expected to be uncollectible, respectively.

The Group incurred transaction costs of RMB874,000 for these acquisitions. These transaction costs have been expensed and are included in other expenses in the consolidated income statement.

The goodwill of RMB287,800,000 recognised above is due to the following factors: (i) the acquisition of distribution and supply chains to expand the sales of the Group, and (ii) entering into new markets to expand the Group's market share. The above factors are neither separable nor contractual and therefore do not meet the criteria for recognition as intangible assets under HKAS 38 *Intangible Assets*. None of the goodwill recognised is expected to be deductible for income tax purposes.

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

	RMB'000
Cash consideration	604,219
Cash and cash equivalents acquired	(428,120)
Net outflow of cash and cash equivalents included in cash flows from investing activities	176,099
Transaction costs of the acquisition included in cash flows from operating activities	(874)
	175,225

Since the acquisitions, all the acquired subsidiaries contributed RMB234,621,000 to the Group's revenue and RMB11,334,000 to the Group's profit for the year ended 31 December 2010.

Had the combinations taken place at the beginning of the year ended 31 December 2010, the revenue and the profit of the Group for the year ended 31 December 2010 would have been RMB5,704,225,000 and RMB1,094,754,000, respectively.

Year ended 31 December 2011

In January 2011, the Group's wholly-owned subsidiaries, Fosun Industrial and Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd. ("Fosun Pharmaceutical Industrial") entered into an agreement with the shareholders of Dalian Aleph, all of which are independent third parties, to acquire 74% and 1% equity interests in Dalian Aleph, respectively. Dalian Aleph is engaged in the research, development and production of influenza vaccine. The acquisition was undertaken under the Group's strategy to penetrate the market of influenza vaccine. The total cash consideration was RMB675,000,000, including a contingent consideration, payment of which depends on the success of the research, development and production of a new product, rabies vaccine, before 30 December 2014. The initial amount recognised for the contingent consideration as at the acquisition date was RMB255,000,000. The Group had paid RMB420,000,000 as of 31 December 2011. The acquisition was completed on 1 September 2011 when the Group obtained control of the operating and financial policies of Dalian Aleph.

In August 2011, Fosun Pharmaceutical Industrial entered into an agreement with Xinjiang Boze Equity Investment Limited Partnership ("Xinjiang Boze"), the controlling shareholder of Aohong Pharma and an independent third party, to acquire a 70% equity interest in Aohong Pharma at a cash consideration not exceeding RMB1,365,000,000. The major products of Aohong Pharma are Bang Ting and Ao De Jin. The acquisition was undertaken under the Group's strategy to penetrate the market of these products. The Group had paid the first and second instalments amounting to RMB630,630,000 in cash as of 31 December 2011. The remaining cash consideration shall be paid in four instalments. The third, fourth and fifth instalments would amount to 25%, 6%, 7% of the finalised consideration, which would be paid in 2012, 2013 and 2014, respectively, with the final instalment being the remaining of the balance of the finalised consideration, which would be paid in 2015. The finalised consideration is capped at RMB1,365,000,000 and will be adjusted based on the actual operating profits of Aohong Pharma of 2011, 2012 and 2013 according to the terms and conditions set out in the acquisition agreement. The fair value of the total consideration was RMB1,331,836,000 as of 31 December 2011, taking into consideration of time value. The acquisition was completed on 1 September 2011 when the Group obtained control of the operating and financial policies of Aohong Pharma.

On 19 May 2011, one of the Group's subsidiaries, Shanghai Yicheng Hospital Investment Management Co., Ltd. ("Yicheng Management") entered into an agreement with the shareholders of Anhui Jimin Cancer Hospital ("Jimin Cancer Hospital"), all of which are independent third parties, to acquire a 49% equity interest in Jimin Cancer Hospital at a cash consideration of

RMB25,875,000. The acquisition was completed on 31 July 2011 and Jimin Cancer Hospital became an associate of the Group. On 16 December 2011, Yicheng Management entered into another agreement with one of the shareholders of Jimin Cancer Hospital to further acquire a 21% equity interest in Jimin Cancer Hospital at a cash consideration of RMB11,090,000. Jimin Cancer Hospital is a privately operated non-profit hospital specialised in oncology. The acquisition was undertaken under the Group's strategy to penetrate the market of healthcare services. The total cash consideration of RMB36,965,000 had been paid as of 31 December 2011. The further acquisition was completed on 31 October 2011 when the Group obtained control of the operating and financial policies of Jimin Cancer Hospital.

On 26 November 2011, Yicheng Management entered into a series of agreements (the "Agreements") with the shareholders of Yueyang Guangji Hospital ("Guangji Hospital") and Hunan Province Guangji Real Estate Co., Ltd. ("Guangji Real Estate"), all of which are independent third parties, to acquire 26% equity interests in both Guangji Hospital and Guangji Real Estate at a cash consideration of RMB34,320,000. Following the acquisition, Yicheng Management has a right to acquire further 23% and 6% equity interests in both Guangji Hospital and Guangji Real Estate by way of capital injections. To enable Yicheng Management to exercise immediate control over Guangji Hospital and Guangji Real Estate, the then shareholders have irrevocably granted Yicheng Management the rights to exercise their 29% voting rights since 28 December 2011. Guangji Hospital is engaged in development of medical technology and the provision of maternal and infant healthcare services. The acquisition was undertaken under the Group's strategy to penetrate the market of healthcare services. The Group had paid RMB3,432,000 as of 31 December 2011. The acquisition of the 26% equity interests was completed on 28 December 2011 when the Group obtained 55% voting rights of Guangji Hospital and Guangji Real Estate.

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

The fair values of the identifiable assets and liabilities of all the subsidiaries acquired during the year ended 31 December 2011 were as follows:

	Notes	Fair value recognised on acquisition
		RMB'000
Property, plant and equipment	16	358,391
Prepaid land lease payments	17	148,382
Other intangible assets	19	982,058
Deferred tax assets	25	3,119
Other non-current assets		901
Inventories		75,719
Trade and bills receivables		30,006
Prepayments, deposits and other receivables		65,127
Cash and cash equivalents		108,678
Including: time deposits with original maturity of more than three months		35,000
Interest-bearing bank and other borrowings		(63,000)
Trade and bills payables		(29,650)
Tax payable		(9,681)
Other payables and accruals		(174,807)
Deferred tax liabilities	25	(259,746)
Deferred income		(5,029)
Other long-term liabilities		(1,920)
Total identifiable net assets at fair value		1,228,548
Non-controlling interests		(396,654)
Goodwill on acquisition	18	1,246,227
		2,078,121
Satisfied by:		
Cash*		2,078,121

* Among the cash consideration, RMB1,091,027,000 was paid in 2011. The remaining balance of RMB987,094,000 (note 35) is payable from 2012 to 2015.

** The fair values of the non-current assets were based on valuation reports provided by Shanghai Dongzhou Asset Appraisal Firm, independent professionally qualified valuers.

The fair values of the trade receivables and other receivables as at the dates of acquisition amounted to RMB29,005,000 and RMB49,472,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB40,571,000 and RMB50,174,000, respectively, of which trade receivables and other receivables of RMB11,566,000 and RMB702,000 were expected to be uncollectible, respectively.

The Group incurred transaction costs of RMB2,996,000 for these acquisitions. These transaction costs have been expensed and are included in other expenses in the consolidated income statement.

The goodwill of RMB1,246,227,000 recognised above is due to the new markets entered by the Group to achieve products and business diversification. The above factor is neither separable nor contractual and therefore do not meet the criteria for recognition as intangible assets under HKAS 38 *Intangible Assets*. None of the goodwill recognised is expected to be deductible for income tax purposes.

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

	RMB'000
Cash consideration	1,091,027
Cash and cash equivalents acquired as stated in the consolidated statement of cash flows	(73,678)
Net outflow of cash and cash equivalents included in cash flows from investing activities	1,017,349
Transaction costs of the acquisitions included in cash flows from operating activities	(2,996)
	1,014,353

Since the acquisitions, all the acquired subsidiaries contributed RMB256,542,000 to the Group's revenue and RMB97,270,000 to the Group's profit after tax for the year ended 31 December 2011.

Had the combinations taken place at the beginning of the year ended 31 December 2011, the revenue and the profit after tax of the Group for the year ended 31 December 2011 would have been RMB6,587,508,000 and RMB1,482,981,000, respectively.

Six-month period ended 30 June 2012
No acquisition occurred during the six-month period ended 30 June 2012.

During the six-month period ended 30 June 2012, RMB419,458,000 was paid as the cash consideration for acquisition of Aohong Pharma, Guangji Hospital and Guangji Real Estate. The remaining balace of RMB573,164,000 (note 35) is payable from 2013 to 2015.

Subsequent to 30 June 2012
No acquisition occurred subsequent to 30 June 2012 till the date of this report.

43. DISPOSAL OF SUBSIDIARIES

Year ended 31 December 2009

On 27 October 2009, one of the Group's subsidiaries, Shanghai Fosun Pingyao Investment Management Co., Ltd. ("Pingyao Investment") entered into an agreement to dispose of its entire 99% equity interest in Shanghai Fosun Purun Investment Partnership Enterprise ("Purun Investment") to a subsidiary of Fosun High Tech, Shanghai Fosun Enterprise Investment Management Co., Ltd. ("Fosun Investment Management"), for a cash consideration of RMB59,400,000.

The net assets of the subsidiary disposed of during the year ended 31 December 2009 were as follows:

	RMB'000
Net assets disposed of:	
Cash and cash equivalents	59,400
Satisfied by cash	59,400

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	Year ended 31 December 2009
	RMB'000
Cash consideration	59,400
Cash and cash equivalents disposed of	(59,400)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	—

Year ended 31 December 2010

No disposal occurred during year 2010.

Year ended 31 December 2011

(i) On 1 March 2011, the Group entered into an agreement to dispose of its 35% equity interest in Suzhou Qitian to Mr. Ni Yungeng, a non-controlling shareholder of Suzhou Qitian. The cash consideration was RMB2,100,000. The equity interest held by the Group decreased from 66.67% to 31.67% when the transaction was completed on 31 March 2011.

(ii) In June 2011, one of the Group's subsidiaries, Shanghai Fosun Pharmaceutical Investment Co., Ltd. ("Pharmaceutical Investment"), entered into an agreement to dispose of its entire 68.6% equity interest in Zhejiang Fosun Pharmaceutical Co., Ltd. ("Zhejiang Fosun") to Sinopharm. The cash consideration was RMB36,666,000. The transaction was completed on 30 June 2011.

(iii) In November 2011, the Group entered into an agreement to dispose of its wholly-owned subsidiary, Shanghai Science & Technology Imp. & Exp. Co., Ltd., to an independent third party. The cash consideration was RMB6,008,000. The transaction was completed on 30 November 2011.

The net assets of the subsidiaries disposed of during the year were as follows:

	Notes	RMB'000
Net assets disposed of:		
Property, plant and equipment	16	28,852
Prepaid land lease payments	17	4,592
Investments in associates		3,720
Available-for-sale investments		500
Other non-current assets		154
Inventories		50,818
Trade receivables		69,435
Prepayments, deposits and other receivables		16,108
Cash and cash equivalents		28,864
Interest-bearing bank and other borrowings		(24,000)
Trade and bills payables		(81,823)
Other payables and accruals		(42,336)
Tax payable		(46)
Non-controlling interests of subsidiaries within the disposal groups		(484)
Other long-term liabilities		(2,695)
Total identifiable net assets at fair value		51,659
Non-controlling interests		(13,689)
Gain on disposal of subsidiaries	9	8,675
		46,645
Satisfied by:		
Cash*		44,774
Fair value of the remaining 31.67% equity interest in Suzhou Qitian		1,871
		46,645

* Among the cash consideration, RMB41,525,000 had been received as of 31 December 2011.

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	31 December 2011 RMB'000
Cash consideration	41,525
Cash and cash equivalents disposed of	(28,864)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	12,661

Six-month period ended 30 June 2011

The Group disposed of Suzhou Qitian and Zhejiang Fosun during the six-month period ended 30 June 2011. Details of the transaction are included in the disposals during the year ended 31 December 2011 above.

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	Six-month period ended 30 June 2011
	RMB'000
	(unaudited)
Cash consideration	21,126
Cash and cash equivalents disposed of	(22,506)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(1,380)

Six-month period ended 30 June 2012

No disposal occurred during the six-month period ended 30 June 2012.

During the six-month period ended 30 June 2012, RMB2,409,000 was received as the cash consideration for disposal of Shanghai Science & Technology Imp. & Exp. Co., Ltd.

44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

(a) During 2009, the Group established a subsidiary, Chongqing Fochon Pharmaceutical Research Co., Ltd. ("Fochon Pharma"). The non-controlling shareholder injected technology know-how amounting to RMB7,139,000 in exchange for a 46% equity interest in Fochon Pharma.

(b) During 2010, the Group entered into a joint venture arrangement with Chindex to acquire a 51% equity interest in CML at a consideration of a 49% equity interest in Technology Innovation. The fair value of the 49% equity interest in Technology Innovation was RMB119,323,000. Details of the transaction are set out in note 42 of this section above.

(c) In February 2010, the Group established a subsidiary, Shanghai Henlius Biotech Co., Ltd. ("Shanghai Henlius"). The non-controlling shareholder injected technology know-how amounting to RMB13,652,000 in exchange for a 26% equity interest in Shanghai Henlius.

(d) During 2011, the Group and the non-controlling shareholder of Shanghai Henlius increased capital in Shanghai Henlius, amounting to RMB65,051,000. The non-controlling shareholders paid the consideration by injecting technology know-how amounting to RMB16,263,000.

(e) During 2011, the Group and the non-controlling shareholders of Fochon Pharma increased capital in Fochon Pharma, amounting to RMB57,293,000. One of the non-controlling shareholders paid the consideration by injecting technology know-how amounting to RMB17,434,000.

45 SHARE-BASED PAYMENT

Certain employees of Chindex provide services to CML. The service agreement between CML and Chindex provides that the full compensation cost of Chindex employees who provide service to CML will be charged to CML, which will include the cost of share-based compensation on a non-cash basis, if applicable to the employees. In addition, certain former Chindex employees that are now employees of CML retained options on Chindex's common shares granted in prior years, and the costs of those share options are expensed as they provide services to CML. As at 30 June 2012, these former Chindex employees retained 114,589 (31 December 2011: 101,239) options to acquire 114,589 (31 December 2011: 101,239) Chindex's common shares, of which 95,014 (31 December 2011: 62,353) options were vested.

For the six-month period ended 30 June 2012, the share-based compensation charged to CML by Chindex consists of approximately RMB2,270,000 (2011: RMB5,752,000, six-month period ended 30 June 2011: RMB3,102,000) for services provided by Chindex employees under the service agreement between CML and Chindex and approximately RMB920,000 (2011: RMB1,960,000, six-month period ended 30 June 2011: RMB1,195,000) for services provided directly by CML employees who are former Chindex employees. For Chindex employees, their total share-based compensation cost was calculated by Chindex as part of its ongoing grant-by-grant calculation process and then was allocated to CML based on the percentages defined in the CML-Chindex service agreement. For CML employees whose share options of Chindex continued to vest for their services provided to CML, the calculation was based on the "non-employee" model, which includes variable accounting ("mark-to-market") on a quarterly basis.

46. OPERATING LEASE ARRANGEMENTS

(a) As lessor

One of the Group's subsidiaries leases its property, plant and equipment under operating lease agreements, with leases negotiated for terms ranging from two to five years.

At 31 December 2009, 2010 and 2011 and 30 June 2012, the Group had total future minimum lease receivable under non-cancellable operating leases with its tenants falling due as follows:

Group

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Within 1 year	—	—	13,509	12,341
1 to 3 years, inclusive	—	—	17,929	13,718
Over 3 years	—	—	1,285	—
	—	—	32,723	26,059

(b) As lessee

As at 31 December 2009, 2010 and 2011 and 30 June 2012, the Group and the Company had total future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

Group

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Within 1 year	7,542	8,824	22,120	32,938
1 to 3 years, inclusive	9,502	6,668	33,017	24,360
Over 3 years	760	3,865	14,117	6,650
	17,804	19,357	69,254	63,948

Company

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	282	273	—	4,277
1 to 3 years, inclusive	455	—	—	—
	737	273	—	4,277

47. COMMITMENTS

In addition to the operating lease commitments detailed in note 46 of this section above, the Group had the following capital commitments as at 31 December 2009, 2010 and 2011 and 30 June 2012:

Group

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for				
Plant and machinery	213,375	123,244	148,238	154,652
Investments in subsidiaries, jointly-controlled entities and associates	184,866	877,428	—	56,219
Investments in available-for-sale financial assets	—	—	24,000	74,000
	398,241	1,000,672	172,238	284,871
Authorised, but not contracted for				
Plant and machinery	950,843	13,259	71,115	340,739

Company

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for				
Investment in an available-for-sale financial asset	—	—	—	50,000

48. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere, the Group had the following transactions with related parties during the Relevant Periods:

(a) Sales of pharmaceutical products

	Year ended 31 December			Six-month period ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Sinopharm Group Co., Ltd. (notes 5 & 8)	96,610	182,849	318,027	113,880	207,478
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. (notes 1 & 5)	—	359	22,181	15,719	10,439
Shanghai Lianhua Fosun Pharmacy Chain-store Co., Ltd. (notes 1 & 5)	26,896	27,275	24,834	12,715	9,554
Shanghai Yaofang Co., Ltd. (notes 1 & 5)	7,148	7,106	12,205	6,835	3,016
Shanghai Tonghanchuntang Pharmaceutical Co., Ltd. (notes 3 & 5)	7,493	7,183	7,626	2,471	2,657
Shanghai Huifeng Forme Pharmacy Co., Ltd. (notes 2 & 5)	2,922	5,577	4,651	2,323	2,252
Zhejiang Qianglong Seating Co. Ltd (notes 1 & 5)	—	—	—	—	1,600
Shanghai Liyi Pharmacy Co., Ltd. (notes 1 & 5)	5,103	3,023	3,386	1,779	1,159
Zhejiang Crystal-Optech Co., Ltd. (notes 1 & 5)	—	260	225	130	—
Zhejiang D.A. Diagnostic Co., Ltd. (notes 5 & 6)	782	4,730	6,409	—	—
Guilin Auspicious Pharmaceutical Industrial Ltd. (notes 1 & 5)	581	1,586	1,338	—	—
Suzhou Laishi Transfusion Equipment Co., Ltd. (notes 1 & 5)	6,267	6,924	—	—	—
	153,802	246,872	400,882	155,852	238,155

(b) Purchase of pharmaceutical products

	Year ended 31 December			Six-month period ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Sinopharm Group Co., Ltd. (notes 5 & 8)	10,095	97,307	119,488	9,765	80,720
Shanghai Tonghanchuntang Pharmaceutical Co., Ltd. (notes 3 & 5)	4,386	6,358	7,401	4,114	4,958
Tongjitang Chinese Medicines Company (notes 1 & 5)	—	—	6,748	—	3,436
Shanghai Tonghanchuntang Traditional Chinese Medicine Co., Ltd. (notes 3 & 5)	510	336	221	123	151
Shanghai Tonghanchuntang Pharmacy Co., Ltd. (notes 3 & 5)	484	545	520	248	92
Shanghai Yaofang Co., Ltd. (notes 1 & 5)	8,514	2,153	1,996	385	—
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. (notes 1 & 5)	—	—	8,967	—	—
Suzhou Laishi Transfusion Equipment Co., Ltd. (notes 1 & 5)	3,660	3,652	—	—	—
	27,649	110,351	145,341	14,635	89,357

(c) Leasing and property management services

As lessor

	Year ended 31 December			Six-month period ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Shanghai Fosun Property Management Co., Ltd. (notes 4 & 7)	—	—	501	125	376
Forte (notes 4 & 7)	—	—	501	125	376
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. (notes 1 & 7)	—	—	600	300	300
Fosun High Tech (note 7)	—	—	94	—	112
	—	—	1,696	550	1,164

As lessee

	Year ended 31 December			Six-month period ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Shanghai Fosun Property Management Co., Ltd. (notes 4 & 7)	3,334	6,959	7,016	3,508	3,615
Shanghai Forte Investment Management Co., Ltd. (notes 4 & 7)	—	—	2,865	1,521	2,426
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. (notes 1 & 7)	—	—	3,000	1,500	1,650
Beijing Golte Property Management Co., Ltd. (notes 4 & 7)	66	64	678	630	397
Shanghai Golte Property Management Co., Ltd. (notes 4 & 7)	4,089	1,034	1,806	583	—
	7,489	8,057	15,365	7,742	8,088

(d) Loans from/to related parties

Loans from related parties

	Year ended 31 December			Six-month period ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Chengde Jingfukang Pharmaceutical Co., Ltd. (note 1)	—	—	10,000	—	—
Fosun Finance (note 9)	—	—	—	—	25,000
	—	—	10,000	—	25,000

On 5 May 2011, one of the Group's subsidiaries, Dalian Aleph, entered into an entrusted loan agreement to borrow RMB10,000,000 (note 37(iii)) from an associate of the Group, Chengde Jingfukang Pharmaceutical Co., Ltd. The entrusted loan bears interest at a rate of 6.94% per annum and the maturity date is 5 May 2012.

On 2 December 2011, the Company entered into a financial service agreement with Fosun Finance, pursuant to which Fosun Finance shall provide financial services to the Company and its subsidiaries, including deposit service, credit service, settlement service and other financial services as approved by the China Banking Regulatory Commission for a period commencing from the date of the financial service agreement and ending 31 December 2012. The maximum daily outstanding balance of deposits placed by the Group with Fosun Finance is RMB300,000,000. The maximum daily outstanding balance of loans granted by Fosun Finance to the Group is RMB300,000,000.

Loan to a related party

	Year ended 31 December			Six-month period ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
				(unaudited)	
Sinopharm Industrial Investment Co., Ltd. (note 1)	—	—	98,000	98,000	—

On 16 March 2011, one of the Group's subsidiaries, Shanghai Qishen Investment Management Co., Ltd., offered an entrusted loan amounting to RMB98,000,000 to an associate of the Group, Sinopharm Industrial Investment Co., Ltd. The entrusted loan bore interest at a rate of 6.31% per annum and the maturity date was 18 August 2011. The entrusted loan had been collected as of 31 December 2011.

Maximum daily outstanding balance of deposits in Fosun Finance	Year ended 31 December			Six-month period ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
				(unaudited)	
Fosun Finance (note 9)	—	—	70,131	—	257,753

(e) Bank loans guaranteed by related parties

	Year ended 31 December			Six-month period ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
				(unaudited)	
Fosun High Tech	1,490,000	1,276,098	705,000	1,371,624	320,000
Fosun International Limited	121,883	132,454	126,018	64,716	—
	1,611,883	1,408,552	831,018	1,436,340	320,000

(f) Interest income from related parties

	Year ended 31 December			Six-month period ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Chengde Jingfukang Pharmaceutical Co., Ltd. (note 1)	—	—	454	48	—
Fosun Finance (note 9)	—	—	—	—	429
	—	—	454	48	429

The interest rate for deposits in Fosun Finance is made reference to the benchmark interest rates on deposits issued by the People's Bank of China (PBOC), and is no less than the interest rate payable (i) to the Group by the domestic commercial banks; and (ii) to others by Fosun Finance, for the deposit service of the similar term and amount, whichever is higher.

(g) Finance costs to related parties

	Year ended 31 December			Six-month period ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Sinopharm Industrial Investment Co., Ltd. (note 1)	—	—	4,913	1,796	—
Fosun Finance (note 9)	—	—	—	—	64
	—	—	4,913	1,796	64

The interest rate for credit services is made reference to the benchmark interest rates issued by the PBOC as well as the market rates, and is no higher than the interest rate chargeable (i) to the Group by the domestic commercial banks; and (ii) to others by Fosun Finance, for the credit service of the similar term and amount, whichever is lower.

Notes:

(1) They are associates of the Group.

(2) They are jointly-controlled entities of the Group.

(3) They are associates of Fosun High Tech, the holding company of the Group.

(4) They are subsidiaries of Fosun International Limited, the ultimate holding company of the Group.

(5) 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 Group held a 10.57% equity interest in Zhejiang D.A. Diagnostic Co., Ltd.

(7) The fees for the leasing and property management services received from or paid to these related companies were determined based on prices available to third party customers of these related companies.

(8) Sinopharm Group Co., Ltd. is a major subsidiary of Sinopharm Investment, an associate of the Group.

(9) Fosun Finance is a subsidiary of Fosun High Tech, the holding company of the Company.

(h) In 2009, one of the Group's subsidiaries, Fosun Pharmaceutical Industrial, disposed of its 1% equity interest in Forte to Fosun High Tech for a cash consideration of RMB52,877,000. The gain on this transaction was RMB28,658,000. The transaction was completed on 22 October 2009. Furthermore, Fosun Development disposed of its remaining 9.56% equity interest in Forte to Fosun High Tech for a cash consideration of RMB585,184,000 in 2010. The gain on this transaction was RMB327,233,000, including RMB217,293,000 transferred out from share of other comprehensive income of Forte. The transaction was completed on 18 March 2010. The cash considerations were determined based on the audited net assets of Forte as at the respective transaction date, which were close to the value of Forte determined based on the market price of Forte's shares as at the respective transaction date.

(i) On 27 October 2009, one of the Group's subsidiaries, Pingyao Investment, entered into an agreement to dispose of its entire 99% equity interest in Purun Investment to a subsidiary of Fosun High Tech, Fosun Investment Management, for a cash consideration of RMB59,400,000. As Purun Investment was established in July 2009 and did not start operating before it was disposed of, the consideration was equal to 99% of its paid-in capital. No gain or loss was recognised in the consolidated income statement. Further details are included in note 43 of this section above.

(j) On 30 June 2011, one of the Group's subsidiaries, Pharmaceutical Investment, entered into an agreement to dispose of its entire 68.6% equity interest in Zhejiang Fosun to Sinopharm. The cash consideration was RMB36,666,000, which was determined based on the fair value of Zhejiang Fosun's net assets. The gain on this transaction was RMB5,313,000. Further details are included in note 43 of this section above.

(k) Commitments with related parties

As lessor

At 31 December 2009, 2010 and 2011 and 30 June 2012, the Group had total future minimum lease receivables under non-cancellable operating leases with its related parties falling due as follows:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Shanghai Fosun Property Management Co., Ltd. (note 4)	—	—	2,507	2,131
Forte (note 4)	—	—	2,507	2,131
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. (note 1)	—	—	1,200	900
Fosun High Tech	—	—	805	693
	—	—	7,019	5,855

As lessee

As at 31 December 2009, 2010 and 2011 and 30 June 2012, the Group and the Company had total future minimum lease payments under non-cancellable operating leases and property management services agreements with their related parties in respect of land and buildings which fall due as follows:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Shanghai Forte Investment Management Co., Ltd. (note 4)	—	2,073	17,613	15,187
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. (note 1)	—	—	15,315	13,665
Shanghai Fosun Property Management Co., Ltd. (note 4)	—	—	—	3,615
Beijing Golte Property Management Co., Ltd. (note 4)	64	223	3,039	2,642
	64	2,296	35,967	35,109

Investment commitment in available-for-sale financial assets

On 25 June 2012, the Company entered into an agreement with Sinopharm and other independent third parites to establish a limited partnership fund, Shanghai Sinopharm Private Equity Fund (上海國藥股權投資基金合夥企業 or the "Fund"). The total capital commitment of the Fund is expected to be RMB1,000.0 million. The Company will invest an amount of RMB50,000,000 into the Fund as a founding limited partner. The investment focus of the Fund is expected to be in the medical and healthcare industry.

Disposal of Yongan Insurance

Details are set out in note 53 of this section below.

(l) Outstanding balances with related parties:

Details of the outstanding balances with related parties are set out in notes 30, 36 and 37 of this section above.

(m) Compensation of key management personnel of the Group:

	Year ended 31 December			Six-month period ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, allowances and benefits in kind	4,841	6,094	8,144	3,613	5,583
Performance related bonuses	2,488	3,009	4,480	4,530	9,501
Pension scheme contributions	226	266	336	138	228
	7,555	9,369	12,960	8,281	15,312

Further details of Directors' and Supervisors' emoluments are included in note 11 of this section above.

49. CONTINGENT LIABILITIES

Group

As at 31 December 2009, 2010 and 2011 and 30 June 2012, the Group did not have any material contingent liabilities.

Company

As at 31 December 2009, 2010 and 2011 and 30 June 2012, contingent liabilities not provided for in the financial statements were as follows:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantees given to banks in connection with facilities granted to subsidiaries	500,000	926,603	1,323,479	230,000

As at 30 June 2012, the banking facilities granted to subsidiaries subject to guarantees given to banks by the Company were utilised to the extent of approximately RMB110,000,000 (31 December 2011: RMB1,323,479,000, 31 December 2010: RMB926,603,000 and 31 December 2009: RMB500,000,000).

50. PLEDGE OF ASSETS

As at 30 June 2012, the payables for acquisition of Aohong Pharma of RMB318,164,000 are secured by 51% equity interest in Aohong Pharma.

Details of the Group's interest-bearing bank and other borrowings, which are secured by the assets of the Group, are included in note 36 of this section above.

51. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 31 December 2009, 2010 and 2011 and 30 June 2012 are as follows:

31 December 2009

	Group			
	Financial assets at fair value through profit or loss — held for trading	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Available-for-sale investments	—	—	976,626	976,626
Equity investments at fair value through profit or loss	11,702	—	—	11,702
Trade and bills receivables	—	680,333	—	680,333
Financial assets included in prepayments, deposits and other receivables	—	72,209	—	72,209
Due from related companies	—	36,399	—	36,399
Cash and cash equivalents	—	1,296,761	—	1,296,761
	11,702	2,805,702	976,626	3,074,030

31 December 2010

	Group				
	Financial assetsat fair value through profit or loss — held for trading	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:					
Available-for-sale investments	—	—	—	2,055,131	2,055,131
Held-to-maturity investment	—	14,312	—	—	14,312
Equity investments at fair value through profit or loss	218,760	—	—	—	218,760
Trade and bills receivables	—	—	1,058,407	—	1,058,407
Financial assets included in prepayments, deposits and other receivables	—	—	176,531	—	176,531
Due from related companies	—	—	19,458	—	19,458
Cash and cash equivalents	—	—	3,343,555	—	3,343,555
	218,760	14,312	4,597,951	2,055,131	6,886,154

31 December 2011

	Group			
	Financial assets at fair value through profit or loss — held for trading	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Available-for-sale investments	—	—	2,788,504	2,788,504
Equity investments at fair value through profit or loss	231,319	—	—	231,319
Trade and bills receivables	—	1,147,700	—	1,147,700
Financial assets included in prepayments, deposits and other receivables	—	306,497	—	306,497
Due from related companies	—	132,123	—	132,123
Cash and cash equivalents	—	2,894,573	—	2,894,573
	231,319	4,480,893	2,788,504	7,500,716

30 June 2012

	Group			
	Financial assets at fair value through profit or loss — held for trading	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Available-for-sale investments	—	—	2,874,837	2,874,837
Equity investments at fair value through profit or loss	238,857	—	—	238,857
Trade and bills receivables	—	1,237,591	—	1,237,591
Financial assets included in prepayments, deposits and other receivables	—	350,079	—	350,079
Due from related companies	—	304,776	—	304,776
Cash and cash equivalents	—	1,743,582	—	1,743,582
	238,857	3,636,028	2,874,837	6,749,722

Group

	Financial liabilities at amortised cost			
	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities:				
Trade and bills payables	489,364	825,254	919,648	887,761
Financial liabilities included in other payables and accruals	222,993	564,730	1,392,268	1,148,360
Interest-bearing bank and other borrowings	2,869,263	4,590,449	6,093,868	6,143,842
Due to related companies	5,170	23,425	43,588	35,741
Other long-term liabilities	—	—	312,636	241,724
	3,586,790	6,003,858	8,762,008	8,457,428

31 December 2009

	Company		
	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Financial assets:			
Available-for-sale investments	—	91,040	91,040
Financial assets included in prepayments, deposits and other receivables	1,607	—	1,607
Due from related companies	1,670,861	—	1,670,861
Cash and cash equivalents	549,526	—	549,526
	2,221,994	91,040	2,313,034

31 December 2010

	Company		
	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Financial assets:			
Available-for-sale investments	—	149,388	149,388
Financial assets included in prepayments, deposits and other receivables	9,357	—	9,357
Due from related companies	1,721,645	—	1,721,645
Cash and cash equivalents	800,476	—	800,476
	2,531,478	149,388	2,680,866

31 December 2011

	Company		
	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Financial assets:			
Available-for-sale investments	—	176,388	176,388
Financial assets included in prepayments, deposits and other receivables	36,863	—	36,863
Due from related companies	2,790,270	—	2,790,270
Cash and cash equivalents	417,006	—	417,006
	3,244,139	176,388	3,420,527

30 June 2012

	Company		
	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Financial assets:			
Available-for-sale investments	—	176,388	176,388
Financial assets included in prepayments, deposits and other receivables	47,645	—	47,645
Due from related companies	4,284,082	—	4,284,082
Cash and cash equivalents	245,220	—	245,220
	4,576,947	176,388	4,753,335

Company

	Financial liabilities at amortised cost			
	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities:				
Trade payables	1,118	1,103	—	—
Financial liabilities included in other payables and accruals	21,525	25,288	111,951	117,681
Interest-bearing bank and other borrowings	1,540,000	2,396,104	3,543,056	4,604,819
Due to related companies	1,261,664	580,925	12,496	363,926
	2,824,307	3,003,420	3,667,503	5,086,426

52. 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			
	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Cash and cash equivalents	1,296,761	3,343,555	2,894,573	1,743,582
Trade and bills receivables	680,333	1,058,407	1,147,700	1,237,591
Available-for-sale investments	976,626	2,055,131	2,788,504	2,874,837
Held-to-maturity investment	—	14,312	—	—
Equity investments at fair value through profit or loss	11,702	218,760	231,319	238,857
Financial assets included in prepayments, deposits and other receivables	72,209	176,531	306,497	350,079
Due from related companies	36,399	19,458	132,123	304,776
	3,074,030	6,886,154	7,500,716	6,749,722

	Fair values			
	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Cash and cash equivalents	1,296,761	3,343,555	2,894,573	1,743,582
Trade and bills receivables	680,333	1,058,407	1,147,700	1,237,591
Available-for-sale investments	976,626	2,055,131	2,788,504	2,874,837
Held-to-maturity investment	—	14,312	—	—
Equity investments at fair value through profit or loss	11,702	218,760	231,319	238,857
Financial assets included in prepayments, deposits and other receivables	72,209	176,531	306,497	350,079
Due from related companies	36,399	19,458	132,123	304,776
	3,074,030	6,886,154	7,500,716	6,749,722

	Carrying amounts			
	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities:				
Trade and bills payables	489,364	825,254	919,648	887,761
Financial liabilities included in other payables and accruals	222,993	565,730	1,392,268	1,148,360
Interest-bearing bank and other borrowings	2,869,263	4,590,449	6,093,868	6,143,842
Due to related companies	5,170	23,425	43,588	35,741
Other long-term liabilities	—	—	312,636	241,724
	3,586,790	6,004,858	8,762,008	8,457,428

	Fair values			
	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities:				
Trade and bills payables	489,364	825,254	919,648	887,761
Financial liabilities included in other payables and accruals	222,993	565,730	1,392,268	1,148,361
Interest-bearing bank and other borrowings	2,759,606	4,481,326	5,999,744	6,009,957
Due to related companies	5,170	23,425	43,588	35,741
Other long-term liabilities	—	—	312,636	241,724
	3,477,133	5,895,735	8,667,884	8,323,544

Company

	Carrying amounts			
	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Cash and cash equivalents	549,526	800,476	417,006	245,220
Available-for-sale investments	91,040	149,388	176,388	176,388
Financial assets included in prepayments, deposits and other receivables	1,607	9,357	36,863	47,645
Due from related companies	1,670,861	1,721,645	2,790,270	4,284,082
	2,313,034	2,680,866	3,420,527	4,753,335

	Fair values			
	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Cash and cash equivalents	549,526	800,476	417,006	245,220
Available-for-sale investments	91,040	149,388	176,388	176,388
Financial assets included in prepayments, deposits and other receivables	1,607	9,357	36,863	47,645
Due from related companies	1,670,861	1,721,645	2,790,270	4,284,082
	2,313,034	2,680,866	3,420,527	4,753,335

	Carrying amounts			
	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities:				
Trade payables	1,118	1,103	—	—
Financial liabilities included in other payables and accruals	21,525	25,288	111,951	117,681
Interest-bearing bank and other borrowings	1,540,000	2,396,104	3,543,056	4,604,819
Due to related companies	1,261,664	580,925	12,496	363,926
	2,824,307	3,003,420	3,667,503	5,086,426

	Fair values			
	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities:				
Trade payables	1,118	1,103	—	—
Financial liabilities included in other payables and accruals	21,525	25,288	111,951	117,681
Interest-bearing bank and other borrowings	1,531,741	2,305,986	3,457,356	4,470,893
Due to related companies	1,261,664	580,925	12,496	363,926
	2,816,048	2,913,302	3,581,803	4,952,500

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

The fair values of cash and cash equivalents, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amounts due from/to related companies approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of listed equity investments without a lock-up period are based on quoted market prices. The fair values of listed equity investments with a lock-up period have been estimated using a valuation technique based on assumptions that are supported by observable market prices or rates. The Directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of each of the Relevant Periods.

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)

As at 31 December 2009, 2010 and 2011 and 30 June 2012, the Group held the following financial assets and financial liabilities measured at fair value.

Assets measured at fair value

Group
As at 31 December 2009:

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Available-for-sale investments:				
Equity investments (note 23)	536,883	—	—	536,883
Equity investments at fair value through profit or loss	11,702	—	—	11,702
	548,585	—	—	548,585

As at 31 December 2010:

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Available-for-sale investments:				
Equity investments (note 23)	863,326	511,710	—	1,375,036
Equity investments at fair value through profit or loss	218,760	—	—	218,760
	1,082,086	511,710	—	1,593,796

As at 31 December 2011:

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Available-for-sale investments:				
Equity investments (note 23)	210,774	1,907,160	—	2,117,934
Equity investments at fair value through profit or loss	231,319	—	—	231,319
	442,093	1,907,160	—	2,349,253

As at 30 June 2012:

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Available-for-sale investments:				
Equity investments (note 23)	575,580	1,617,324	—	2,192,904
Equity investments at fair value through profit or loss	238,857	—	—	238,857
	814,437	1,617,324	—	2,431,761

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

The Company did not have any financial assets measured at fair value as at the end of each of the Relevant Periods.

Liabilities measured at fair value

Group
As at 31 December 2011:

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Other long-term liabilities	—	312,636	—	312,636

As at 30 June 2012:

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Other long-term liabilities	—	241,724	—	241,724

The Group did not have any financial liabilities measured at fair value as at 31 December 2009 and 2010.

The Company did not have any financial liabilities measured at fair value as at the end of each of the Relevant Periods.

53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, 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 bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. Generally, the senior management of the Company meets regularly to analyse and formulate measures to manage the Group's exposure to these risks. In addition, the Directors meet regularly to analyse and approve the proposals made by the senior management of the Company. Generally, the Group introduces conservative strategies on its risk management.

(a) 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.

As at 30 June 2012, total borrowings of RMB1,324,896,000 (31 December 2011: RMB4,999,514,000, 31 December 2010: RMB2,286,293,000 and 31 December 2009: RMB1,888,636,000) were with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change by 100 basis points in interest rates, with all other variables held constant, of the Group's profit before tax through the impact on floating rate borrowings.

Increase/(decrease) of the Group's profit before tax

	Year ended 31 December			Six-month period ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
If 100 basis points decrease in interest rates	18,886	22,863	49,995	25,384	13,249
If 100 basis points increase in interest rates	(18,886)	(22,863)	(49,995)	(25,384)	(13,249)

(b) Foreign currency risk

The Group has transactional currency exposures. Such 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 to a reasonably possible change by 5% in the USD and HKD exchange rate, with all other variables held constant, of the Group's profit before tax due to changes in the fair values of monetary assets and liabilities.

Increase/(decrease) of the Group's profit before tax

	Year ended 31 December			Six-month period ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
If RMB weakens against USD	8,747	29,093	3,396	2,535	2,459
If RMB strengthens against USD	(8,747)	(29,093)	(3,396)	(2,535)	(2,459)
If RMB weakens against HKD	1,737	(4,616)	(6,733)	453	941
If RMB strengthens against HKD	(1,737)	4,616	6,733	(453)	(941)
If RMB weakens against EUR	497	126	2,028	3,729	2,822
If RMB strengthens against EUR	(497)	(126)	(2,028)	(3,729)	(2,822)

(c) Credit risk

The Group trades only with related companies and 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 cash equivalents, a held-to-maturity investment, available-for-sale investments, equity investments at fair value through profit or loss, amounts due from related companies and deposits and other receivables, arises from the default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with related companies and recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by analyses by customer/counterparty and by geographical region. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables were widely dispersed in different geographical regions.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 27 of this section above.

(d) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and other interest-bearing borrowings. As at 30 June 2012, 24% (31 December 2011: 36%, 31 December 2010: 40% and 31 December 2009: 55%) of the Group's borrowings would mature in less than one year based on the carrying values of the borrowings.

The maturity profile of the Group's and the Company's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

Group

	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2009					
Interest-bearing bank and other borrowings	—	1,691,608	1,313,790	122,591	3,127,989
Trade and bills payables	—	489,364	—	—	489,364
Financial liabilities included in accrued liabilities and other payables	222,993	—	—	—	222,993
Due to related companies	5,170	—	—	—	5,170
	228,163	2,180,972	1,313,790	122,591	3,845,516
31 December 2010					
Interest-bearing bank and other borrowings	—	2,004,105	2,767,066	373,528	5,144,699
Trade and bills payables	—	825,254	—	—	825,254
Financial liabilities included in other payables and accruals	565,730	—	—	—	565,730
Due to related companies	23,425	—	—	—	23,425
	589,155	2,829,359	2,767,066	373,528	6,559,108

	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2011					
Interest-bearing bank and other borrowings	—	2,465,028	4,443,336	52,593	6,960,957
Trade and bills payables	—	919,648	—	—	919,648
Financial liabilities included in other payables and accruals	717,810	674,458	—	—	1,392,268
Due to related companies	33,588	10,000	—	—	43,588
Other long-term liabilities	—	—	345,800	—	345,800
	751,398	4,069,134	4,789,136	52,593	9,662,261
30 June 2012					
Interest-bearing bank and other borrowings	—	1,795,915	5,391,573	51,547	7,239,035
Trade and bills payables	—	887,761	—	—	887,761
Financial liabilities included in other payables and accruals	773,563	374,797	—	—	1,148,360
Due to related companies	35,741	—	—	—	35,741
Other long-term liabilities	—	—	269,360	—	269,360
	809,304	3,058,473	5,660,933	51,547	9,580,257

Company

	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2009					
Interest-bearing bank and other borrowings	—	579,006	1,053,587	116,302	1,748,895
Trade payables	—	1,118	—	—	1,118
Financial liabilities included in other payables and accruals	21,525	—	—	—	21,525
Due to related companies	1,261,664	—	—	—	1,261,664
	1,283,189	580,124	1,053,587	116,302	3,033,202

	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2010					
Interest-bearing bank and other borrowings	—	496,052	1,989,102	373,528	2,858,682
Trade payables	—	1,103	—	—	1,103
Financial liabilities included in other payables and accruals	25,288	—	—	—	25,288
Due to related companies	580,925	—	—	—	580,925
	606,213	497,155	1,989,102	373,528	3,465,998
31 December 2011					
Interest-bearing bank and other borrowings	—	497,976	3,744,580	52,593	4,295,149
Financial liabilities included in other payables and accruals	111,951	—	—	—	111,951
Due to related companies	12,496	—	—	—	12,496
	124,447	497,976	3,744,580	52,593	4,419,596
30 June 2012					
Interest-bearing bank and other borrowings	—	289,919	5,314,760	51,547	5,656,226
Financial liabilities included in other payables and accruals	117,681	—	—	—	117,681
Due to related companies	363,926	—	—	—	363,926
	481,607	289,919	5,314,760	51,547	6,137,833

(e) 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 is exposed to equity price risk arising from individual equity investments classified as trading equity investments (note 28) and available-for-sale investments measured at fair value (note 23). The Group's listed investments are listed on the stock exchanges in Hong Kong, Shenzhen, Shanghai, the United States and Singapore and are valued at quoted market prices or using valuation techniques at the end of each of the Relevant Periods.

The following table demonstrates the sensitivity to every 10% increase 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 each of the Relevant Periods. 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 consolidated income statements.

	Carrying amount of equity investments	Increase in profit before tax	Increase in equity*
	RMB'000	RMB'000	RMB'000
Year ended 31 December 2009			
Investments listed in:			
Shanghai — Available-for-sale	25,313	—	1,898
Shenzhen — Available-for-sale	113,771	—	8,533
Hong Kong — Available-for-sale	34,384	—	2,871
NYSE — Available-for-sale	216,681	—	21,668
NASDAQ — Available-for-sale	146,734	—	14,673
NASDAQ — Held-for-trading	432	43	—
Singapore — Held-for-trading	11,270	1,127	—
	548,585	1,170	49,643
Year ended 31 December 2010			
Investments listed in:			
Shanghai — Available-for-sale	538,505	—	40,407
Shanghai — Held-for-trading	29,280	2,928	—
Shenzhen — Available-for-sale	217,772	—	16,033
Hong Kong — Available-for-sale	37,816	—	3,158
Hong Kong — Held-for-trading	189,480	18,948	—
United States — Available-for-sale	344,788	—	34,478
NYSE — Available-for-sale	236,155	—	23,615
	1,593,796	21,876	117,691
Year ended 31 December 2011			
Investments listed in:			
Shanghai — Available-for-sale	466,292	—	34,972
Shenzhen GEM — Available-for-sale	641,760	—	48,132
Shenzhen — Available-for-sale	840,394	—	63,030
NYSE — Held-for-trading	231,319	23,132	—
NASDAQ — Available-for-sale	169,488	—	16,949
	2,349,253	23,132	163,083

	Carrying amount of equity investments	Increase in profit before tax	Increase in equity*
	RMB'000	RMB'000	RMB'000
Six-month period ended 30 June 2011 (unaudited)			
Investments listed in:			
Shanghai — Available-for-sale	708,157	—	51,713
Shenzhen GEM — Available-for-sale	444,000	—	33,744
Shenzhen — Available-for-sale	105,146	—	7,483
NYSE — Held-for-trading	158,543	15,854	15,854
NASDAQ — Available-for-sale	278,282	—	27,828
	1,694,128	15,854	136,622
Six-month period ended 30 June 2012			
Investments listed in:			
Shanghai — Available-for-sale	657,860	—	49,340
Shenzhen GEM — Available-for-sale	377,549	—	28,316
Shenzhen — Available-for-sale	961,802	—	72,135
NYSE — Held-for-trading	238,857	23,886	23,886
NASDAQ — Available-for-sale	195,693	—	19,569
	2,431,761	23,886	193,246

* *Excluding retained profits*

(f) 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 Relevant Periods.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt includes interest-bearing bank and other borrowings, 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 each of the Relevant Periods were as follows:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings (note 36)	2,869,263	4,590,449	6,093,868	6,143,842
Less: Cash and cash equivalents (note 30))	(1,296,761)	(3,343,555)	(2,894,573)	(1,743,582)
Net debt	1,572,502	1,246,894	3,199,295	4,400,260
Total equity	6,895,143	9,354,998	11,313,941	11,691,500
Total equity and net debt	8,467,645	10,601,892	14,513,236	16,091,760
Gearing ratio	19%	12%	22%	27%

54. EVENTS AFTER THE REPORTING PERIOD

1. Disposal of Yongan Insurance

On 20 July 2012, the Company entered into an agreement to dispose of all of its all 3.23% equity interest (86,000,000 shares) in Yongan Property Insurance Co., Ltd. ("Yongan Insurance") to a subsidiary of Fosun High Tech, Shanghai Fosun Industrial Technology Development Co., Ltd., for a cash consideration of RMB99,760,000. The consideration was determined based on the fair value of Yongan Insurance's net assets.

2. Issuance of Commercial Papers

Pursuant to a resolution of the third interim general meeting of shareholders of the Company dated 6 August 2012, the Company's proposed public issuance of short-term commercial papers not exceeding RMB2,000.0 million was approved. The issuance of commercial papers is pending for approval of National Association of Financial Market Institutional Investors.

3. Recall of Shaduolika

In August and September 2012, the Group recalled certain batches of Shaduolika products, one of the Group's major products, due to reported side effects in certain hospitals in Anhui, Jiangsu and Guangxi provinces. As the Shaduolika products relating to the reported side effects were produced, sold and recalled after the Relevant Periods, no adjustments in the Group's financial statements during the Relevant Periods are required. After taking into consideration the costs of the product recall, inspection fees, transportation expenses, consultation fees, contingent liabilities for potential litigations, potential compensation payments and other expenses, the costs and expenses in relation to these occurrences of side effects are expected to be no more than RMB3.3 million.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of the entities now comprising the Group in respect of any period subsequent to 30 June 2012. Save as disclosed in this report, no dividend has been declared by the Company or any of the entities now comprising the Group in respect of any period subsequent to 30 June 2012.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong