FOSUN 復星

Fosun International Limited

(incorporated in Hong Kong with limited liability under the Companies Ordinance)

Stock Code : 00656

2009 Annual Report



Contents

ANNUAL REPORT 2009 **FOSUN INTERNATIONAL LIMITED**

Financial Summary

In RMB million	For the year ended 31 December 2009	2008
Revenue	**34,855.8**	40,250.3
Pharmaceuticals	**3,775.9**	3,699.2
Property development	**5,184.8**	3,733.3
Steel	**24,611.4**	30,930.0
Mining	**1,968.0**	3,106.6
Elimination	**(684.3)**	(1,218.8)
Profit attributable to owners of the parent	**4,646.7**	1,328.4
Pharmaceuticals	**1,185.6**	261.4
Property development	**327.3**	57.6
Steel	**1,068.1**	118.0
Mining	**235.6**	1,285.1
Retail, services and others	**2,073.7**	(125.5)
Unallocated expenses	**(112.8)**	(97.4)
Elimination	**(130.8)**	(170.8)
Earnings per share (in RMB)	**0.72**	0.21
Dividend per share (in HKD)	**0.164**	0.08

Business Overview

With operations based in China, the Group has an excellent insight into the domestic market of China. After 18 years of operations, the Group has now grown into the largest privately-owned conglomerate in China.

PHARMACEUTICALS

The Group operates its pharmaceutical business through its subsidiary Fosun Pharma. With respect to pharmaceutical research, development and manufacturing, Fosun Pharma's products for the treatment of various diseases such as liver disease, diabetes and malaria remain leaders in their respective niche markets. With respect to pharmaceutical distribution, Fosun Pharma holds equity interest in Sinopharm, one of the leading pharmaceutical distributors in China. With respect to pharmaceutical retail, Fosun Pharma's branded chain pharmacies are leading in terms of geographical coverage and market positions in major cities of China such as Shanghai and Beijing.

PROPERTY DEVELOPMENT

The Group operates its property development business through its subsidiary Forte. Apart from Shanghai, Forte, as a large nationwide property developer, also has property development operations in major cities including Beijing, Tianjin, Nanjing, Chongqing, Wuhan, Wuxi, Hangzhou, Xi'an, Changchun and Chengdu.

STEEL

The Group operates its steel business principally through its subsidiary Nanjing Steel United. Nanjing Steel United has an annual crude steel production capacity of approximately 6.5 million tonnes. Its main products are medium and heavy plates with established branding advantages in various niche segments such as plates for shipbuilding, plates for oil pipelines and structural steel for wind power generators. It remains competitive in the industry measured by various economic efficiency indicators. The Group's other important investments in the steel segment include its equity interest in Jianlong Group, one of the major privately-owned steel enterprises in China.

MINING

Through its subsidiary Hainan Mining, the Group owns China's largest iron-rich ore mine and operates businesses such as iron ore mining and sale. Using Hainan Mining as one principal platform, the Group invested in additional iron ore companies to improve ranking, increase business scale, and generate and enhance integration and synergy with the segments by increasing iron ore self-sufficiency of the steel segment of the Group. The Group also invested in iron ore companies such as Jin'an Mining and Huaxia Mining, and in other resources such as coking coal, molybdenum and gold.

RETAIL, SERVICES AND STRATEGIC INVESTMENTS

The equity interest in Yuyuan held by the Group represents an important investment for its retail and services. Strategic investments with high rates of return constitute one of the Group's principal businesses. The Group also invested in a series of unlisted and listed companies including Focus Media, one of the largest companies engaged in outdoor advertising and network advertising agency business in the PRC.

Chairman's Statement

Dear shareholders,

2009 was a year of challenges and opportunities. Against the backdrop of the global financial crisis, China's economy outperformed others and maintained rapid growth. Led by a team of excellent entrepreneurs, the Group achieved satisfactory operating results by making continuous efforts in improving management and gaining access to high quality capital, with a goal of investing in China's growth momentum. During the Reporting Period, the Group's revenue was RMB34,855.8 million, representing a decrease of 13.4% as compared with 2008, while the profit attributable to owners of the parent was RMB4,646.7 million, representing an increase of 249.8% as compared with 2008. Profit attributable to owners of the parent set a new record since the establishment of the Group. Net assets attributable to owners of the parent of the Group increased from RMB0.29 per share in 2004 to RMB3.81 per share as at the end of the Reporting Period, representing a compound annual growth rate of 67.1%.

Chairman
Guo Guangchang

Profit attributable to owners of the parent

4,646.7

RMB million

Management Optimisation

Pharmaceuticals: During the Reporting Period, Fosun Pharma, a subsidiary of the Company, achieved outstanding results. Profit attributable to owners of the parent contributed by the pharmaceuticals segment recorded a growth of 353.6% as compared with 2008. This was primarily attributable to the listing of Sinopharm, in which Fosun Pharma holds equity interest, and the steady growth of the pharmaceutical manufacturing and research and development business, distribution business and retail business. In respect of pharmaceutical research and development, Fosun Pharma continued to increase investment in pharmaceutical research and development while encouraging product innovation. During the Reporting Period, Fosun Pharma applied for a total of 89 new patents, established two teams of American scientists of Henlius Bio-Tech Co., Ltd. and Fochon Co., Ltd. and became a shareholder of Handa Pharmaceuticals, LLC, a United States company engaged in pharmaceutical research and development. Moreover, with the introduction of the new healthcare insurance reform in China, 96 types of drugs of Fosun Pharma were selected for the list of national essential medicines in 2009.

Property Development: During the Reporting Period, profit attributable to owners of the parent contributed by the property development segment increased by 468.2% as compared with 2008. Forte, a subsidiary of the Company, achieved attributable contract sales

The Group would strive to develop itself to become a global investment platform with profound industrial presence, leveraging its investment capability and recognised brand and based upon its established advantages and China roots to further strengthen the three core competitive edges of the Group.

GFA of 892,179 sq. m., representing an increase of 150.3% as compared with 2008 and sales revenue of attributable contracts amounted to RMB8,516.5 million, representing an increase of 169.1% as compared with 2008. In 2008, as Forte was fully committed to making progress in project construction during the cyclical bottom of the market and strengthened its efforts in marketing, it has made excellent returns leveraging the rapid market recovery. During the Reporting Period, Forte secured a total of 7 projects with additional projects reserved GFA amounting to 1,434,170 sq. m., of which 1,212,411 sq. m. additional projects reserved GFA was attributable to Forte. The GFA under development attributable to Forte was 2,630,038 sq. m., representing an increase of 9.9% as compared with 2008 and GFA booked attributable to Forte was 577,237 sq. m., representing an increase of 59.9% as compared with 2008.

Steel: During the Reporting Period, profit attributable to owners of the parent contributed by the steel segment was RMB1,068.1 million, with the gross and attributable outputs of crude steel of the steel segment of the Group being 14.88 million tonnes and 4.95 million tonnes, respectively. Despite the excessive production capacity and keen competition in the overall steel market and highly-volatile steel prices, Nanjing Steel United, a subsidiary of the Company, made significant progress in such adversities, diversified its product mix and developed new products to cater for market demand in new situations. It also made reasonable resource allocations to reduce cost and increased production utilisation rates to achieve better economic efficiency. Nanjing Steel United was honoured with a China Quality Award in 2009, marking the general recognition of the management quality of Nanjing Steel United from the community. As at the end of the Reporting Period, the proposed reorganisation of major assets of Nanjing Iron & Steel, a subsidiary of the Company, was approved at its shareholders' meeting.

Mining: During the Reporting Period, the mining segment of the Group maintained a relatively high profitability among its peers by effective cost control in spite of a significant decrease in overall market price. Profit attributable to owners of the parent contributed by the mining segment was RMB235.6 million, with the gross and attributable outputs of iron ores, the principal products of the mining segment, at 6.82 million tonnes and 3.02 million tonnes, respectively. During the Reporting Period, Hainan Mining, a subsidiary of the Company, had increased its iron ore reserves by 43.69 million tonnes and its production and sales volume of iron ores both set a record high for the past 20 years retaining its great competitiveness in terms of production

costs. In addition, Hainan Mining maintained its advantages in the rapidly fluctuating market by optimising the sales system.

Retail and Services: During the Reporting Period, the Group's retail and services business developed steadily. Profit attributable to owners of the parent contributed by Yuyuan, a principal associate of the Group, was RMB90.2 million, representing an increase of 73.9% as compared with 2008 as it benefited from domestic market growth.

Investing

The Group adhered to its consistent investment style and principles during the Reporting Period. It actively explored potential investment projects around the world which benefited from China's economic growth and increased its investment proportion to capitalise on the rising domestic demand in China. It also encouraged its subsidiaries to participate in industrial integration. As the overseas capital markets declined significantly and the substantial investment value appeared in the secondary market, the Group grasped the opportunity to increase investment in overseas listing enterprises whose businesses were related to domestic demand in China, mainly including Focus Media, Tongjitang Chinese Medicines Company and Chindex International, Inc. The total investment of USD155.6 million brought sound returns. The Group also increased its land bank in a proper and timely manner. As at 31 December 2009, the total projects reserved GFA was 10,883,991 sq. m. (including jointly-controlled entities and associates of Forte), which laid a solid foundation for the development of the Group in the property industry.

During the Reporting Period, the capital expenditure of the Group totalled RMB3,619.5 million, which was mainly used for technological upgrades and new construction projects at the subsidiaries level. Moreover, the Group divested part of its assets as appropriate, for cash inflows of RMB1,902.6 million, maintaining the Group's financial position at a healthy level.

During the Reporting Period, the Group had an addition of 15 strategic investment projects, totalling RMB1,577.4 million. Leveraging the recovery of A-Share markets and the restarting of IPOs, various Pre-IPO projects invested in by the Group were filed for approval from relevant regulatory authorities at the end of February 2010, three of which obtained approval from the Issuance Review Committee of China Securities Regulatory Commission and one of which was listed on the Shanghai Stock Exchange. The structure of the capital market of the PRC has been further optimised since 2009 and the Group will continue to make an effort in delivering more strategic investments and accelerate the listing process of its invested projects in 2010.

Financing

During the Reporting Period, the Group strived to raise high quality capital through multiple channels and increased low-cost medium-to-long-term debt financing. At the end of the Reporting Period, the issuance of enterprise bonds of Nanjing Steel United and corporate bonds of Forte and Yuyuan were successfully completed and raised a total of RMB4,900.0 million. As a result, the debt structure of the Group was optimised and the proportion of medium-to-long-term debts increased to 41.7% as at the end of the Reporting Period from 38.0% as at the beginning of the Reporting Period. Aside from reinforcing its debt financing, the Group seized the opportunity to carry out equity financing with the recovery of the capital market in China. During the Reporting Period, Sinopharm was successfully listed in Hong Kong. The re-financing plans in the A shares of Fosun Pharma and Forte were approved at their respective shareholders' meetings. Moreover, the Group began to explore operations in the asset management business. The Renminbi real estate fund established by Forte has raised RMB551.1 million. At the end of the Reporting Period, the cash and bank balances of the Group amounted to RMB15,947.6 million.

Future Prospects

Looking forward in 2010, although the Chinese and global economic circumstances are expected to experience uncertainties, the Group believes that the general direction of China's economic development will remain unchanged. Urbanisation and industrialisation will continue. However, with the expediting economic transformation, domestic demand will play a more significant role in boosting economic growth. Different core business segments of the Group will continue to benefit from China's economic growth.

In addition, the Group will evaluate different investment opportunities cautiously in order to control investment risks. As a conglomerate mainly engaged in investment and post-investment management optimisation, the Group would strive to further develop itself to become a unique global investment platform with profound industrial presence, leveraging its investment capability and recognised brand and based upon its established advantages and China roots, therefore, to further strengthen the three core competitive edges of the Group and embrace new challenges.

One important focus for the Group's future development would be globalisation. We are honoured to invite Mr. John Snow, the former Treasury Secretary of the United States, to be the consultant of the Board from the beginning of 2010. Mr. John Snow will help us to optimise and enhance the global strategy by sharing his experience as senior executive in some of the world's top 500 enterprises and government authorities. In February 2010, the Group and Carlyle Group, one of the largest private equity investment companies in the world, announced a global comprehensive strategic partnership. Focusing on the opportunities brought by China's rapid economic growth, the partnership will invest in enterprises with high growth and companies that would benefit from China's growth. Both parties co-founded the first foreign-funded partnership equity investment enterprise in China. By collaborating strategically with leading international individuals and institutions, the Group will take those successful enterprises as benchmarks in the aspects of global investment, financing, optimised operation management and human resources management etc, and connect with their global investment platforms and capitalise on their investment capabilities. Looking forward, the Group will seek investment opportunities in relation to the growth of the PRC with global vision, and endeavour to deliver remarkable returns for the shareholders.

Based on the values of "self improvement, teamwork, performance and contribution to society", the Group has been dedicated to contribute to society and considerable contributions were made to various areas, including education, health care and environment. In 2009, the Group was invited to organise the private enterprise pavilion in the 2010 Shanghai World Expo and has efficiently completed a series of tasks within a tight schedule, including preparation, exhibition invitation, design and construction. I would like to cordially invite those who have long been supportive of the Group to come to Shanghai in 2010 to visit the private enterprise pavilion and Shanghai World Expo.

Indeed, what the Group cares for the most is to discover, train and support its entrepreneurial team through optimised allocation of internal resources. The Group endeavours to create more high quality job opportunities in order to fundamentally help solve social problems, such as employment. The Group also wishes to contribute our efforts to the development of the business culture in China and the world.

Lastly, with our efforts and under the leadership of its excellent entrepreneurial team, the Group endeavors to become a premium enterprise with global competitiveness to thereby maximise the value for its shareholders.

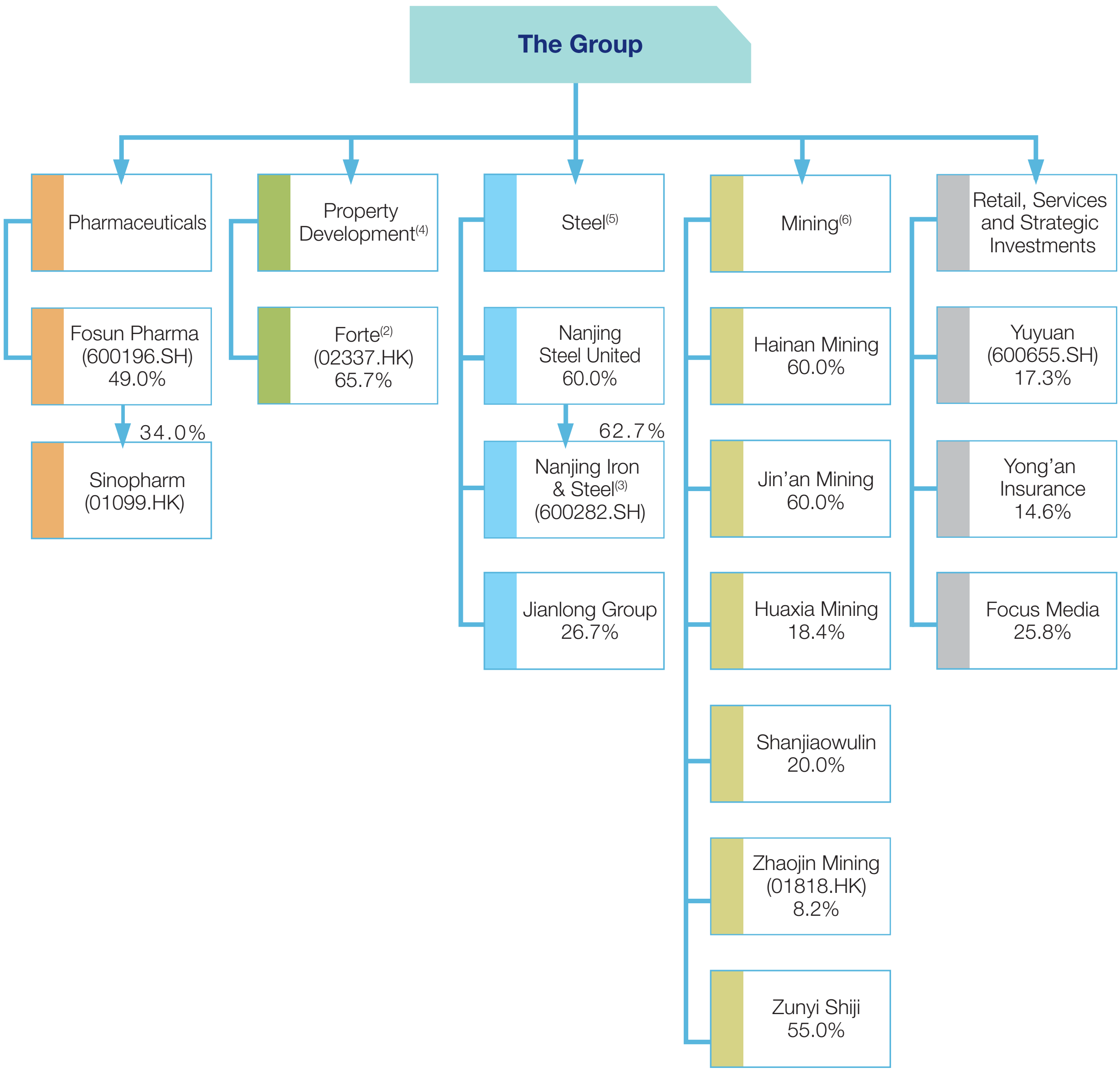
Appreciation

The success of the Group was attributable to all of its shareholders, customers, business partners and all parties valuing the Group, and the hard work and loyalty of its entire staff. On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all of them and look forward to their continuing support in the coming year.

Guo Guangchang
Chairman

24 March 2010

Corporate Structure(1)



As at 31 December 2009

Notes:

(1) Shareholding percentages represent effective equity interests as at 31 December 2009.

(2) During the Reporting Period, Fosun Pharma transferred its entire equity interest in Forte to Fosun Group. The transfer was completed in March 2010. As at the date of this annual report, the Group holds 70.6% of the total issued share capital of Forte.

(3) During the Reporting Period, reorganisation of Nanjing Steel United was implemented. After the reorganisation, Nanjing Iron & Steel will be owned as to 56.3% and 27.4% by Nanjing Nangang United Co., Ltd. (in which the Group holds 60% equity interest) and Nanjing Steel United respectively. As at the date of this annual report, the reorganisation has yet to be completed.

(4) Property Development:

Major portfolio companies	Principal Business	Attributable sales GFA in 2009 (sq. m.)
Forte	Property Development	892,179

(5) Steel:

Major portfolio companies	Major products	Output of crude steel in 2009 (million tonnes)
Nanjing Steel United	Medium and heavy plates and bars and wire rods	6.50
Jianlong Group	Medium wide hot and cold strips, hot-rolled coils, bars and wire rods	8.38

(6) Mining:

Major portfolio companies	Major products	Output in 2009
Hainan Mining	Lump ore and refined ferrous powder	A total of 3.41 million tonnes of lump ore and refined ferrous powder
Jin'an Mining	Refined ferrous powder	0.83 million tonnes of refined ferrous powder
Huaxia Mining	Refined ferrous powder	2.58 million tonnes of refined ferrous powder
Shanjiaowulin	Coke, methanol	0.63 million tonnes of coke
Zhaojin Mining	Gold	19,485 kg (approximately 626,457 ounces) of gold#
Zunyi Shiji	Ammonium molybdate	16 tonnes of ammonium molybdate

Including 11,306 kg (approximately 363,496 ounces) of self-produced gold and 8,178 kg (approximately 262,928 ounces) of smelted gold.

Financial Review

PREFACE

The 2009 Annual Report of the Company includes the Chairman's Statement, annual accounts and other information that is required by the accounting standards, applicable laws and the Stock Exchange. This Financial Review has been prepared to discuss the profit contribution of each business segment and the overall financial position of the Group so as to assist readers to have a better understanding of the statutory information contained herein.

The Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows are set out on pages 63 to 74 of this annual report. The accompanying notes to these financial statements for further explaining certain information contained in the statements are set out on pages 75 to 196 of this annual report.

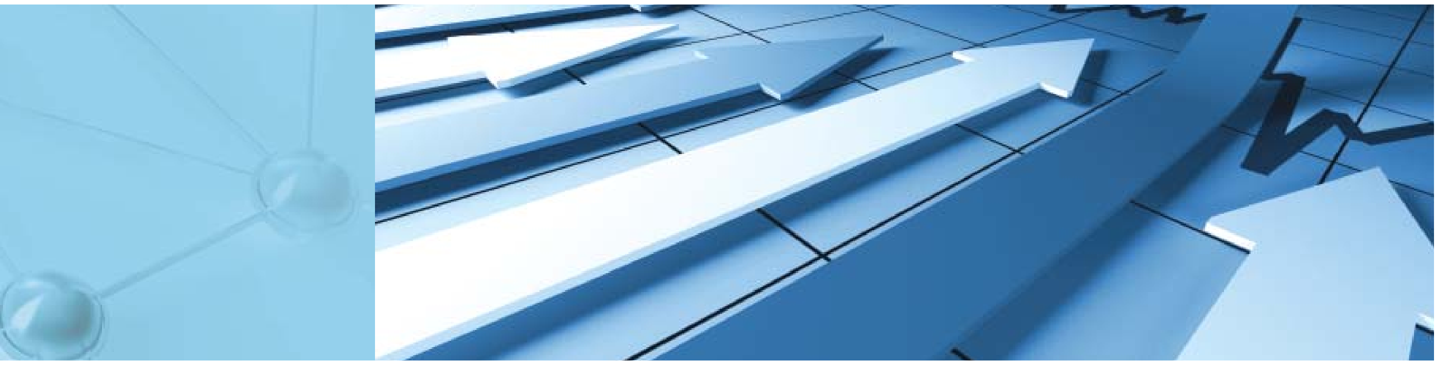
On pages 61 to 62 is the report to shareholders from the Company's auditor, Ernst & Young of their independent audit on the Group's and the Company's annual accounts.

ACCOUNTING PRINCIPLES

The financial statements have been prepared in accordance with the generally adopted Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, which are in line with International Financial Reporting Standards.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The profit attributable to owners of the parent of the Group for the year ended 31 December 2009 was RMB4,646.7 million, representing an increase of 249.8% as compared with RMB1,328.4 million in 2008. The increase in profit of the Group was primarily due to the significant increase in non-operating profit on the basis that the operating profit remained stable during the Reporting Period as compared with last year.



PROFIT CONTRIBUTION OF EACH BUSINESS SEGMENT

Comparison between the profit contribution of each business segment for the year of 2009 and the corresponding figures in 2008 is analysed as follows:

Unit: RMB million

	2009	2008	Increase/ (decrease)%
Pharmaceuticals	**1,185.6**	261.4	353.6%
Property development	**327.3**	57.6	468.2%
Steel	**1,068.1**	118.0	805.2%
Mining	**235.6**	1,285.1	(81.7)%
Retail, services and others	**2,073.7**	(125.5)	N/A
Unallocated expenses	**(112.8)**	(97.4)	15.8%
Elimination	**(130.8)**	(170.8)	(23.4)%
Total	**4,646.7**	1,328.4	249.8%

Pharmaceuticals: Profit contributed by the pharmaceuticals segment increased to RMB1,185.6 million in 2009 from RMB261.4 million in 2008. In 2009, the manufacturing, research and development business of Fosun Pharma kept a steady growth, the profit of which increased by 18.1% as compared with 2008, while profit of the retail and distribution business increased by 21.8% as compared with 2008. In addition, Fosun Pharma recognised a gain on deemed disposal of equity interest in Sinopharm as a result of its successful initial public offering of shares on the Stock Exchange.

Property Development: Profit contributed by the property development segment increased to RMB327.3 million in 2009 from RMB57.6 million in 2008. The increase in profit contribution was primarily due to two factors: (i) the GFA booked from property projects completed by Forte in 2009 increased as compared with 2008 due to the improving property market sentiment; and (ii) an impairment loss on available-for-sale investment was recognised by Forte in 2008 while there was no such loss in 2009.

Steel: Profit contributed by the steel segment increased to RMB1,068.1 million in 2009 from RMB118.0 million in 2008. Nanjing Steel United has continued its measures to implement attentive management, reduce costs, save energy and enhance efficiency. Although the steel market had not completely recovered from the downturn in 2009 and steel product prices significantly decreased as compared with 2008, the gross profit margin of Nanjing Steel United remained almost the same with 2008. In addition, Nanjing Steel United recorded a gain on disposal of equity interest in an associate, Ningbo Iron & Steel Co., Ltd. during the Reporting Period.

Mining: Profit contributed by the mining segment decreased to RMB235.6 million in 2009 from RMB1,285.1 million in 2008. The decrease in profit contribution was attributable to the downturn in downstream industry, resulting in the shrinkage of gross profit from sales of iron ore products. In addition, the Group entered into an agreement to transfer most of its equity interest in Zhaojin Mining in the second half of 2008, and thus ceased to treat it as an associate and share its profit in 2009. Despite the market downturn, Hainan Mining continued to explore the potential to reduce costs and the average cost of iron ore products decreased by around RMB60 per tonne in 2009 as compared with 2008, which effectively offset the adverse effect brought by the decrease in the prices of iron ore products.

Retail, Services and Others: Profit contributed by the retail, services and others segment changed to a profit of RMB2,073.7 million in 2009 from a loss of RMB125.5 million in 2008. This was mainly attributable to (i) the gain on changes of fair value of certain equity investments held by the Company; and (ii) foreign currency deposits held at the group holding companies level were applied to various uses over time and the exchange rates of foreign currencies against RMB were relatively stable during the Reporting Period, therefore foreign exchange losses through profit or loss in 2009 represented a significant decrease as compared with 2008. In addition, the core business of the associate Yuyuan, particularly its gold business, maintained stable growth, resulting in an increase of its operating profit.

REVENUE

In 2009, total revenue of the Group was RMB34,855.8 million after elimination of internal sales in the amount of RMB684.3 million, a decrease of 13.4% as compared with the total revenue of RMB40,250.3 million in 2008. The decrease in revenue of the Group in 2009 was mainly due to decreases in average selling prices of both steel and iron ore products as compared with 2008, resulting in the decreases in revenues of both the steel and mining segments.

Pharmaceuticals: Revenue of the pharmaceuticals segment increased to RMB3,775.9 million in 2009 from RMB3,699.2 million in 2008. The increase in revenue was mainly due to the steady growth in the revenue of the manufacturing, research and development business of Fosun Pharma through continuous enhancement of its research and development capability and adjustment of its product mix. In addition, the former subsidiary Hubei Tianxiaming Pharmaceutical Co., Ltd. was deconsolidated from the pharmaceuticals segment in 2009 as it was disposed of in August 2008. If this factor was eliminated, the revenue of the pharmaceuticals segment would have increased by 10.5% as compared with last year.

Property Development: Revenue of the property development segment increased to RMB5,184.8 million in 2009 from RMB3,733.3 million in 2008. The increase was mainly due to the significant increase in GFA booked by Forte in 2009 as compared with 2008.

Steel: Revenue of the steel segment decreased to RMB24,611.4 million in 2009 from RMB30,930.0 million in 2008. The decrease of revenue was primarily due to a substantial decrease in the prices of steel products in 2009 as compared with 2008, resulting in a decrease of its revenue in the steel segment. However, with positive gross margin from the sales of steel products, Nanjing Steel United captured the opportunities to increase its production volume by approximately 15%, effectively offsetting the negative impact by the decreasing selling prices of steel products.

Mining: Revenue of the mining segment decreased to RMB1,968.0 million in 2009 from RMB3,106.6 million in 2008. The decrease of revenue was mainly due to the market selling prices of iron ore products remaining at a low level in 2009, representing a decrease of approximately 47.8% in average selling price as compared with 2008.

INTEREST EXPENSES

Interest expenses net of capitalised amounts of the Group decreased from RMB1,348.9 million in 2008 to RMB1,081.1 million in 2009. The decrease in interest expenses was mainly attributable to decrease in the interest rates of borrowings, although there was an increase in total borrowings. The interest rates of borrowings in 2009 were approximately between 0.27% and 12.18%, as compared with approximately between 1.60% and 9.34% in 2008.

TAX

Tax increased from RMB1,149.1 million in 2008 to RMB1,357.2 million in 2009. The increase was mainly due to the increase in taxable profit of the pharmaceuticals segment.

BASIC EARNINGS PER SHARE OF ORDINARY SHARES

Basic earnings per share attributable to owners of the parent was RMB0.72 in 2009, representing an increase of 242.9% from RMB0.21 in 2008. The weighted average number of shares was 6,421.6 million shares for 2009 while the comparable number was 6,423.1 million shares for 2008.

EQUITY PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

As at 31 December 2009, equity per share attributable to owners of the parent was RMB3.81, representing an increase of RMB0.72 per share from RMB3.09 per share as at 31 December 2008. The increase in equity per share attributable to owners of the parent was primarily due to the difference between RMB4,646.7 million and RMB453.1 million, which were the profit attributable to owners of the parent in 2009 and the dividend distributed on 16 July 2009 respectively.

PROPOSED FINAL DIVIDEND

The Board has recommended the payment of a proposed final dividend of HKD0.164 per ordinary share for the year ended 31 December 2009. Subject to the approval of the Company's shareholders at the Company's annual general meeting to be held on 22 June 2010, the proposed final dividend will be paid to the Company's shareholders on or about 16 July 2010.

CAPITAL EXPENDITURES AND CAPITAL COMMITMENT

The capital expenditures of the Group mainly include the amounts spent on construction of production facilities, technology upgrade and purchase of machines and equipment, and addition of intangible assets and rights. We have been increasing investment in the research and development of pharmaceutical products in order to produce more proprietary products with higher gross profit margin. In order to enhance the production capacity of the steel segment and the optimisation of product mix, we have increased the investment in the steel segment. Efforts will be made in the mining segment with an aim to continuously strengthen our leading role in the industry. Details of capital expenditures of each business segment in 2009 are set out in note 5 to the financial statements.

As at 31 December 2009, the Group's capital commitment contracted but not provided for was RMB5,530.9 million, while capital commitment authorised but not yet contracted was RMB2,814.8 million. These were mainly committed for property development, addition of plant and equipment, and investments. Details of capital commitment are set out in note 47 to the financial statements.

INDEBTEDNESS AND LIQUIDITY OF THE GROUP

As at 31 December 2009, the total debt of the Group increased to RMB28,812.0 million from RMB24,550.5 million as at 31 December 2008, primarily attributable to the increase in long-term borrowings. As at 31 December 2009, cash and bank balances also increased by 36.4% to RMB15,947.6 million as opposed to RMB11,691.0 million as at 31 December 2008.

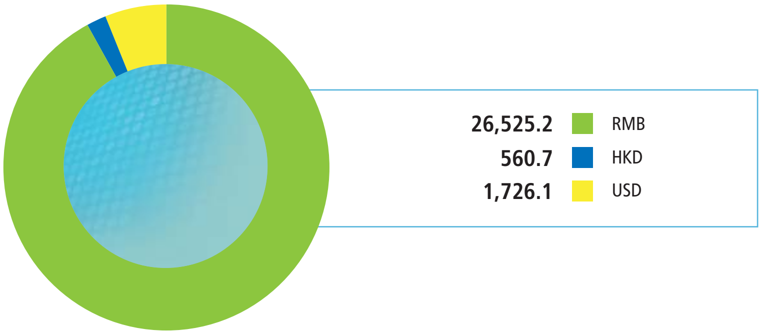
Unit: RMB million

	31 December 2009	31 December 2008
Total debt	**28,812.0**	24,550.5
Cash and bank balances	**15,947.6**	11,691.0

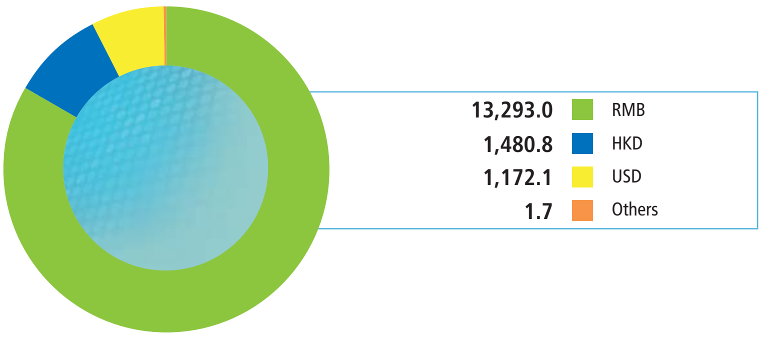
The original denomination of the Group's debt as well as cash and bank balances by currencies, equivalent in RMB, as at 31 December 2009 is summarised as follows:

Unit: RMB million equivalent

Debt



Cash and bank balances



TOTAL DEBT TO TOTAL CAPITALISATION RATIO

As at 31 December 2009, the ratio of total debt to total capitalisation was 44.2% as compared with 45.0% as at 31 December 2008, and this was maintained at relatively stable levels since the listing of the Company. Healthy gearing ratios and sufficient financial resources enhance the Group's ability to defend against risk and provide support to the Group in its capturing of investment opportunities.

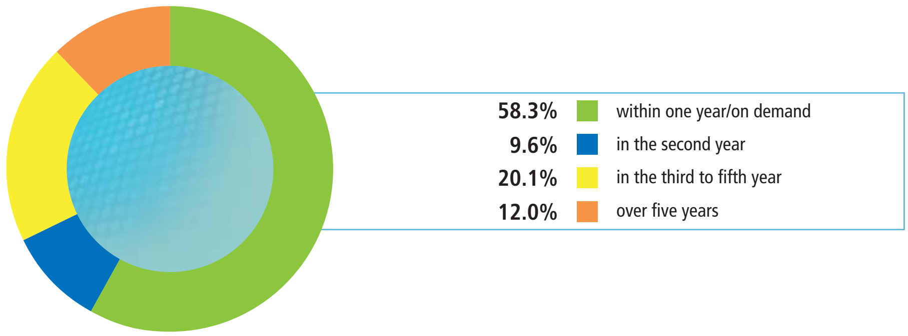
BASIS OF CALCULATING INTEREST RATE

To stabilise interest expenses, the Group endeavoured to maintain appropriate borrowings at fixed interest rates and floating interest rates. The Group made timely adjustment to the debt structure under the market circumstances. As at 31 December 2009, 69.2% of the Group's total borrowings bore interest at a floating interest rate.

THE MATURITY PROFILE OF OUTSTANDING BORROWINGS

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

Below is the outstanding borrowings classified by year of maturity as at 31 December 2009:



AVAILABLE FACILITIES

As at 31 December 2009, save for cash and bank balances of RMB15,947.6 million, the Group had unutilised banking facilities of RMB22,411.1 million. The Group has entered into cooperation agreement with various major banks in China. According to these agreements, the banks granted the Group general banking facilities to support its capital needs. Prior approval of individual projects from banks in accordance with bank regulations of China must be obtained before the use of these banking facilities. As at 31 December 2009, available banking facilities under these arrangements totalled RMB47,360.6 million, of which RMB24,949.5 million was allocated to various projects.

CASH FLOW

In 2009, net cash flow from operating activities was RMB5,455.8 million. Profit before tax for the year was RMB8,175.5 million. However, investment return before tax in the amount of approximately RMB6,678.6 million during the Reporting Period did not generate operating cash inflow, while depreciation and amortisation of RMB1,948.2 million and impairment provision of approximately RMB439.0 million did not result in operating cash outflow. As for the working capital, factors affecting the operating cash flow are severalfold. Properties under development and completed for sale increased by RMB1,470.4 million in aggregate as a result of an increase in inputs into property development projects. There was an increase of RMB1,288.4 million in prepayments, deposits and other receivables primarily due to the Group's active participation in the bidding for property projects. Accrued liabilities and other payables increased by RMB3,532.3 million as more deposits were received from pre-sales of properties due to the recovery of the property market. Commercial credits, which were widely used between upstream and downstream companies of the steel industry during the market downturn, resulted in the increases of receivables and payables by RMB2,331.4 million and RMB1,960.6 million respectively. The overall changes of the working capital above have positive effect on the operating cash flow. To sum up, the operating cash inflow during the Reporting Period was mainly generated from operating cash income and positive changes of working capital.

In 2009, net cash outflow to investing activities was RMB6,292.3 million, mainly used for purchase of items of property, plant and equipment, new services and strategic investment projects by the Group, acquisition of subsidiaries, addition of term deposits with original maturity of more than 3 months and pledged deposits.

In 2009, net cash inflow from financing activities was RMB2,853.9 million, mainly from the issuance bonds and new loans of subsidiaries from banks and other financial institutions, after repayment of bank and other borrowings, and payment of interest on bank loans and dividends.

PLEDGED ASSETS

As at 31 December 2009, the Group had pledged assets of RMB11,297.2 million (31 December 2008: RMB10,297.3 million) in order to obtain bank borrowings. Details of pledged assets were set out in note 36 to the financial statements.

CONTINGENT LIABILITIES

The Group's contingent liabilities were RMB3,659.5 million as at 31 December 2009 (31 December 2008: RMB4,297.0 million), primarily applied to guarantee the mortgage loans of qualified buyers. Details of contingent liabilities were set out in note 48 to the financial statements.

INTEREST COVERAGE

In 2009, EBITDA divided by interest expense was 10.4 times as compared with 5.1 times in 2008. Although total debt of the Group in 2009 was higher than that of 2008, interest expenses declined effectively by 19.9% as a combined result of the decrease in benchmark interest rate and adjustment by the Group to interest rate structure of borrowings. At the same time, EBITDA increased by 62.7% due to increased financial results of the Group.

FINANCIAL POLICIES AND RISK MANAGEMENT

General policy

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

Foreign currency exposure

Since the Group conducts its business mainly in Mainland China, RMB is also the functional and presentation currency. Most of the Group's revenue is received in RMB, with part of it converted into foreign currencies for the purchase of imported raw materials. Since the exchange rate reform in July 2005, the exchange rate of RMB against USD has appreciated steadily. However, we are uncertain of the stability of RMB in the future. The cost of conversion of RMB into foreign currencies will be subject to the fluctuation of the exchange rate of RMB. As at 31 December 2009, approximately 92.2% (approximately RMB81,301.2 million) of the Group's total assets were located in Mainland China (31 December 2008: RMB66,847.8 million or 95.8%).

Since the net proceeds from the listing of the Company on the Main Board of the Stock Exchange were denominated in HKD and considerable time is needed for converting all these amounts into RMB or be used. With the continuous appreciation of RMB, these foreign currency deposits or assets denominated in foreign currency will incur substantial exchange loss for a considerable length of time due to currency conversion for business settlement and currency translation for report preparation since the reform of the exchange rate.

Interest rate exposure

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

Application of derivatives

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

FORWARD-LOOKING STATEMENTS

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

Five-Year Statistics

Unit: RMB million

Year	2005 (restated)	2006 (restated)	2007	2008	**2009**
Total equity	9,203.4	11,140.9	29,970.6	30,043.1	**36,372.3**
Equity attributable to owners of the parent	2,825.1	3,982.7	19,834.1	19,870.3	**24,484.3**
Equity per share attributable to owners of the parent (in RMB)	0.57	0.80	3.08	3.09	**3.81**
Indebtedness					
Total debt	14,410.7	19,143.0	21,918.0	24,550.5	**28,812.0**
Total debt/Total capitalisation (%)	61.0%	63.2%	42.3%	45.0%	**44.2%**
Interest coverage (times)	5.9	4.2	7.8	5.1	**10.4**
Capital employed	17,235.8	23,125.7	41,752.1	44,420.8	**53,296.3**
Cash and bank balances	5,001.8	5,062.7	14,144.0	11,691.0	**15,947.6**
Property, plant and equipment	12,648.9	14,459.9	15,598.6	16,378.6	**17,767.2**
Investment property	—	446.0	456.0	429.0	**2,057.4**
Property under development	7,487.3	7,509.9	9,415.0	12,787.7	**11,957.6**
Prepaid land lease payments	515.6	542.7	908.4	893.4	**1,162.7**
Mining rights	—	160.9	546.5	1,110.7	**733.6**
Interest in associates	4,281.9	5,461.8	6,848.0	5,947.1	**9,621.4**
Available-for-sale investments	319.3	291.2	2,188.1	1,905.3	**2,943.5**
Equity investments at fair value through profit or loss	0.1	2.3	90.4	1,534.9	**4,922.3**
Profit attributable to owners of the parent	1,362.4	1,095.8	3,354.3	1,328.4	**4,646.7**
Basic and diluted earnings per share (in RMB)	0.27	0.22	0.59	0.21	**0.72**
Profit contribution by each business segment					
Pharmaceuticals	67.2	(101.7)	164.5	261.4	**1,185.6**
Property development	277.2	272.7	383.8	57.6	**327.3**
Steel	387.9	591.6	1,845.1	118.0	**1,068.1**
Mining	26.3	318.1	592.9	1,285.1	**235.6**
Retail, services and others	629.3	59.4	538.6	(125.5)	**2,073.7**
EBITDA	4,457.5	4,062.8	9,784.8	6,887.2	**11,204.9**
Proposed dividend per share (in HKD)	—	—	0.17	0.08	**0.164**

Note: For comparison purpose, figures of 2005 and 2006 were restated to reflect changes of accounting policies.

Corporate Governance Report

The Board is pleased to present the corporate governance report of the Group for the year ended 31 December 2009.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

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

During the Reporting Period, the Company applied the principles of and fully complied with all code provisions as set out in the CG Code, save for the deviation from Code A.2.1 of the CG Code. This deviation was rectified on 16 January 2009, details of which are set out in Part B of this report.

The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

A. THE BOARD

a) Responsibilities

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

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

b) Delegation of Management Function

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

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

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

c) Board Composition

The Board for the year ended 31 December 2009 comprised the following Directors:

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

Non-executive Director:
Mr. Liu Benren

Independent Non-executive Directors:
Dr. Chen Kaixian
Mr. Zhang Shengman
Mr. Andrew Y. Yan

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

None of the members of the Board is related to another.

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

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

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

d) Appointment and Re-election of Directors

The procedures and processes of appointment, re-election and removal of Directors are laid down in the Articles of Association. The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors.

Each of the Directors (including executive and non-executive Directors) has entered into a service contract with the Company for a term of not more than 3 years from 1 January 2009 to the annual general meeting for the year 2010. The appointment may be terminated by not less than three months' written notice by each party.

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

e) Training for Directors

Each newly appointed Director receives comprehensive induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

Continuing briefing and professional development for Directors will be arranged whenever necessary.

f) Board Meetings

The Board meets regularly to review the financial and operating performance of the Group, and approve future strategy. The Board held five meetings during the Reporting Period. The attendance records of each Director are set out below:

Name of Directors	Attendance/ Number of Meetings
Mr. Guo Guangchang	5/5
Mr. Liang Xinjun	5/5
Mr. Wang Qunbin	5/5
Mr. Fan Wei	5/5
Mr. Ding Guoqi	5/5
Mr. Qin Xuetang	5/5
Mr. Wu Ping	5/5
Mr. Liu Benren	5/5
Dr. Chen Kaixian	5/5
Mr. Zhang Shengman	5/5
Mr. Andrew Y. Yan	5/5

g) Practice and Conduct of Board Meetings

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

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

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

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

B. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Prior to 15 January 2009, Mr. Guo Guangchang held the offices of Chairman and Chief Executive Officer of the Company. The Board considered that vesting the roles of chairman and chief executive officer in the same person would not impair the balance of power and authority between the Board and the management of the Company. In order to further enhance the administrative and management responsibilities of members of the senior management of the Company, Mr. Liang Xinjun was appointed Chief Executive Officer of the Company in place of Mr. Guo Guangchang with effect from 16 January 2009 and Mr. Wang Qunbin was appointed President of the Company in place of Mr. Liang Xinjun with effect from 16 January 2009. Mr. Guo Guangchang remains Executive Director and Chairman of the Company.

C. BOARD COMMITTEES

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

The majority of the members of each Board committee are independent non-executive Directors.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Remuneration Committee

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

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

The Remuneration Committee held two meetings during the Reporting Period. The attendance records of each member of the Remuneration Committee are set out below:

Name of Directors	Attendance/ Number of Meetings
Mr. Andrew Y. Yan	2/2
Mr. Liang Xinjun	2/2
Mr. Zhang Shengman	2/2

Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely Mr. Zhang Shengman (Chairman), Dr. Chen Kaixian and Mr. Andrew Y. Yan. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the following:

- To review the financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function or external auditors before submission to the Board.

- To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditors.

- To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Audit Committee held two meetings during the Reporting Period to review the financial results and reports, financial reporting and compliance procedures. The attendance records of each member of the Audit Committee are set out below:

Name of Directors	Attendance/ Number of Meetings
Mr. Zhang Shengman	2/2
Dr. Chen Kaixian	2/2
Mr. Andrew Y. Yan	2/2

According to the amendments to the Listing Rules coming into effect on 1 January 2009, the Audit Committee has amended its terms of reference so as to reflect its duties to ensure an effective internal control system including the adequacy of resources, qualification and experience of staff of the Company's accounting and financial reporting function, their training programmes and budget.

The Company's annual results for the year ended 31 December 2009 have been reviewed by the Audit Committee.

D. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code.

Specific enquiry has been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the Reporting Period.

The Company has also established written guidelines on no less exacting terms than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

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

E. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

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

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2009.

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

F. EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of Ernst and Young, the external auditors of the Company, about their reporting responsibilities for the financial statements is set out in the "Independent Auditors' Report" on pages 61 to 62.

During the Reporting Period, the remuneration paid to Ernst and Young, the external auditors of the Company, in respect of professional audit services, amounted to RMB4.05 million and no non-audit services were provided by Ernst and Young to the Company.

G. INTERNAL CONTROLS

The Board is responsible for overseeing the integrity and effectiveness of the internal control system of the Group to ensure the safety and integrity of the internal assets of the Group and the interests of shareholders. The Board identifies, evaluates, supervises and manages the significant risks faced by the Group through the established risk evaluation system, internal control system and internal auditing and supervision system. Such significant risks include decision-making risks of operation, resources allocation risks, and the risks arising from changes in business environment.

The Risk Control Headquarters of the Group assists the Board in identifying all types of operation risks and formulating relevant risk control policies and is responsible for facilitating the design and implementation of applicable internal control measures for each segment of the Group. The internal audit department conducts independent evaluation on the effectiveness of the existing internal control system design according to the general audit strategy and annual audit plan of the Group. It is also responsible for regulating the proper operation and improvement of the internal control system.

During the Reporting Period, the Group entrusted two international well-known consulting agencies to re-examine the Group's risk evaluation system and internal control system to identify any weaknesses. Accordingly, the Company revised the "Risk Management Handbook" and conducted risk evaluation through electronic means. In respect of the internal control, the Group also established a more organised policy framework and policy management system.

During the Reporting Period, the internal audit department systematically reviewed the financial control, business operation, compliance control and risk management of the Group. It reported on the adequacy and integrity of the internal control and risk management systems to the Audit Committee and the Board on a regular basis. The Audit Committee reviewed the internal control issues identified by external auditors, the internal audit department and the management. It also evaluated the adequacy and effectiveness of the Group's risk management and internal control systems.

The Board is of the view that the existing internal control system in place for the Reporting Period and up to the date of publication of this annual report and financial statements is reasonable, sound and sufficient to safeguard the interests of shareholders and employees and the Group's assets, and there was no material issue arising from the inadequacy of internal control.

H. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions. The Group delivers its most updated information through communication with analysts, meetings with investors, maintenance of the website of the Company concerning investor relations, dissemination of investor's newsletter and public forum.

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

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

I. SHAREHOLDER RIGHTS

To safeguard shareholder interests and rights, separate resolutions are proposed at shareholder meetings on each substantial issue of the Company, including the election of individual Directors.

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholder meetings are contained in the Articles of Association. Pursuant to the amendments to the Listing Rules, which came into force on 1 January 2009, any vote of shareholders at a general meeting must be taken by poll and a poll results announcement will be posted on the websites of the Company and of the Stock Exchange on the business day following the shareholder meeting in the manner prescribed by the Listing Rules.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Guo Guangchang

Guo Guangchang, aged 42, is an Executive Director and Chairman of the Company. Mr. Guo was a co-founder of the Group. Mr. Guo was chairman and president of Fosun Group from its establishment in November 1994 to February 2007 and has been chairman and chief executive officer since March 2007. In January 2009, Mr. Guo resigned as Chief Executive Officer of the Company. Mr. Guo is a director of Nanjing Steel United and Fosun Pharma. He resigned as chairman of Forte and was re-designated as non-executive director from executive director of Forte in May 2009. Mr. Guo has been non-executive director and vice chairman of Sinopharm (listed on the Stock Exchange in September 2009) since January 2003. Mr. Guo is a deputy to the Tenth and Eleventh National People's Congress of the PRC and a member of the Ninth National Committee of Chinese People's Political Consultative Conference, and was appointed policy consultant to the Shanghai municipal government from 2001 to 2002. Since 2002, Mr. Guo has been vice chairman of the Shanghai Federation of Industry and Commerce and became vice president in November 2007. Since 2004, Mr. Guo has been chairman of the Zhejiang Chamber of Commerce in Shanghai. In 1995, Mr. Guo was named an "Outstanding Private Entrepreneur of China". Mr. Guo was also named "the Third Session Outstanding Young Entrepreneur of Shanghai" in 1997 and "the Fifth Session Top Ten Outstanding Youth of Shanghai" in 1998. In 2003, Mr. Guo was named one of the "Top Ten Leaders in Future Economy of China" and "Top Ten New Private Entrepreneurs in 2003". In 2004, Mr. Guo was named one of the "CCTV People of Financial Year 2004". In 2005, Mr. Guo obtained the nationwide "Outstanding Entrepreneur in Private Sector on Staff Caring" award. In 2006, Mr. Guo was "Industry & Commerce Category Winner" of "Ernst & Young Entrepreneur of the Year". In April 2009, Mr. Guo obtained "Award of Outstanding Contribution to Guangcai Program" issued by China Society for Promotion of the Guangcai Program. Mr. Guo received a bachelor's degree in philosophy in 1989 and a master's degree in business administration in 1999, both from Fudan University.


Guo Guangchang


Liang Xinjun


Wang Qunbin


Fan Wei

Liang Xinjun

Liang Xinjun, aged 41, is an Executive Director, Vice Chairman and Chief Executive Officer of the Company. Mr. Liang was a co-founder of the Group. Mr. Liang was vice chairman and vice president of Fosun Group from its establishment in November 1994 to February 2007. Mr. Liang remains vice chairman of Fosun Group and was appointed president of Fosun Group in March 2007. In January 2009, he was appointed Chief Executive Officer of the Company. Mr. Liang is a director of Yuyuan, a non-executive director of Zhaojin Mining and an independent director of Shanghai Oriental Pearl (Group) Co., Ltd. (listed on the Shanghai Stock Exchange with stock code: 600832). Mr. Liang is a member of the Eleventh Shanghai Committee of Chinese People's Political Consultative Conference; vice chairman of the China Young Entrepreneurs Association; executive vice council chairman of China Science and Technology Private Entrepreneurs Association; executive vice president of the Chamber of the Metallurgy Industry of All-China Federation of Industry and Commerce; chairman of the Taizhou Chamber of Commerce in Shanghai and executive vice chairman of the Shanghai Fudan University Alumni Association. In October 2002, Mr. Liang was awarded "the First Session Innovation Award of Shanghai Science and Technology Entrepreneur". In 2002, 2003, 2004 and 2007, Mr. Liang was named an "Outstanding Entrepreneur of China's Science and Technology Private Enterprise". In April 2004, Mr. Liang was named "Shanghai Municipal Labour Model of year 2001 to 2003". In December 2005, Mr. Liang was awarded "the First Session Innovation Management Award for Young Entrepreneur in China". In June 2006, Mr. Liang was named an "Outstanding Party Member of Shanghai New Economic and Social Organisations". In April 2007, Mr. Liang was named "Shanghai Outstanding Builder of Socialism with Chinese Characteristics". In July 2008, Mr. Liang was named "Top Ten Outstanding Youth of Shanghai". Mr. Liang received a bachelor's degree in genetic engineering in 1991 from Fudan University and a master's degree in business administration in 2007 from Cheung Kong Graduate School of Business.


Ding Guoqi


Qin Xuetang


Wu Ping

Wang Qunbin

Wang Qunbin, aged 40, is an Executive Director and President of the Company. Mr. Wang was a co-founder of the Group. Mr. Wang has been a director of Fosun Group since its establishment in November 1994. He was director and general manager of Fosun Pharma since the establishment of its predecessor, Shanghai Fosun Industrial Co., Ltd., in 1995 until October 2007. Since October 2007, Mr. Wang has been chairman of Fosun Pharma. In addition, Mr. Wang was appointed President of the Company in January 2009. Mr. Wang has been non-executive director of Sinopharm since January 2003. Prior to joining Fosun Group, Mr. Wang was a lecturer at the Genetic Research Institute of Fudan University. Mr. Wang holds various positions including chairman of the Shanghai Biopharmaceutics Industry Association, vice chairman of the China Pharmaceutical Industry Association, and chairman of the Huzhou Chamber of Commerce in Shanghai. Mr. Wang was named "Top Ten Professional Managers in China Pharmaceutical Industry in 2004" and was awarded "The Fourth Session Technology Innovation Prize of China Outstanding Youth". Mr. Wang was accredited "Outstanding Technical Experts Allowance by State Council" in 2007. Mr. Wang received a bachelor's degree in genetic engineering from Fudan University in 1991.

Fan Wei

Fan Wei, aged 40, is an Executive Director of the Company. Mr. Fan was a co-founder of the Group. Mr. Fan has been a director of Fosun Group since its establishment in November 1994. Mr. Fan has been executive director and president of Forte since 1998. In May 2009 Mr. Fan resigned as president and was appointed chairman of Forte. Mr. Fan is vice chairman of the Shanghai Real Estate Trade Association, vice council chairman of the Institute of Real Estate Shanghai Academy of Social Sciences and chairman of the Housing Industry Association of Shanghai Federation of Industry and Commerce. In 2005, Mr. Fan obtained the "Top 100 Property Entrepreneur in China in 2005" award and was named "the First Session of Outstanding Young Entrepreneur of Shanghai in Property Sector". Mr. Fan received a bachelor's degree in genetic engineering from Fudan University in 1991.

Ding Guoqi

Ding Guoqi, aged 40, is an Executive Director, Senior Vice President and Chief Financial Officer of the Company. Mr. Ding was appointed Vice President of the Company in March 2009 and was appointed Senior Vice President of the Company in January 2010. Mr. Ding is also a director of Nanjing Steel United. Mr. Ding has been chief financial officer of Fosun Group since 1995 and a director of Fosun Group since 2003. Mr. Ding was a director of Forte from September 2001 to March 2007 and was re-designated as a non-executive director of Forte in March 2007. Mr. Ding resigned as non-executive director of Forte in September 2008. Prior to joining the Group in 1995, Mr. Ding worked in the accounting department of Shanghai Jinshan Petrochemical Construction Company. Mr. Ding received a bachelor's degree in accounting from Shanghai University of Finance and Economics in 1991.

Qin Xuetang

Qin Xuetang, aged 46, is an Executive Director and Senior Vice President of the Company. Mr. Qin was appointed Vice President of the Company in March 2009 and was appointed Senior Vice President of the Company in January 2010. Mr. Qin is also a director of Nanjing Steel United. Mr. Qin has been a director of Fosun Group since June 2004. Mr. Qin was the secretary of the board of directors of Fosun Pharma from August 1998 to May 2004. Mr. Qin was the legal affairs director of Fosun Group from August 1995 to July 1998. Mr. Qin was a lecturer at the law department of Fudan University from August 1985 to July 1995. Mr. Qin received a bachelor's degree in laws in 1985 from the Southwestern University of Political Science and Law and was admitted to practise law in the PRC in 1990.

Wu Ping

Wu Ping, aged 45, is an Executive Director and Senior Vice President of the Company. Mr. Wu was appointed Vice President of the Company in March 2009 and was appointed Senior Vice President of the Company in January 2010. Mr. Wu has been a director and administrative and personnel general manager of Fosun Group since October 1995. Mr. Wu has been chairman of Yuyuan since December 2001 and vice chairman of Shanghai Shopping Centre Association since December 2004. Mr. Wu obtained his bachelor's degree in enterprise management from Shanghai Second Polytechnic University in July 1990.

NON-EXECUTIVE DIRECTOR

Liu Benren

Liu Benren, aged 67, has been a Non-Executive Director since March 2007. From 1965 to 1986, Mr. Liu worked in the hot rolling factory of Wuhan Iron and Steel Company. From 1986 to 1993, Mr. Liu was deputy chief engineer and vice president of Wuhan Iron and Steel Company. From 1993 to 2004, Mr. Liu was the general manager of Wuhan Iron and Steel (Group) Corporation. Since November 2005, Mr. Liu has been serving as an external director of Shenhua Group Corporation Limited. From August 2007 to March 2010, Mr. Liu was chairman of China Metallurgical Group Corporation and from November 2008 to March 2010, he was the chairman and non-executive director of Metallurgical Corporation of China Ltd. (listed on the Stock Exchange with stock code: 01618). Mr. Liu was a deputy to the eighth, ninth and tenth National People's Congresses and a member of the tenth National Committee of the Chinese People's Political Consultative Conference. Mr. Liu was awarded "Middle-age and Youth Expert with Special Contribution to the Nation" by the State Council. Mr. Liu has been vice chairman of the China Iron and Steel Association, vice council chairman of the China Metals Association, vice chairman of the China Quality Association and independent director of Prosperity Minerals Holdings Limited (listed on the London Stock Exchange with stock code: PMHL.L). Mr. Liu is a professor-level senior engineer who graduated from Wuhan Institute of Iron and Steel in 1965 with a bachelor's degree in steel rolling, and obtained postgraduate qualification from the Central Communist Party School in 1986.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chen Kaixian

Chen Kaixian, aged 64, has been an Independent Non-Executive Director since August 2005. Dr. Chen received a bachelor's degree in radioactive chemistry in 1967 from Fudan University. Dr. Chen also received a master's degree in 1982 and a doctorate degree in 1985 from the Shanghai Institute of Materia Medica of the Chinese Academy of Sciences. From 1985 to 1988, Dr. Chen conducted post-doctorate studies in the Institut de Biologie Physic-chimique, Paris. In 1999, Dr. Chen was elected an academician of the Chinese Academy of Sciences. Dr. Chen is currently president of the Shanghai University of Traditional Chinese Medicine; a researcher, doctoral supervisor and director of the academic committee of the Shanghai Institute of Materia Medica of the Chinese Academy of Sciences; director of the academic committee of the State Key Laboratory of Drug Research; chief scientist of the project "Innovative Drug Research Based On Genetic Function" under the National Basic Research Program of China (Plan 973); and a member of the experts group of the National Key Sci-Tech Special Project under the Eleventh Five-Year Plan "The Key New Drug Creation and Manufacturing". Dr. Chen is also council chairman of the China Society of Doctors in New Pharmaceuticals, chairman of the Chinese Association of Integrative Medicine and vice council chairman of the China Pharmaceuticals Association. Dr. Chen serves as vice chairman of the Shanghai Association for Science and Technology, vice chairman of the Shanghai Overseas Returned Scholars Association, and chairman of the Shanghai Pudong Association for Science and Technology. He is also an adjunct professor at China Pharmaceutical University and Fudan University.

Zhang Shengman

Zhang Shengman, aged 52, has been an Independent Non-Executive Director since December 2006. Mr. Zhang is chairman of Asia Pacific of Citigroup (listed on the New York Stock Exchange with stock code: C), before that he was president of Asia Pacific of Citigroup. Mr. Zhang joined Citigroup in February 2006 as chairman of the Public Sector Group. He was an independent director of Cabot Corporation (listed on the New York Stock Exchange with stock code: CBT) from July 2006 to March 2010. Mr. Zhang worked in the PRC Ministry of Finance as deputy director and vice secretary from 1994 to 1995. From 1994 to 1995, Mr. Zhang was the executive director for China at the World Bank. From 1995 to 1997, Mr. Zhang was vice president and chief secretary of the World Bank. From 1997 to 2001, Mr. Zhang was senior vice director of the World Bank. Mr. Zhang was a managing director of the World Bank and chairman of World Bank's operations committee, the sanctions committee and the corporate committee on fraud and corruption policy from 2001 to 2005. Mr. Zhang received a bachelor's degree in English literature in 1978 from Fudan University and a master's degree in public administration in 1985 from University of the District of Columbia. Mr. Zhang completed the Harvard Advanced Management Program in 1997.

Andrew Y. Yan

Andrew Y. Yan, aged 52, has been an Independent Non-Executive Director since March 2007. He is currently the managing partner of SAIF Partners. Prior to joining SAIF Partners, he was the managing director and Head of Hong Kong office of Emerging Markets Partnership, responsible for investment in Northeast Asia and Greater China from 1994 to 2001. From 1993 to 1994, he worked at Sprint International Corporation as the Director of Strategic Planning and Business Development for the Asia Pacific Region. From 1990 to 1993, he worked in the World Bank and the Hudson Institute as an Economist and Research Fellow respectively in Washington, DC. From 1984 to 1986, he was a Research Fellow at the State Commission for Economic Restructuring of the State Council of China. From 1982 to 1984, he was the Chief Engineer at the Jianghuai Airplane Corp.. Mr. Yan received a bachelor's degree in engineering from Nanjing Aeronautic Institute in 1982 and a master's degree in Sociology from Beijing University in 1986. He received a second master's degree from Princeton University in

International Political Economy in 1989. Mr. Yan also studied MBA courses at the Wharton School of Business from 1996 to 1997.

Currently, Mr. Yan is also an independent non-executive director of China Resources Land Limited (stock code: 01109); non-executive director of Digital China Holdings Limited (stock code: 00861) and MOBI Development Co., Ltd. (stock code: 00947), all of which are listed on the Main Board of the Stock Exchange. He is also a director of Acorn International Inc. (listed on the New York Stock Exchange with stock code: ATV), Giant Interactive Group Inc., (listed on the New York Stock Exchange with stock code: GA), ATA Inc. (listed on Nasdaq with stock code: ATAI) and Eternal Asia Supply Chain Management Ltd. (listed on the Small and Medium Enterprise Board of the Shenzhen Stock Exchange with stock code: 002183). He was a director of China Digital TV Holding Co. Ltd. (listed on the New York Stock Exchange with stock code: STV) from May 2004 to September 2008; an independent non-executive director of China Oilfield Services Limited (listed on the Stock Exchange with stock code: 02883) from September 2002 to June 2009 and an independent non-executive director of Stone Group Holdings Limited from June 2001 to November 2009, the shares of which were withdrawn from listing on the Stock Exchange in November 2009.

SENIOR MANAGEMENT OF FOSUN GROUP, FOSUN PHARMA, FORTE, NANJING STEEL UNITED AND HAINAN MINING

Fosun Group

Zhou Linlin, aged 48, is Vice President of the Company. Dr. Zhou joined Fosun Group in 2003. Since 2003, Dr. Zhou has been president of Principle Capital Limited. Dr. Zhou has been a director of Lier Chemical Co., Ltd. (listed on the Shenzhen Stock Exchange with stock code: 002258) since July 2007. Prior to joining Fosun Group, Dr. Zhou was president of Digital Video System, a NASDAQ company; president of Sinogen China; senior consultant of McKinsey & Company; marketing manager and business development manager of Rohm & Haas Co.; and assistant researcher of the National Research Council Canada. Dr. Zhou received a bachelor's degree in chemistry in 1982 from Fudan University, a doctorate degree in 1989 from the University of Maryland and an MBA degree in 1994 from Wharton Business School.

Fosun Pharma

Chen Qiyu, aged 37, is the vice chairman and general manager of Fosun Pharma. Mr. Chen was appointed non-executive director of Forte in October 2008. Mr. Chen has been chairman of the Supervisory Committee of Sinopharm since 2003. Mr. Chen has been vice chairman of Tianjin Pharmaceuticals Group Company Ltd. since February 2009 and vice chairman of Hangzhou D.A. Medical Treatment Holdings Ltd. since August 2009. Mr. Chen joined Fosun Pharma in 1994, worked as manager in the industry development department of Fosun Group, and vice general manager, chief financial officer, secretary of the directors of the board, and executive vice general manager of Fosun Pharma. Prior to joining Fosun Group, Mr. Chen worked in the research and development department of Shanghai RAAS Blood Product Co., Ltd.. Mr. Chen is council member of the Shanghai Society of Genetics, vice president of the Shanghai Licensed Pharmacist Association, vice president of the Shanghai Pharmaceutical Industry Association and vice council chairman of the Fourth Council of China Medicinal Biotechnology Association. Mr. Chen received a bachelor's degree in genetics and genetic engineering in 1993 from Fudan University and an EMBA degree in 2005 from China Europe International Business School.

Qian Shunjiang, aged 45, is the vice general manager and chief financial officer of Fosun Pharma. Mr. Qian joined Fosun Pharma in June 2009. Prior to joining Fosun Pharma, Mr. Qian was financial manager and chief financial officer of Johnson & Johnson (China) Investment Co., Ltd. and Johnson & Johnson Vision Care Department from February 1998 to April 2004. From May 2004 to October 2006, Mr. Qian worked as deputy chief accountant and director of the finance department of China Worldbest Group Co., Ltd. Mr. Qian was vice president and chief financial officer of Lianlian Pay Inc. from November 2006 to January 2009. Mr. Qian received a master's degree in business administration at Shanghai University of Finance and Economics in 1995.

Forte

Zhang Hua, aged 44, is executive director and president of Forte. Mr. Zhang has been a non-executive director of Shanghai Zendai Property Limited (listed on the Stock Exchange with stock code: 00755) since February 2010. Mr. Zhang joined Forte in 1999. Mr. Zhang was appointed executive president of Forte in February 2009, and was appointed president of Forte in May 2009. Mr. Zhang was appointed executive director of Forte in October 2009. Mr. Zhang is State Certified Real Estate Appraiser and Engineer. Mr. Zhang has worked in the production and infrastructure department of Shanghai No.2 Commerce Bureau and Shanghai Shanglian Real Estate Co., Ltd.. Mr. Zhang has been vice general manager of Shanghai Puhua Real Estate Development Co., Ltd., general manager of Shanghai Forte Zhibao Real Estate Development Co., Ltd. and regional general manager of Shanghai Northern Region of Forte. Mr. Zhang received a bachelor's degree in management from Tongji University in 2003.

Wang Zhe, aged 39, is executive director, vice president and chief financial officer of Forte. Mr. Wang joined Forte in August 2002 and was appointed executive director of Forte in March 2008. Mr. Wang is also a non-executive director of Shanghai Zendai Property Limited. Prior to joining Forte, Mr.Wang worked in the Agricultural Bank of China and Shanghai Pudong Development Bank. Mr. Wang became a qualified economist in 1997. Mr. Wang graduated from the global economic department at Fudan University in 1992 with a bachelor's degree in economics. Mr. Wang graduated from the international economics department of Fudan University in 1999 and received a master's degree in international finance.

Nanjing Steel United

Yang Siming, aged 56, has been chairman, chief executive officer and party deputy secretary of Nanjing Steel United, chairman of Nanjing Iron & Steel Group Co., Ltd. and chairman of Nanjing Iron & Steel since September 2008. Since June 1991, Mr. Yang worked as party deputy secretary and disciplinary committee secretary of Nanjing Iron & Steel Factory, and vice general manager, director, general manager and party deputy secretary of Nanjing Iron & Steel Group Co., Ltd.. Mr. Yang has been director of Nanjing Steel United since April 2003 and general manager of Nanjing Steel United since August of the same year. Mr. Yang was named researcher level senior engineer by the government's Department of Personnel in September 2002. Mr. Yang received a doctorate in management from the University of Nanjing in June 2007.

Lü Peng, aged 47, is general manager of Nanjing Steel United. Mr. Lü joined Fosun Group in June 2003 and worked as vice general manager of the iron and steel division of Fosun Group from June 2003 to November 2005. Prior to joining Fosun Group, Mr. Lü held various positions in the Shanghai Institute of Iron & Steel Technology from July 1985 to August 1995. Mr. Lü worked as vice general manager of Shanghai No. 3 Steel Factory from 1995 to 1996. Mr. Lü was vice general manager of Bao Steel Group Shanghai Pudong Steel

Limited Company from 1996 to 2003. Mr. Lü received a bachelor's degree in steel and metallurgy in 1982 from the University of Science & Technology Beijing. Mr. Lü also received a master's degree in steel and metallurgy from the University of Science & Technology Beijing in 1985.

Sun Yimin, aged 39, is the chief financial officer of Nanjing Steel United. Mr. Sun joined Fosun Group in July 2005. He was the financial manager of Shenyang Hejin Holding Investment Co., Ltd. from June 2001 to July 2005, and chief financial officer of the iron and steel division of Fosun Group as well as vice general manager and chief financial officer of Hainan Mining from July 2005 to May 2008. Since May 2008, Mr. Sun has served as chief accountant of Nanjing Steel United. Mr. Sun graduated from the Dongbei University of Finance and Economics with a bachelor's degree of economic investment management in 1992, and from Renmin University of China with a master's degree in accounting in 2001.

Hainan Mining

Chen Guoping, aged 52, is the chairman and party deputy secretary of Hainan Mining. Since November 2009, Mr. Chen has been a non-executive director of Zhaojin Mining. Mr. Chen joined Fosun Group in September 2003 and worked as chief technology officer and vice general manager of the iron and steel division of Fosun Group from September 2003 to August 2007. He has been the chairman and party deputy secretary of Hainan Mining since August 2007, general manager of the mineral resources division of Fosun Group since June 2009, and has been appointed senior assistant to the president of Fosun Group since January 2010. Prior to joining Fosun Group, Mr. Chen held various positions in Shanghai Pudong Iron and Steel Company from June 1983 to July 1998. He was the technology marketing manager of Shanghai Krupp Stainless Co., Ltd. from July 1998 to September 2003. Mr. Chen is a deputy to the fourth People's Congress of Hainan Province. Mr. Chen obtained a bachelor's degree in engineering from Shanghai University of Technology in 1988 and qualified as a senior engineer in 1997.

Liu Mingdong, aged 42, is the director, general manager and party deputy secretary of Hainan Mining. Mr. Liu held various positions such as head of planning department, head of financial planning department, assistant to general manager, vice general manager in Hainan Iron & Steel Company from August 1989 to July 2007. He was appointed the general manager and party deputy secretary of Hainan Mining in August 2007. Mr. Liu received a master's degree in engineering from University of Science & Technology Beijing in 1996 and qualified as a senior economist in February 2001.

Feng Yilin, aged 51, is the vice general manager and chief financial officer of Hainan Mining. Mr. Feng joined Fosun Group in May 2003. He was the chief investment officer of Fosun Group from May 2003 to August 2007, the supervisor of Hainan Mining from August 2007 to April 2008, and was appointed the vice general manager and chief financial officer of Hainan Mining in May 2008. Before joining the Fosun Group, Mr. Feng had worked in Shanggong Co., Ltd for over 20 years. He was also the chief financial officer of the medical appliances department of Fosun Pharma, the vice general manager and chief financial officer of Shanghai Forever Co., Ltd. and the general manager of Shanghai Fortune ACT S&T Co., Ltd. from January 1999 to April 2003. Mr. Feng obtained a bachelor's degree in industrial accounting from the Shanghai University of Finance and Economics in July 1985 and qualified as an accountant in April 1997.

Company Secretary

Sze Mei Ming, aged 32, was appointed Company Secretary of the Company on 11 March 2009. Ms. Sze joined the Company in November 2007. Ms. Sze holds a bachelor's degree in Arts from the University of Hong Kong, a bachelor's degree in laws from the University of London and a master's degree in Chinese and Comparative Law from the City University of Hong Kong. Ms. Sze has experience in the company secretarial industry for years and is an associate member of the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

Directors' Report

The Board is pleased to present its report and the audited financial statements of the Group for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The core businesses of the Group consist of (i) pharmaceuticals; (ii) property development; (iii) steel; (iv) mining and (v) retail, services and strategic investments.

RESULTS AND DIVIDEND

The Group's profit for the year ended 31 December 2009 and the state of affairs of the Group at that date are set out in the financial statements and the accompanying notes on pages 63 to 196.

The Board has recommended the payment of a final dividend of HKD0.164 per ordinary share for the year ended 31 December 2009 to the shareholders of the Company whose names appear on the register of members of the Company on 22 June 2010. Subject to approval by the shareholders of the Company at the annual general meeting of the Company to be held on 22 June 2010, the proposed final dividend is expected to be paid on or about 16 July 2010 to the shareholders of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 18 June 2010 to Tuesday, 22 June 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and be eligible to attend and vote at the annual general meeting of the Company to be held on 22 June 2010, all transfer documents accompanied by the relevant share certificates and other relevant documents, if any, must be lodged with Computershare Hong Kong Investor Services Limited, the share registrar of the Company, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 17 June 2010.

SUMMARY FINANCIAL INFORMATION

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

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds from the Company's issue of new shares at the time of its listing on Main Board of the Stock Exchange and the exercise of the over-allotment option in July 2007 amounted to HKD12,853.7 million. As at 31 December 2009, the proceeds of HKD10,556.3 million had been used in accordance with the proposed applications set out in the Company's prospectus in the following manner:

- approximately HKD5,086.7 million was used for repayment of bank loans;
- approximately HKD465.3 million was used for acquiring a coking coal company and a nonferrous metal company;
- approximately HKD3,718.9 million was used for acquisitions in the services industry and other strategic investments;
- approximately HKD1,285.4 million was used as the working capital of the Group.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and investment properties of the Company and the Group during the Reporting Period are set out in notes 13 and 14 to the financial statements, respectively.

ISSUED CAPITAL

Details of movements in the Company's share capital during the Reporting Period are set out in note 42 to the financial statements.

SUBSIDIARIES

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

BORROWINGS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in equity on pages 69 to 70 of this annual report and details of movements in the reserves of the Company during the Reporting Period and the Company's distributable reserves as at 31 December 2009 are set out in note 43 to the financial statements.

CHARITABLE CONTRIBUTIONS

During the Reporting Period, the Group made charitable contributions totalling approximately RMB41.3 million.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers and the five largest suppliers contributed less than 30% of the total operating revenue and total costs, respectively, of the Group during the Reporting Period. Accordingly, a corresponding analysis of major customers and suppliers is not presented.

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

SHARE OPTION SCHEME

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

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

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

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

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

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

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

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

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

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

CHANGE OF COMPANY SECRETARY

Ms Kam Mei Ha, Wendy resigned as the Company Secretary of the Company with effect from 11 March 2009. The Board appointed Ms Sze Mei Ming as the Company Secretary of the Company with effect from 11 March 2009. The biographical details of Ms Sze are set out on page 39 of this annual report.

DIRECTORS

The Directors during the Reporting Period were:

Executive Directors

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

Non-Executive Director

Mr. Liu Benren

Independent Non-Executive Directors

Dr. Chen Kaixian
Mr. Zhang Shengman
Mr. Andrew Y. Yan

According to articles 106 and 107 of the Articles of Association, Mr. Qin Xuetang, Mr. Liu Benren, Mr. Zhang Shengman and Mr. Andrew Y. Yan shall retire by rotation at the forthcoming annual general meeting of the Company. All of the above four retiring Directors, being eligible, will offer themselves for re-election at the same meeting.

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

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 32 to 39 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each Director has entered into a service contract with the Company for a term of not more than 3 years from 1 January 2009 to the 2010 annual general meeting of the Company.

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

DIRECTORS' REMUNERATION

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

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

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2009, none of the Directors nor their respective Associates had an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

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

As at 31 December 2009, the interests or short positions of the Directors or chief executive of the Company in the Shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

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

Name of Director/ chief executive	Class of Shares	Number of Shares	Type of interests	Approximate percentage of Shares in issue
Guo Guangchang	Ordinary	5,024,555,500(1)	Corporate	78.24%
Ding Guoqi	Ordinary	12,940,000	Individual	0.20%
Qin Xuetang	Ordinary	3,880,000	Individual	0.06%
Wu Ping	Ordinary	7,760,000	Individual	0.12%

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

Name of Director/ chief executive	Name of associated corporation	Class of shares	Number of shares	Type of interests	Approximate percentage of shares in issue
Guo Guangchang	Fosun Holdings	Ordinary	1	Corporate	100.00%
	Fosun International Holdings	Ordinary	29,000	Individual	58.00%
	Fosun Pharma	Ordinary	76,050	Individual	0.01%
Liang Xinjun	Fosun International Holdings	Ordinary	11,000	Individual	22.00%
Wang Qunbin	Fosun International Holdings	Ordinary	5,000	Individual	10.00%
	Fosun Pharma	Ordinary	76,050	Individual	0.01%
Fan Wei	Fosun International Holdings	Ordinary	5,000	Individual	10.00%
Qin Xuetang	Fosun Pharma	Ordinary	76,050	Individual	0.01%

Note:

(1) Pursuant to Division 7 of Part XV of the SFO, 5,024,555,500 Shares held by Mr. Guo Guangchang are deemed corporate interests held through Fosun Holdings and Fosun International Holdings.

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

As at 31 December 2009, so far as was known to the Directors, the persons or entities, other than a Director or chief executive of the Company, who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of the substantial shareholder	Number of Shares directly or indirectly held	Approximate percentage of Shares in issue
Fosun Holdings	5,024,555,500	78.24%
Fosun International Holdings[1]	5,024,555,500[2]	78.24%

Notes:

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

(2) Fosun International Holdings is the beneficial owner of all the issued shares in Fosun Holdings and, therefore, Fosun International Holdings is deemed, or taken to be interested in the shares owned by Fosun Holdings for the purposes of the SFO.

(3) Mr. Guo Guangchang is the sole director of Fosun Holdings and Fosun International Holdings.

Save as disclosed above, so far as was known to the Directors, as at 31 December 2009, the Company has not been notified by any persons (other than a Director or chief executive of the Company) who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

SUFFICIENCY OF PUBLIC FLOAT

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Connected transactions

1. On 16 February 2009, Shanghai Qishen Investment Co., Ltd. ("Qishen Investment"), a wholly owned subsidiary of Fosun Pharma, and China National Pharmaceutical Group Corporation ("CNPGC") entered into a capital injection agreement, pursuant to which Qishen Investment and CNPGC agreed to inject capital of RMB294,000,000 and RMB306,000,000, respectively, into Sinopharm Industrial Investment Co., Ltd. ("Sinopharm Investment") in proportion to their shareholdings in Sinopharm Investment. Upon completion of the capital increase, Qishen Investment and CNPGC will continue to hold 49% and 51% equity interest in Sinopharm Investment, respectively. Fosun Pharma was a connected person of the Company by virtue of it being a substantial shareholder of Forte, a subsidiary of the Company. Sinopharm Investment is an Associate of Fosun Pharma by virtue of it being an Associate of Qishen Investment. CNPGC is an Associate of Fosun Pharma by virtue of it being the holding company of Sinopharm Investment. Further details are set out in the announcement of the Company dated 16 February 2009.

2. On 27 February 2009, Shanghai Fosun Industrial Investment Co., Ltd. ("Fosun Industrial Investment"), a wholly owned indirect subsidiary of the Company, and Shanghai Xingye Investment Development Co., Ltd. ("Xingye Investment") entered into a share transfer agreement, pursuant to which Fosun Industrial Investment agreed to sell to Xingye Investment its 19.7405% equity interest in Tebon Securities Co., Ltd. at a consideration of RMB243,040,933.75. Xingye Investment is an Associate of Mr. Guo Guangchang, a Director, and is therefore a connected person of the Company. Further details are set out in the announcement of the Company dated 27 February 2009.

3. On 5 June 2009, Fosun Group, a wholly owned subsidiary of the Company, and Shanghai Fosun Pharmaceutical Development Company Limited ("Fosun Pharma Development") entered into a share transfer agreement, pursuant to which Fosun Pharma Development agreed to transfer 25,300,000 domestic shares in Forte to Fosun Group, representing approximately 1.72% of the total issued domestic shares of Forte and approximately 1% of the total issued shares of Forte at a consideration of RMB52,877,000. Fosun Pharma Development was a substantial shareholder of Forte, a subsidiary of the Company, and was therefore a connected person of the Company. Further details are set out in the announcement of the Company dated 5 June 2009.

4. On 11 June 2009, Chongqing Yaoyou Pharmaceutical Co., Ltd. ("Chongqing Yaoyou") entered into a share transfer agreement with Fosun Pharma Development, pursuant to which Fosun Pharma Development agreed to transfer the entire equity interest in Chongqing Carelife Pharmaceutical Co., Ltd. to Chongqing Yaoyou at a consideration of RMB118,330,200. Fosun Pharma Development was a substantial shareholder of Forte, a subsidiary of the Company, and was therefore a connected person of the Company. Chongqing Yaoyou is a 51% owned subsidiary of Fosun Pharma Development, a member of the Group. Further details are set out in the announcement of the Company dated 11 June 2009.

5. On 26 June 2009, Fosun Group entered into a share subscription agreement with Fosun Pharma, pursuant to which Fosun Group has agreed to participate in the proposed issue by Fosun Pharma of additional A shares in Fosun Pharma by way of private placement to Fosun Group and other designated investors

(the "A Share Issue") and subscribe for certain number of A shares in Fosun Pharma, representing not more than 30% of the aggregate number of A shares in Fosun Pharma under the A Share Issue, at the subscription price for an aggregate amount of not more than RMB600,000,000. Fosun Pharma (via Fosun Pharma Development) was a substantial shareholder of Forte, a subsidiary of the Company, and was therefore a connected person of the Company. Fosun Group is a wholly owned subsidiary of the Company. Further details are set out in the announcement of the Company dated 26 June 2009.

6. On 26 June 2009, Fosun Pharma Development, entered into a capital injection agreement with the shareholders of Guilin Nanyao Company Limited ("Guilin Nanyao"), pursuant to which Fosun Pharma Development agreed to subscribe for 105,900,000 ordinary shares of par value RMB1.00 each in the share capital of Guilin Nanyao at the subscription price of RMB1.70 per share for an aggregate amount of RMB180,030,000, representing 56.24% of the enlarged issued share capital of Guilin Nanyao. Fosun Pharma Development was a substantial shareholder of Forte, a subsidiary of the Company, and was therefore a connected person of the Company. Guilin Nanyao, being a non wholly owned subsidiary of Fosun Pharma Development, is a member of the Group. Further details are set out in the announcement of the Company dated 26 June 2009.

7. On 26 June 2009, Fosun Pharma Development, entered into a capital injection agreement with the shareholders of Jiangsu Wanbang Biopharmaceutical Company Limited ("Jiangsu Wanbang"), pursuant to which Fosun Pharma Development agreed to subscribe for 61,920,000 ordinary shares of par value RMB1.00 each in the share capital of Jiangsu Wanbang at the subscription price of RMB6.00 per share for an aggregate amount of RMB371,520,000, representing 53.42% of the enlarged issued share capital of Jiangsu Wanbang. Fosun Pharma Development was a substantial shareholder of Forte, a subsidiary of the Company, and was therefore a connected person of the Company. Jiangsu Wanbang, being a non wholly owned subsidiary of Fosun Pharma Development, is a member of the Group. Further details are set out in the announcement of the Company dated 26 June 2009.

8. On 27 August 2009, Shanghai Forte Investment Management Co., Ltd. ("Forte Investment"), ING Shanghai Hong Kou Limited ("ING"), Forte, and the Shanghai Forte Zhibao Real Estate Co., Ltd. ("Quyang Project Company") entered into an equity transfer agreement, whereby Forte Investment agreed to acquire from ING a 25% equity interest in the Quyang Project Company for a consideration of RMB165,000,000. Forte Investment is a subsidiary of the Company (via Forte). ING is a substantial shareholder of the Quyang Project Company, a subsidiary of the Company, and is therefore a connected person of the Company. Further details are set out in the announcement of the Company dated 27 August 2009.

Continuing connected transactions

9. On 30 June 2008, the Company and Fosun Pharma entered into a framework agreement, pursuant to which the Company agreed to provide guarantees, or through its subsidiaries to provide guarantees during the period commencing from 30 June 2008 and ending on 31 December 2010 to Fosun Pharma and its subsidiaries ("Fosun Pharma Group") for bank loans to be borrowed or debentures to be issued by Fosun Pharma Group with annual caps for the financial years ended 31 December 2008, 2009 and 2010 of RMB3,500,000,000, RMB4,200,000,000 and RMB5,000,000,000 respectively. Fosun Pharma was a connected person of the Company by virtue of it being a substantial shareholder of Forte, a subsidiary of the Company. Further details are set out in the announcement of the Company dated 30 June 2008. For the nine months ended 30 September 2009, the actual amount of the transaction was RMB1,598,388,000.

10. On 12 August 2008, Shanghai Transfusion Technology Co., Ltd. ("Shanghai Transfusion") and Shanghai Blood Centre entered into a pharmaceutical products sales agreement for the supply of pharmaceutical products by Shanghai Transfusion to Shanghai Blood Centre for a term of one year commencing from 12 August 2008 and ending on 11 August 2009. On 10 March 2009, Shanghai Transfusion and Shanghai Blood Centre entered into a supplemental agreement extending the term of the pharmaceutical products sales agreement to 31 December 2009 with an annual cap for the year ending 31 December 2009 of RMB26,500,000. Shanghai Blood Centre is a connected person of the Company by virtue of it being a substantial shareholder of Shanghai Transfusion, a subsidiary of the Company. Further details are set out in the announcement of the Company dated 10 March 2009. For the year ended 31 December 2009, the actual amount of the transaction was RMB16,135,000.

11. On 16 March 2009, Shanghai Fosun Pharmaceutical Co., Ltd. ("Shanghai Fosun Pharmaceutical"), a subsidiary of the Company and Shanghai Lianhua Fosun Pharmacy Chain Operation Co., Ltd. ("Shanghai Lianhua Fosun") entered into a pharmaceutical products supply agreement for the supply of pharmaceutical products by Shanghai Fosun Pharmaceutical to Shanghai Lianhua Fosun for a term of one year commencing from 1 January 2009 and ending on 31 December 2009 with an annual cap for the year ending 31 December 2009 of RMB30,000,000. Shanghai Lianhua Fosun is a connected person of the Company by virtue of it being an Associate of Fosun Pharma, a subsidiary and a connected person of the Company. Further details are set out in the announcement of the Company dated 16 March 2009. For the nine months ended 30 September 2009, the actual amount of the transaction was RMB18,649,000.

12. On 16 March 2009, Fosun Pharma and Sinopharm entered into a pharmaceutical products supply and purchase framework agreement (the "Framework Agreement") for the mutual supply of pharmaceutical products between Fosun Pharma Group and Sinopharm and its subsidiaries ("Sinopharm Group") for a term of one year commencing from 1 January 2009 and ending on 31 December 2009. The supply of pharmaceutical products by Fosun Pharma Group to Sinopharm Group is subject to an annual cap of RMB70,000,000 and the supply of pharmaceutical products by Sinopharm Group to Fosun Pharma Group is subject to an annual cap of RMB20,000,000. Sinopharm is a connected person of the Company by virtue of it being an Associate of Fosun Pharma, a subsidiary and a connected person of the Company. Further details are set out in the announcement of the Company dated 16 March 2009. The Framework Agreement was terminated by the Mutual Supply Agreements (as defined below), details of which are disclosed in 13 below.

13. On 4 September 2009, Fosun Pharma and Sinopharm entered into a pharmaceutical products supply agreement, a pharmaceutical products purchase agreement and a chemical reagent and laboratory equipment purchase agreement ("Mutual Supply Agreements") for a term commencing from the date of approval of the Mutual Supply Agreements by the shareholders in general meeting of Fosun Pharma and ending on 31 December 2011. The supply of pharmaceutical products, healthcare products and medical supplies by Fosun Pharma Group to Sinopharm Group is subject to annual caps for the years ending 2009, 2010 and 2011 of RMB70,000,000, RMB80,000,000 and RMB95,000,000 respectively and the supply of pharmaceutical products, healthcare products, medical supplies, chemical reagent and laboratory equipment by Sinopharm Group to Fosun Pharma Group is subject to annual caps for the years ending 2009, 2010 and 2011 of RMB20,000,000, RMB25,000,000 and RMB30,000,000 respectively. Sinopharm is a connected person of the Company by virtue of it being an Associate of Fosun Pharma,

a subsidiary and a connected person of the Company. Further details are set out in the announcement of the Company dated 4 September 2009. For the nine months ended 30 September 2009, the actual amount of the transactions in relation to (i) the supply by Fosun Pharma Group to Sinopharm Group was RMB67,295,000 and (ii) the supply by Sinopharm Group to Fosun Pharma Group was RMB6,779,000.

Note: Upon completion of the share transfer agreement dated 5 June 2009 entered into between Fosun Group and Fosun Pharma Development (as disclosed in 3 above) on 15 October 2009, Fosun Pharma, Shanghai Lianhua Fosun and Sinopharm ceased to be connected persons of the Company and thus the continuing connected transactions as disclosed in 9, 11, 12 and 13 above no longer constituted continuing connected transactions of the Group from 15 October 2009. The management of the Company only summarised the amount of these continuing connected transactions for the nine months ended 30 September 2009, as the Directors consider that the transaction amount from 1 October 2009 to 15 October 2009 is not material to the Group.

The independent non-executive Directors have reviewed the above continuing connected transactions and in their opinion, these transactions were entered into by the Group:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and

(iii) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have provided a letter to the Board and confirmed that the continuing connected transactions referred to above:

1. had received the approval of the Board;

2. were in accordance with the pricing policies stated in the Group's financial statements;

3. had been entered into in accordance with the terms of the agreements governing the transactions; and

4. the amount of the transactions referred to above had not exceeded the relevant annual caps.

NON-COMPETITION UNDERTAKING

As disclosed in the prospectus of the Company, the independent non-executive Directors will review all the matters, if any, relating to the enforcement of the deed of non-competition undertaking dated 26 June 2007 ("Deed of Non-competition Undertaking"). During the Reporting Period, there were no matters relating to the enforcement of the Deed of Non-competition Undertaking that required the independent non-executive Directors to conduct a review. Fosun International Holdings, Fosun Holdings, Mr. Guo Guangchang, Mr. Liang Xinjun, Mr. Wang Qunbin and Mr. Fan Wei (the "Controlling Shareholders") have provided the Company with an annual declaration of compliance with the provisions of the Deed of Non-competition Undertaking.

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

Pursuant to a non-competition undertaking agreement dated 10 February 2003 ("2003 Non-competition Agreement"), Mr. Guo Guangchang, Fosun Group, Shanghai Guangxin Science & Technology Development Co., Ltd. and Shanghai Fosun High and New Technology Development Co,. Ltd, (together the "Covenantors") undertook to Forte that, among other matters, the Covenantors will not, except through Forte or its Associates, and procure that their Associates will not, engage or be interested, directly or indirectly, in the property or related business, including without limitation, property development, construction supervisory, sales planning and real estate agency and other ancillary property related services and any business, which competes or is likely to compete with any business of Forte Group ("Forte Core Business").

On 21 April 2009, the Company and Forte entered into an amended and restated non-competition agreement ("Amended and Restated Non-competition Agreement") to supersede the 2003 Non-competition Agreement, pursuant to which the Company agreed that it will not, except through Forte Group, and will procure that its subsidiaries will not, compete with Forte Group in the Forte Core Business. The Company also granted to Forte (i) a call option and (ii) pre-emptive rights to purchase the interests of the Group in any business resulting from the business opportunity referred to above, which has been offered to, but has not been purchased or taken up by Forte Group and has been retained by the Group.

During the Reporting Period, the Company complied with the Amended and Restated Non-competition Agreement, provided information in respect of the compliance and enforcement of the Amended and Restated Non-competition Agreement to Forte and provided all information necessary for the annual review of the independent non-executive directors of Forte and the enforcement of the Amended and Restated Non-competition Agreement.

On 1 December 2009, the Company and Forte entered into a supplemental agreement ("Supplemental Agreement") to amend the scope of the Forte Core Business as set out in the Amended and Restated Non-competition Agreement and set out certain further undertakings from the Company. Pursuant to the Supplemental Agreement, the Company and Forte agreed that sales planning, exchange and real estate agency services be taken out from the Forte Core Business.

RELATED PARTY TRANSACTIONS

Related party transactions entered by the Group during the Reporting Period are disclosed in note 49 to the financial statements.

SUBSEQUENT EVENTS

Details of significant subsequent events of the Group are set out in note 54 to the financial statements.

COMPLIANCE WITH THE MODEL CODE

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

COMPLIANCE WITH THE CG CODE

During the Reporting Period, the Company applied the principles of and fully complied with all code provisions as set out in the CG Code, save for the deviation from Code A.2.1 of the CG Code. This deviation was rectified on 16 January 2009.

Further information on the corporate governance practices of the Company is set out in the Corporate Governance Report on pages 24 to 31 of this annual report.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive Directors, namely Mr. Zhang Shengman (Chairman), Dr. Chen Kaixian and Mr. Andrew Y. Yan. The main duties of the Audit Committee are to review and monitor the financial reporting procedures and internal control system of the Company, and to provide recommendations and advice to the Board. The Audit Committee has reviewed the 2009 annual results of the Group.

AUDITORS

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

On Behalf of the Board

Guo Guangchang
Chairman

Shanghai, the PRC
24 March 2010

Corporate Social Responsibility

MANAGEMENT OF CORPORATE SOCIAL RESPONSIBILITY

Ever since its establishment, the Group has been systematically considering and planning its social responsibilities. "**Self-improvement, teamwork, performance and contribution to society**" are the main themes of the philosophy of our social responsibilities.

The Group has set out clear principles of charity donations:

- supporting healthcare and provision of emergency assistance for victims to the major natural disaster and people in sickness and poverty
- promotion of entrepreneurship and innovation of youngsters
- elevation of education in general and increasing education opportunity to the youth in deprived areas
- raising awareness on environment, sports and arts
- raising awareness on major social events, corporate citizenship and volunteer's spirit

The management of corporate social responsibilities of the Group is conducted in relation to the following major stakeholders:

The management model of corporate social responsibilities conducted in relation to the stakeholders

	Stakeholders	Major social responsibilities
1	the state	employment, tax, investment to fuel economic growth, inter-regional development
2	shareholders	corporate governance, creation of value, risk control
3	customers and investees	product safety, consumers' rights, services to investees
4	staff	career development, diversification, team spirit, personal care
5	community and society	chamber of commerce, helping the underprivileged, education, promotion of entrepreneurship of youngsters, sports and arts, social welfare
6	environment	environmental assessment for investment decisions, environmental protection during operation, energy saving and reduction of consumption in daily operation, promotion of events related to environmental protection

Foundation of the Chinese Private Enterprise Pavilion


Fosun Recruitment Fair

Leading the construction of Chinese private enterprise pavilion to participate in 2010 Shanghai World Expo

On 16 April 2009, the Group was invited by the Bureau of Shanghai World Expo Coordination to organise a Chinese private enterprise pavilion. The Group has coordinated a total of 15 enterprises to participate in the event and demonstrated the slogan of the Company "**Discover, Manage, Prosper**".

The Group and 15 leading enterprises from various industries jointly participating in the World Expo are regarded by the media as the "Most Outstanding Privately-owned Enterprises of China". The cooperation demonstrates the vitality and diversification of privately-owned enterprises.

DISASTER RELIEF

On 11 May 2009, on the eve of the first anniversary of Wenchuan earthquake, Mr. Guo Guangchang, Chairman of the Company, together with a number of well-known local and overseas entrepreneurs attended the "5.12 Corporate Social Responsibility Forum" hosted by NetEast.com, Inc. in Mianyang of Sichuan to review the disaster relief operation over the last year and to express their continuous concern on the affected areas.

In addition to our donation to the victims of earthquake affected areas, the Group had donated RMB1.1 million to the victims of Taiwan flood in 2009.

MEDICAL ASSISTANCE

In February 2009, Mr. Liang Xinjun, Vice Chairman and Chief Executive Officer of the Company, was invited by the Ministry of Commerce of the PRC to attend the opening ceremony of China-Mali Malaria Prevention and Treatment Centre sponsored by China as the only expert representative from the business sector. At the ceremony, Mr. Liang Xinjun introduced the medical assistance scheme to Mr. Hu Jintao, President of China, and Amadou Touré, President of Mali. Both presidents expressed their appreciation for the preparation works of the centre and hoped that the centre can play an important role in prevention and treatment of malaria in Mali.

Guilin Nanyao, a subsidiary of Fosun Pharma, has been providing premium pharmaceutical products to various countries in Africa at minimum prices. A number of product lines are incorporated into the procurement lists of World Health Organisation, Unicef, International Committee of the Red Cross, UNRRA and African countries such as the República de Moçambique. In 2009, Fosun Pharma continued to provide training to medical professionals from Africa with a view to providing better medical treatment of epidemics including malaria to the poor in Africa. Fosun Pharma has held the Seminar on the Prevention of Malaria in Developing Countries organised by the Ministry of Commerce of the PRC for four consecutive years since 2006.

The kindness and care of the Group extend beyond physical boundaries. By providing pharmaceutical products and training, the Group helps hundreds of thousands of the poor in Africa every year and plays an important role in the diplomacy between China and Africa.

CHAMBER OF COMMERCE

Being the chairman of Zhejiang Chamber of Commerce and Taizhou Chamber of Commerce, the Group plays an important role in the promotion of the new business paradigm by taking advantage of chamber's resources. Zhejiang Chamber of Commerce and other commercial organisations have organised or undertaken many activities to enhance coherence in the entrepreneurs and procure lots of strategic cooperation, serving as a platform for potential cooperation between the business sector and the government, the academic circle and the financial industry.

As one of the launching council members of the China Entrepreneur Club, the Group actively exchanges ideas and conducts meetings with the most influential business leaders in China to explore opportunities for the development of their businesses.

In December 2009, the Group co-organised with China Social Entrepreneur Foundation and Horizon Research Consultancy Group in hosting the Debut Activity of China Corporate Charity Index.

The company leaders with friends from Africa

In 2009, the Group had more frequent contact with various overseas organisations to promote the status of privately-owned enterprises of China in overseas markets.

EDUCATION

In 2009, the Group continued to promote education by donating RMB15 million to set up Fosun Education Fund of Visual Art of Fudan University and donated RMB10 million to set up Fosun Guangcai Education Reward Fund in Hainan Province.

Other donations by the Group for basic education and education related projects are as follows:

In 2009, the Group donated RMB0.5 million to No. 1 Secondary School of Hengdian to set up the "Fosun Scholarship of Hengdian No. 1 Secondary School"; RMB0.15 million to the Shanghai Alumni Association of Fudan University; RMB0.5 million to the High School Affiliated to Renmin University of China; and RMB0.2 million to Fudan University Education Development Foundation.

In June 2009, the Group donated RMB10 million to China Foundation for Youth Entrepreneurship and Employment as a seeding fund to promote entrepreneurship of youngsters. Mr. Liang Xinjun, Vice Chairman and Chief Executive Officer of the Company, was elected as a member of the first council.

In December 2009, Forte promoted the development of sport dance in China by sponsoring the National Sport Dance Team of China. The Group has been supporting the development of traditional marshal arts. In 2009, the Group made two donations of RMB0.3 million in aggregate to Chen Xiaowang Taiji Centre.

Serving the community

Establishment of Fosun Education Fund of Visual Art of Fudan University

ENVIRONMENTAL PROTECTION

1. Incorporation of social responsibility standard into investment philosophy and investment behaviour

The Group has laid consistent emphasis on promoting service through investment and management so as to create better life for the community. Social responsibility standard is considered in investment philosophy and investment behaviour of the Group. In 2009, the Group further enhanced its investment in health care business, medical care services and consumer goods companies.

In 2009, the Group established a business development department to further study the emerging service business with low energy consumption. In addition, the Group also focused on the research in outstanding e-business operators and service industry with low energy consumption or in energy-saving projects.

The Group has strict environmental protection requirements and management for its mining investment projects and will not make investment in projects that do not meet the specific environmental protection requirements.

2. Operation of invested companies: green technology revolution of iron and steel and mining businesses

The Group has been committed to implementing energy-saving and emission-reduction practices. Iron and steel business is a high energy consuming business that the Group has invested in. With its great attention to the new technology in energy utilisation adopted over the international market, the technicians of iron and steel division of the Group have made overseas site visits for learning advanced technology in order to reduce energy consumption.

In order to save energy and adjust its product mix, Nanjing Steel United has closed the obsolete hot rolled sheet production line and three-high lauthing mill for medium plate. The Group has invested RMB1 billion in aggregate for the purpose of environmental protection over the last three years. The coke dry quenching project not only improved the quality of coke, but also reduced energy consumption of standard coking coal per tonne of coke by 53.2kg and emission of hazardous gases by 60% and recovered 80% sensible heat for generation of steam used for electricity generation as well, which contributed to the profit of over RMB30 million per year. The dual pre-heat saving technology introduced by Nanjing Steel United has generated the revenue of approximately RMB10 million per year. The technology effectively reduces energy consumption through preventing overheat and keeping the temperature in production process.

Nanjing Steel United has invested RMB520 million in aggregate in water saving technology for the transformation of old districts, construction of new projects and sewage treatment in recent years. As a result, the water consumption of Nanjing Steel United in production of steel has been reduced from 21 tonnes/per tonne of steel in 2005 to 13.96 tonnes/per tonne of steel in 2006, 7.95 tonnes/per tonne of steel in 2007, 4.5 tonnes/per tonne of steel in 2008 and less than 4 tonnes/per tonne of steel in 2009.

3. Exploring potential through internal management of the Group to reduce daily resources consumption

The Group promotes the concept of energy-saving which shall be implemented in trifling matters of every staff member by exploring every detail in internal management. The Group has many staff members with extensive business geographical coverage with great needs in communication so that the Group promotes the use of new technologies such as remote communications to reduce the frequency of travelling and energy consumption. Employees are always reminded to treasure resources during morning assemblies.

COMMUNITY BUILDING

The Group and its investing companies actively interact with communities through various theme activities.

On 30 May 2009, Forte co-hosted a large-scale clean-up activity named My Beautiful Home: West Lake in Hangzhou for the World Environment Day on 5 June.

On 24 May 2009, the East Lake Healthy Tour Run sponsored by Forte International East Lake was held at East Lake, Wuhan. Through the activity, Forte intended to extend calm and optimistic life attitude to lead a healthy and green lifestyle.

Community healthcare programme

HONOURS AND AWARDS OF THE GROUP IN 2009

The Fosun Group ranked third in 2009 China Overall Ranking of Chinese Private Enterprise of the China Corporate Social Responsibility Competition held by Southern Weekly in 2009.

Fosun Group was awarded the China's Top Employers by CRF of Netherland with 24 other companies, including PepsiCo China, Dow Chemical (China) Investment Company Limited and Deloitte Touche Tohmatsu CPA Ltd., out of 349 nominees.

Fosun Group ranked eighth in 2009 Corporate Social Responsibility Ranking Top 100 in China organised by China Corporate Social Responsibility (CSR) Research Centre and was honoured with Premium Award of China Corporate Social Responsibility.

HUMAN RESOURCES

As at 31 December 2009, the Group had approximately 28,000 employees.

Human resources management of the Group has been implemented and enhanced by following the principles of "**attracting and retaining talent by company growth and career development, nurturing and assessing staff through work and performance**". The Group attaches great importance to human resources management and associates the personal development of our employees with our corporate development, which in turn aligns our corporate enhancement with the upgrading of employee's personal value.

The Group provides career development platforms and equal employment opportunities for staff. In 2009, the Group recruited and promoted a group of high quality business talents which ensured the rapid development of the Group's business in the aspect of talent resources. The Company has formulated a comprehensive performance-based assessment and remuneration management policy, system and procedure according to the Group's development strategy, and provides competitive remuneration packages through market investigation and alignment. Performance assessment is improved by the assessment system aligned with the strategic goals. The Group has improved its training system by introducing customised management trainee programmes and internship programmes for managers among group members to help staff enhance their value. The Group also participated in government education programmes by providing internship training opportunities for students of Shanghai and Hong Kong, rangers of the Xinjiang Production and Construction Corps, and teachers of the Shanghai Career Guidance Centre. Besides, the Group has been studying a long-term incentive mechanism for senior management which aligns the Company's long-term revenue with their benefits with an aim to encourage sustainable development of the senior management and encourage their contributions to the long-term development of the Company, which in turn establish a solid foundation for the continuous, stable and rapid development of the Group.

FUTURE PROSPECTS

In 2010, the Group will focus on the expansion to global markets which require the Group's further alignment with famous international companies in corporate social responsibilities and continuously strengthening its management and committing to more social responsibility.

In respect of the corporate social responsibility work in the coming year, the Group aims to align with the leading international enterprises through its organisation improvement and method innovation by establishing a cross-department sustainable development committee directly reporting to the President of the Company.

Independent Auditors' Report

ERNST & YOUNG
安永會計師事務所

18th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

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

We have audited the financial statements of Fosun International Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 63 to 196, which comprise the consolidated and company statements of financial position as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Ernst and Young
Certified Public Accountants

Hong Kong
24 March 2010

Consolidated Income Statement

Year ended 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
REVENUE	6	34,855,818	40,250,293
Cost of sales		(29,161,430)	(32,221,179)
Gross profit		5,694,388	8,029,114
Other income and gains	6	6,492,385	1,673,586
Selling and distribution costs		(1,175,543)	(1,170,007)
Administrative expenses		(1,751,807)	(1,659,109)
Other expenses		(951,951)	(1,792,158)
Finance costs	7	(1,108,335)	(1,362,623)
Share of profits and losses of:			
Jointly-controlled entities	21	13,825	(6,307)
Associates		962,563	154,456
PROFIT BEFORE TAX	8	8,175,525	3,866,952
Tax	10	(1,357,154)	(1,149,068)
PROFIT FOR THE YEAR		6,818,371	2,717,884
Attributable to:			
Owners of the parent		4,646,679	1,328,391
Minority interests		2,171,692	1,389,493
		6,818,371	2,717,884
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
— Basic and diluted (RMB)	12	0.72	0.21

Details of the dividends payable and proposed for the year are disclosed in note 11 to the financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2009

	Note	2009 RMB'000	2008 RMB'000
PROFIT FOR THE YEAR		**6,818,371**	2,717,884
OTHER COMPREHENSIVE INCOME			
Available-for-sale assets:			
Changes in fair value		**705,720**	(342,195)
Reclassification adjustments for gains included in the consolidated income statement			
— gain on disposal		**(52,910)**	(174,256)
— impairment losses		**—**	238,164
Income tax effect	28	**(120,851)**	46,047
		531,959	(232,240)
Share of other comprehensive income of a jointly-controlled entity		**2,515**	—
Share of other comprehensive income of associates		**180,255**	(14,331)
Reserves released upon disposal of associates		**(528)**	(58,175)
Exchange differences on translation of foreign operations		**(149,702)**	(81,870)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**564,499**	(386,616)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**7,382,870**	2,331,268
Attributable to:			
Owners of the parent		**5,065,043**	1,136,497
Minority interests		**2,317,827**	1,194,771
		7,382,870	2,331,268

Consolidated Statement of Financial Position

31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**17,767,235**	16,378,577
Investment properties	14	**2,057,400**	429,000
Prepaid land lease payments	15	**1,162,655**	893,404
Exploration and evaluation assets	16	**420,689**	386,645
Mining rights	17	**733,586**	1,110,721
Intangible assets	18	**34,486**	28,826
Goodwill	19	**126,929**	90,591
Interests in jointly-controlled entities	21	**755,823**	632,481
Investments in associates	22	**9,621,368**	5,947,063
Held-to-maturity investments	23	**79,220**	63,761
Available-for-sale investments	24	**2,943,458**	1,905,289
Properties under development	25	**5,089,455**	6,666,100
Due from related companies	35	**191,905**	—
Loan receivable	26	**220,000**	220,000
Prepayments	27	**616,313**	1,156,383
Deferred tax assets	28	**793,985**	663,330
Total non-current assets		**42,614,507**	36,572,171
CURRENT ASSETS			
Cash and bank balances	30	**15,947,571**	11,691,015
Equity investments at fair value through profit or loss	31	**4,922,253**	1,534,899
Trade and notes receivables	32	**4,768,991**	2,441,440
Prepayments, deposits and other receivables	33	**3,293,096**	2,793,980
Inventories	34	**5,583,671**	6,203,675
Completed properties for sale		**1,698,292**	987,604
Properties under development	25	**6,868,166**	6,121,600
Due from related companies	35	**908,592**	830,953
		43,990,632	32,605,166
Assets of a disposal group/Non-current assets classified as held for sale	29	**1,548,894**	594,430
Total current assets		**45,539,526**	33,199,596

	Notes	2009 RMB'000	2008 RMB'000
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	36	16,792,363	15,228,528
Trade and notes payables	37	6,861,967	5,180,426
Accrued liabilities and other payables	38	10,531,066	5,931,574
Tax payable		1,468,607	1,385,710
Due to the holding company	35	878,749	568,819
Due to related companies	35	345,423	864,135
		36,878,175	29,159,192
Liabilities directly associated with the assets classified as held for sale	29	997,393	—
Total current liabilities		37,875,568	29,159,192
NET CURRENT ASSETS		7,663,958	4,040,404
TOTAL ASSETS LESS CURRENT LIABILITIES		50,278,465	40,612,575
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	36	11,913,006	9,169,761
Loans from related companies	39	106,618	152,193
Deferred income	40	82,669	47,702
Other long term payables	41	561,921	634,251
Deferred tax liabilities	28	1,241,973	565,581
Total non-current liabilities		13,906,187	10,569,488
Net assets		36,372,278	30,043,087
EQUITY			
Equity attributable to owners of the parent			
Issued capital	42	621,497	621,497
Reserves	43	22,935,553	18,795,730
Proposed final dividends	11	927,270	453,051
		24,484,320	19,870,278
Minority interests		11,887,958	10,172,809
Total equity		36,372,278	30,043,087

Guo Guangchang
Director

Ding Guoqi
Director

Statement of Financial Position

31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
NON-CURRENT ASSETS			
Office equipment	13	22	54
Interests in subsidiaries	20	1,920,386	1,920,668
Investment in an associate	22	82,421	82,421
Held-to-maturity investments	23	35,320	31,696
Total non-current assets		2,038,149	2,034,839
CURRENT ASSETS			
Cash and bank balances	30	2,458,576	1,181,140
Equity investments at fair value through profit or loss	31	4,106,493	1,534,709
Prepayments, deposits and other receivables	33	1,567	1,547
Due from subsidiaries	35	8,334,529	8,495,874
Total current assets		14,901,165	11,213,270
CURRENT LIABILITIES			
Interest-bearing bank loans	36	411,848	796,020
Accrued liabilities and other payables	38	1,489	1,114
Tax payable		1,282	—
Due to the holding company	35	878,749	568,819
Total current liabilities		1,293,368	1,365,953
NET CURRENT ASSETS		13,607,797	9,847,317
TOTAL ASSETS LESS CURRENT LIABILITIES		15,645,946	11,882,156
NON-CURRENT LIABILITIES			
Interest-bearing bank loans	36	70,438	141,102
Net assets		15,575,508	11,741,054

	Notes	2009 RMB'000	2008 RMB'000
EQUITY			
Issued capital	42	**621,497**	621,497
Reserves	43	**14,026,741**	10,666,506
Proposed final dividends	11	**927,270**	453,051
Total equity		**15,575,508**	11,741,054

Guo Guangchang
Director

Ding Guoqi
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2009

Group

	Attributable to owners of the parent											
	Issued capital RMB'000 (note 42)	Share premium RMB'000	Other deficits RMB'000 (note 43(a))	Statutory surplus reserve RMB'000 (note 43(b))	Available-for-sale investments revaluation reserve RMB'000	Capital redemption reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Proposed final dividend RMB'000 (note 11)	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2008	622,962	11,785,713	(443,540)	1,795,724	254,244	—	4,927,399	(130,606)	1,022,219	19,834,115	10,136,510	29,970,625
Total comprehensive income for the year	—	—	—	—	(106,969)	—	1,328,391	(84,925)	—	1,136,497	1,194,771	2,331,268
Acquisition of subsidiaries (note 44(a))	—	—	—	—	—	—	—	—	—	—	254,747	254,747
Capital contribution from minority shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	93,640	93,640
Dividends paid to minority shareholders	—	—	—	—	—	—	—	—	—	—	(910,353)	(910,353)
Repurchase and cancellation of shares (note 42)	(1,465)	—	—	—	—	—	(76,650)	—	—	(78,115)	—	(78,115)
Transfer on shares repurchased and cancelled (note 42)	—	—	—	—	—	1,465	(1,465)	—	—	—	—	—
Final 2007 dividend declared	—	—	—	—	—	—	—	—	(1,022,219)	(1,022,219)	—	(1,022,219)
Proposed final 2008 dividend	—	—	—	—	—	—	(453,051)	—	453,051	—	—	—
Transfer from retained profits	—	—	—	229,726	—	—	(229,726)	—	—	—	—	—
Disposal of subsidiaries (note 44(b))	—	—	—	—	—	—	—	—	—	—	(30,867)	(30,867)
Disposal of partial interests in subsidiaries	—	—	—	—	—	—	—	—	—	—	75,663	75,663
Acquisition of additional of interests in subsidiaries	—	—	—	—	—	—	—	—	—	—	(656,926)	(656,926)
Compensation arising from LAT provision	—	—	—	—	—	—	—	—	—	—	15,624	15,624
At 31 December 2008	621,497	11,785,713	(443,540)	2,025,450	147,275	1,465	5,494,898	(215,531)	453,051	19,870,278	10,172,809	30,043,087

	Attributable to owners of the parent											
	Issued capital RMB'000 (note 42)	Share premium RMB'000	Other deficits RMB'000 (note 43(a))	Statutory surplus reserve RMB'000 (note 43(b))	Available-for-sale investments revaluation reserve RMB'000	Capital redemption reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Proposed final dividend RMB'000 (note 11)	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2009	621,497	11,785,713	(443,540)	2,025,450	147,275	1,465	5,494,898	(215,531)	453,051	19,870,278	10,172,809	30,043,087
Total comprehensive income for the year	—	—	—	—	566,841	—	4,646,679	(148,477)	—	5,065,043	2,317,827	7,382,870
Acquisition of subsidiaries (note 44(a))	—	—	—	—	—	—	—	—	—	—	4,550	4,550
Capital contribution from minority shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	166,281	166,281
Dividends paid to minority shareholders	—	—	—	—	—	—	—	—	—	—	(607,356)	(607,356)
Final 2008 dividend declared	—	—	—	—	—	—	—	—	(453,051)	(453,051)	—	(453,051)
Proposed final dividends	—	—	—	—	—	—	(927,270)	—	927,270	—	—	—
Transfer from retained profits	—	—	—	198,439	—	—	(198,439)	—	—	—	—	—
Liquidation of a subsidiary	—	—	—	—	—	—	—	—	—	—	(18,795)	(18,795)
Disposal of partial interests in a subsidiary	—	—	—	—	—	—	—	—	—	—	23,511	23,511
Acquisition of additional interests in subsidiaries	—	—	—	—	—	—	—	—	—	—	(182,742)	(182,742)
Equity-settled share-based payment	—	2,050	—	—	—	—	—	—	—	2,050	1,832	3,882
Compensation arising from LAT provision	—	—	—	—	—	—	—	—	—	—	10,041	10,041
At 31 December 2009	621,497	11,787,763	(443,540)	2,223,889	714,116	1,465	9,015,868	(364,008)	927,270	24,484,320	11,887,958	36,372,278

Consolidated Statement of Cash Flows

Year ended 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		8,175,525	3,866,952
Adjustments for:			
Depreciation of items of property, plant and equipment	8	1,806,875	1,554,480
Amortisation of prepaid land lease payments	15	20,947	18,962
Amortisation of intangible assets	18	9,826	25,917
Amortisation of mining rights	17	110,573	72,011
Provision for impairment of items of property, plant and equipment	13	1,043	133,391
Provision for impairment of available-for-sale investments	8	167,143	238,164
Provision for impairment of goodwill	8	3,179	6,965
Provision for impairment of intangible assets	18	1,094	—
Provision for impairment of mining rights	17	266,562	—
Net loss/(gain) on disposal of items of property, plant and equipment	6,8	5,283	(1,657)
Net gain on disposal of available-for-sale investments	6,8	(133,643)	(158,829)
Gain on disposal of equity investments at fair value through profit or loss	6	(42,379)	(14,450)
Net gain on disposal of subsidiaries	44(b)	(494)	(4,710)
Gain on disposal of associates	6	(640,145)	(172,541)
Net gain on disposal of non-current assets classified as held for sale	6,8	(16,985)	—
Gain on disposal of partial interests in subsidiaries	6	—	(246,183)
Gain on deemed acquisition of interests in a subsidiary	6	(26,446)	—
Gain on disposal of partial interest in associates	6	(27,096)	(4,347)
Loss on disposal of investment property	8	790	—
Net gain on deemed disposal of interests in associates	6,8	(2,605,609)	(3,420)
Equity-settled share-based payment expense	8	16,426	—
(Reversal)/provision for impairment of receivables	8	(539)	16,125
Provision for inventories	8	54,693	675,544
(Reversal)/provision for properties under development	8	(19,168)	80,456
Write-off of inventories	8	—	1,754
Interest expenses		1,081,131	1,348,863
Fair value adjustment on equity investments at fair value through profit or loss	6,8	(2,015,010)	9,300
Gain on acquisition of interests in subsidiaries	6	(4,057)	—
Dividends from equity investments at fair value through profit or loss	6	(1,414)	(2,173)
Fair value (gains)/losses on investment properties	14	(85,195)	27,000
Interest income	6	(159,312)	(252,179)
Dividends from available-for-sale investments	6	(109,835)	(66,763)
Share of profits and losses of associates		(962,563)	(154,456)
Subtotal carried forward		4,871,200	6,994,176

	Notes	2009 RMB'000	2008 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)			
Subtotal brought forward		**4,871,200**	6,994,176
Share of profits and losses of jointly-controlled entities		**(13,825)**	6,307
Excess over the cost of business combinations realised as income	44(a)	**—**	(6,520)
Provision for indemnity of LAT	8	**10,041**	15,624
CASH INFLOW BEFORE WORKING CAPITAL CHANGES		**4,867,416**	7,009,587
Decrease/(increase) in properties under development		**715,910**	(3,017,978)
Increase in properties held for sale		**(2,186,350)**	(241,066)
(Increase)/decrease in trade and notes receivables		**(2,331,358)**	415,393
(Increase)/decrease in prepayments, deposits and other receivables		**(1,288,374)**	1,219,417
Decrease/(increase) in inventories		**572,750**	(464,406)
Decrease/(increase) in amounts due from related companies		**144,361**	(211,247)
Increase in trade and notes payables		**1,960,632**	754,368
Increase/(decrease) in accrued liabilities and other payables		**3,532,274**	(2,029,218)
Increase in deferred income		**34,967**	25,967
Decrease in other long term payables		**(72,330)**	(103,221)
(Decrease)/increase in amounts due to related companies		**(117,552)**	48,671
CASH INFLOW FROM OPERATIONS		**5,832,346**	3,406,267
Interest paid		**(449,190)**	(271,762)
Income tax paid		**72,616**	(1,839,360)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**5,455,772**	1,295,145

	Notes	2009 RMB'000	2008 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		**(2,879,913)**	(2,298,273)
Increase of prepaid land lease payments		**(292,044)**	(4,205)
Purchase of intangible assets		**(27,531)**	(26,146)
Purchase of held-to-maturity investments		**(13,656)**	(62,731)
Purchase of exploration and evaluation assets		**(34,044)**	(281,645)
Purchase of available-for-sale investments		**(705,256)**	(229,182)
Purchase of equity investments at fair value through profit or loss		**(1,826,841)**	(1,487,990)
Purchase of minority interests		**(191,756)**	(638,033)
Proceeds from disposal of equity investments at fair value through profit or loss		**495,820**	44,046
Proceeds from disposal of available-for-sale investments		**297,446**	418,379
Proceeds from disposal of investment properties		**428,210**	—
Proceeds from disposal of items of property, plant and equipment		**87,485**	122,399
Proceeds from disposal of prepaid land lease payments		**—**	2,883
Proceeds from disposal of intangible assets		**10,951**	3,684
Proceeds from disposal of held-to-maturity investment		**280**	—
Proceeds from disposal of partial interests in subsidiaries		**—**	553,846
Proceeds from disposal of subsidiaries	44(b)	**2,841**	18,963
Proceeds from disposal of associates		**1,040,045**	374,841
Proceeds from disposal of non-current assets classified as held for sale		**407,394**	—
Proceeds from disposal of jointly-controlled entities		**—**	52,000
Acquisition of subsidiaries	44(a)	**(628,873)**	(457,887)
Acquisition of associates		**(719,872)**	(573,187)
Acquisition of jointly-controlled entities		**(110,515)**	(5,000)
Liquidation of a subsidiary		**(18,795)**	—
Dividends received from available-for-sale investments	6	**109,835**	66,763
Dividends received from equity investments at fair value through profit or loss	6	**1,414**	2,173
Dividends received from associates		**498,425**	596,185
Shareholder loans provided to related companies		**—**	(252,733)
(Increase)/decrease in pledged bank balances and time deposits with original maturity of more than three months		**(2,284,011)**	2,006,566
Payments for acquisition of a subsidiary		**(143,500)**	—
Interest received	6	**159,312**	252,179
Prepayments for purchase of exploration and evaluation assets and acquisitions		**—**	(40,435)
Return of prepayment in respect of a proposed acquisition		**44,880**	311,330
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(6,292,269)**	(1,531,210)

	Note	2009 RMB'000	2008 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchase and cancellation of shares		—	(78,115)
Capital contribution from minority shareholders of subsidiaries		**166,281**	93,640
New bank and other borrowings		**30,678,521**	24,659,845
Repayments of bank and other borrowings		**(25,960,614)**	(21,999,898)
Dividends paid to minority shareholders		**(811,356)**	(910,353)
Dividends paid		**(143,121)**	(453,400)
Interest paid		**(1,075,851)**	(1,522,077)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**2,853,860**	(210,358)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**2,017,363**	(446,423)
Cash and cash equivalents at beginning of year		**9,577,695**	10,024,118
CASH AND CASH EQUIVALENTS AT END OF YEAR		**11,595,058**	9,577,695
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:			
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF FINANCIAL POSITION		**11,550,240**	9,577,695
Cash and pledged deposits attributable to assets of a disposal group classified as held for sale	29	**44,818**	—
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS		**11,595,058**	9,577,695

Notes to the Financial Statements

Year ended 31 December 2009

1. CORPORATE INFORMATION

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

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

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are the manufacture and sale of pharmaceutical products, property development, the manufacture and sale of iron and steel products, mining and ore processing of various metals, and the management of strategic investments.

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

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

2.1 BASIS OF PRESENTATION

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

2.1 BASIS OF PRESENTATION (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2009. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Contingent consideration is recognised if the adjustment is probable and can be measured reliably. Subsequent measurement to the contingent consideration affects goodwill.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. Acquisitions of minority interests are accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly — Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment — Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Improving Disclosure about Financial Instruments*
HKFRS 8	*Operating Segments*
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 *Revenue — Determining whether an entity is acting as a principal or as an agent*
HKAS 23 (Revised)	*Borrowing Costs*

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation*
HK (IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK (IFRIC)-Int 9 *Reassessment of Embedded Derivatives and* HKAS 39 *Financial Instruments: Recognition and Measurement — Embedded Derivatives*
HK (IFRIC)-Int 13	*Customer Loyalty Programmes*
HK (IFRIC)-Int 15	*Agreements for the Construction of Real Estate*
HK (IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK (IFRIC)-Int 18	*Transfers of Assets from Customers (adopted from 1 July 2009)*
Improvements to HKFRSs (October 2008)	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) Amendments to HKFRS 7 *Financial Instruments: Disclosures — Improving Disclosures about Financial Instruments*

The HKFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance is now required for Level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in note 51 to the financial statements.

(b) HKFRS 8 *Operating Segments*

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures, including the related revised comparative information, are shown in note 5 to the financial statements.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

(c) HKAS 1 (Revised) *Presentation of Financial Statements*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

(d) In October 2008, the HKICPA issued its first *Improvements to HKFRSs* which sets out amendments to a number of HKFRSs. Except for the amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations — Plan to Sell the Controlling Interest in a Subsidiary* which is effective for annual periods beginning on or after 1 July 2009, the Group adopted all the amendments from 1 January 2009. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact to the Group. Details of the a key amendment most applicable to the Group are as follows:

HKAS 40 *Investment Property*: Revises the scope such that property being constructed or developed for future as an investment property is classified as an investment property. The Group has applied the amendment prospectively from 1 January 2009. The Group's accounting policy for investment properties is to subsequently state them at fair value with changes in fair values recognised in profit or loss. As a result of the amendment, an investment property under construction is carried at fair value at the earlier of when the fair value first becomes reliably determinable and when the construction of the property is completed.

Other than as further explained above regarding the impact of HKFRS 7 Amendments, HKFRS 8, HKAS 1 (Revised) and *Improvements to HKFRSs*, the adoption of these new and revised HKFRSs has had no significant financial effect on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSS

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

HKFRS 1 (Revised)	*First-time Adoption of HKFRSs*[1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs-Additional Exemptions for First-time Adopters*[2]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment — Group Cash-settled Share-based Payment Transactions*[2]
HKFRS 3 (Revised)	*Business Combinations*[1]
HKFRS 9	*Financial Instruments*[6]
HKAS 24 (Revised)	*Related Party Disclosures*[5]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation — Classification of Rights Issues*[3]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items*[1]
HK (IFRIC)-Int 14 Amendments	Amendments to HK (IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*[5]
HK (IFRIC)-Int 17	*Distribution of Non-cash Assets to Owners*[1]
HK (IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[4]
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations — Plan to Sell the Controlling Interest in a Subsidiary*[1]
HK Interpretation 4 (Revised in December 2009)	*Leases — Determination of the Length of Lease Term in respect of Hong Kong Leases*[2]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK (IFRIC)-Int 9 and HK (IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2010
3 Effective for annual periods beginning on or after 1 February 2010
4 Effective for annual periods beginning on or after 1 July 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 January 2013

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSS (continued)

Further information about those changes that are expected to significantly affect the Group is as follows:

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The Group expects to adopt HKFRS 3 (Revised) and HKAS 27 (Revised) from 1 January 2010. The changes introduced by these revised standards must be applied prospectively and will affect the accounting of future acquisitions, loss of control and transactions with minority interests.

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

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety by the end of 2010. The Group expects to adopt HKFRS 9 from 1 January 2013.

The amendments to HKFRS 5 clarify that all assets and liabilities of a subsidiary shall be classified as held for sale if an entity has a sale plan involving loss of control of the subsidiary, regardless of whether the entity will retain a non-controlling interest. The Group expects to adopt the amendments from 1 January 2010. The changes must be applied prospectively and will affect future sale transactions or plans involving loss of control of a subsidiary.

Except as stated above, the Group expects that the adoption of the above new and revised HKFRSs is unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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

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

Jointly-controlled entities

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Associates

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

The Group's interests in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests 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 interests in associates and is not individually tested for impairment.

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

Goodwill

Goodwill arising on the acquisition of subsidiaries and associates represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired and liabilities and contingent liabilities assumed as at the date of acquisitions.

Goodwill arising on acquisition is recognised in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses. In the case of associates, goodwill is included in the carrying amount thereof, rather than as a separately identified asset in the consolidated statement of financial position.

The carrying amount of goodwill is reviewed 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

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 the 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.

Excess over the cost of business combinations

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries, associates and jointly-controlled entities (previously referred to as negative goodwill), after reassessment, is recognised immediately in the consolidated income statement.

The excess for associates and jointly-controlled entities is included in the Group's share of the associates' and jointly-controlled entities' profits or losses in the period in which the investments are acquired.

Impairment of non-financial assets other than goodwill

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 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, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

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

(a) the party, directly, or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. 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 depreciation.

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	15 to 40 years
Plant and machinery	8 to 15 years
Office equipment	5 years
Motor vehicles	5 years
Mining infrastructure	18 years
Leasehold improvements	The shorter of the lease terms or their useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

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

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

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

For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the consolidated income statement. When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at the completion date and its previous carrying amount is recognised in the consolidated income statement.

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.

Non-current assets and disposal groups (other than investment properties, deferred tax assets and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, 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 finite. 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill) (continued)

Patents and licences and technical know-how

Purchased patents and licences and technical know-how are stated at cost less any impairment losses and are amortised on the straight-line basis over the respective estimated useful lives of not exceeding 10 years.

Research and development costs

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

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

Exploration and evaluation assets

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

Mining rights

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid land lease payments

Prepaid land lease payments are stated at cost less accumulated amortisation and any impairment losses. Prepaid land lease payments are amortised on the straight-line basis over the lease terms.

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

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 assets 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, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

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 bank balances, trade and other receivables, loans receivable, quoted and unquoted financial instruments, amounts due from related companies and derivative financial instruments.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the other income and gains or other expenses in the consolidated income statement. 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.

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 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 assets or held-to-maturity investments depends on the nature of the assets.

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 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 the financial costs in the consolidated income statement. The loss arising from impairment is recognised in the consolidated income statement.

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 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 other expenses in the consolidated income statement. The loss arising from impairment is recognised in the consolidated financial statements in finance costs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity 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 valuation reserve until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in other income and gains in the consolidated income statement and removed from the available-for-sale investment valuation reserve. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the consolidated income statement as "Other income and gains" in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity securities 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 securities are stated at cost less any impairment losses.

The Group evaluates its available-for-sale financial investments whether the ability and intention to sell them in the near term are still appropriate. When 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 in rare circumstances. 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. The reclassification to the held-to-maturity category is permitted only when the entity has the ability and intent to hold until the maturity date of the financial asset.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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;

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, 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.

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 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 has 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

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

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

Assets carried at cost

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Available-for-sale financial investments

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Financial liabilities at fair value through profit or loss

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

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

Loans and other borrowings

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

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

Financial guarantee contracts

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 in 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 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.

Derivative financial instruments

Initial recognition and subsequent measurement

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work-in-progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads.

Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Properties under development

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

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

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

Completed properties for sale

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

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

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

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

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

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

Income tax

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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

- where the deferred tax liabilities 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 taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly-controlled entities, where 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, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where 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 interests in jointly-controlled entities, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income 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 the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

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

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

(c) Service fees
Property agency fees, property sales planning and advertising fees, construction supervisory fees and property management fees are recognised 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.

(d) Rental income
Revenue is recognised on a time proportion basis over the lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

(e) Interest income

Revenue is recognised 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 instrument to the net carrying amount of the financial asset.

(f) Dividend income

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

Share-based payment transactions

Certain senior management personnel are provided with the opportunity to purchase the equity interest in a subsidiary of the Company at a discounted price for their contribution to the success of the Group's operation.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a market approach, further details of which are given in note 45 to the financial statements.

Retirement benefits

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

(i) Defined contribution pension schemes

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefits (continued)

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

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

Qualified SOE Employees

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefits (continued)

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

Qualified Retirees

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

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

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 the government agencies in the PRC. There is no further obligation on the part of the Group except for such contributions to the accommodation fund. Contributions to an accommodation fund administrated by government agency are charged to the consolidated income statement as and when they incurred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Mandatory Provident Fund retirement benefits scheme

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the costs of those assets. The capitalisation of such borrowing costs cease 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 earnings within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

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

Foreign currency translation

The functional currency of the Company and its subsidiaries incorporated outside Mainland China is Hong Kong dollars ("HKD"). The functional currency of the PRC subsidiaries is RMB. The financial statements are presented in RMB, which is the Group's presentation currency.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation (continued)

Foreign currency transactions recorded by the entities within the Group are initially recorded using their respective functional currency rates of exchange ruling at the dates of 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 are taken to the consolidated income statement. Non-monetary items that are measured in items 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 functional currencies of the Company and its subsidiaries incorporated outside Mainland China is currency other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates 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 a separate component of equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated income statement.

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

Gains or losses on deemed disposal

Gains or losses on deemed disposal arising from changes in the proportionate interest of the Group in subsidiaries, with control retained, are dealt with in the consolidated income statement.

Acquisition of minority interests

Subsequent to an exchange transaction which resulted in a business combination, acquisition of minority interests of a subsidiary is accounted for by adopting the parent entity extension method. Under the parent entity extension method, the difference arising on the acquisition of minority interests of subsidiaries represents the difference between the cost of the acquisition and the Group's interests in acquiree's net asset acquired as at the date of acquisition, and is treated as goodwill/excess over the cost of business combinations. The assets and liabilities of the subsidiary are not remeasured to reflect their fair values at the date of the transaction.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

(i) Operating lease commitments — the Group as lessor

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

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

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion held for use in the production or supply of goods or services or for administrative purposes.

If an item of any property under development becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in consolidated income statement under HKAS 40.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

(iii) Deferred tax liabilities

Deferred tax liabilities are recognised for withholding corporate income taxes relating to the unremitted earnings of the Group's subsidiaries established in Mainland China that are subject to withholding taxes. Significant management judgement is required to determine the amount of deferred tax liabilities, based upon the likely distribution level of such earnings from these subsidiaries in the foreseeable future. The carrying value of deferred tax liabilities arising from the withholding tax associated with the investments in subsidiaries in Mainland China for the year ended 31 December 2009 was RMB63,821,000 (2008: RMB37,440,000). Further details are contained in note 28 to the financial statements.

Estimation uncertainty

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

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The estimation of the expected future cash flows from cash-generating unit could change significantly should the cash-generating units fail to sustain the estimated growth. The carrying amount of goodwill at 31 December 2009 was RMB126,929,000 (2008: RMB90,591,000).

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

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. For the year ended 31 December 2009, impairment losses in the amount of RMB268,699,000 (2008: RMB133,391,000) have been recognised as set out in note 8 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

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

The Group classifies certain assets as available for sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the consolidated income statement. For the year ended 31 December 2009, impairment losses in the amount of RMB167,143,000 (2008: RMB238,164,000) have been recognised for available-for-sale assets. The carrying amount of available-for-sale assets was RMB2,943,458,000 (2008: RMB1,905,289,000).

(iv) Estimation of fair value of investment properties

As described in note 14 to the financial statements, investment properties were revalued on 31 December 2009 on an open market value existing use basis by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of reporting period.

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

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

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

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

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs. The carrying amount of investment properties at 31 December 2009 was RMB2,057,400,000 (2008: RMB429,000,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(v) Provision for bad debts of loans and receivables

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

(vi) Estimation of rehabilitation cost provision

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

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

(vii) Useful lives of property, plant and equipment

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

(viii) 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 profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

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

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

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

Particulars of the principal companies comprising the Group, associates and jointly-controlled entities at 31 December 2009 are set out below:

Name of company	Place and date of incorporation/ registration and operation	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company Direct	Indirect	Effective	Principal activities
Subsidiaries						
上海復星高科技（集團）有限公司 (Shanghai Fosun High Technology (Group) Co., Ltd.)	PRC 21 November 1994	880,000	100.0%	—	100.0%	Investment holding
上海復星工業技術發展有限公司 (Shanghai Fosun Industrial Technology Development Co., Ltd.)	PRC 4 August 2003	1,200,000	—	100.0%	100.0%	Investment holding
上海復星產業投資有限公司 (Shanghai Fosun Industrial Investment Co., Ltd.)	PRC 22 November 2001	600,000	—	100.0%	100.0%	Investment holding

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

Particulars of the principal companies comprising the Group, associates and jointly-controlled entities at 31 December 2009 are set out below: (continued)

Name of company	Place and date of incorporation/ registration and operation	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company Direct	Indirect	Effective	Principal activities
Steel segment						
南京鋼鐵聯合有限公司 (Nanjing Iron & Steel United Co., Ltd.)	PRC 24 March 2003	900,000	—	60.0%	60.0%	Manufacture and sale of iron and steel products
南京南鋼產業發展有限公司 (Nanjing Iron & Steel Industry Development Co., Ltd.)	PRC 27 September 2009	1,850,000	—	60.0%	60.0%	Manufacture and sale of iron and steel products
南京南鋼鋼鐵聯合有限公司 (Nanjing Nangang Iron & Steel United Co., Ltd.)	PRC 20 May 2009	3,000,000	—	60.0%	60.0%	Manufacture and sale of iron and steel products
南京鋼鐵股份有限公司 (Nanjing Iron & Steel Co., Ltd.)	PRC 18 March 1999	1,684,800	—	62.7%	37.6%	Manufacture and sale of iron and steel products
南京鋼鐵有限公司 (Nanjing Iron & Steel Limited)	PRC 28 June 2001	1,279,637	—	100.0%	60.0%	Manufacture and sale of iron and steel products
南京金騰鋼鐵有限公司 (Nanjing Jinteng Iron & Steel Co., Ltd.)	PRC 22 February 1993	67,484	—	100.0%	60.0%	Manufacture and sale of iron and steel products
香港金騰國際有限公司 (Hong Kong Jinteng International Company Limited)	HK 20 June 2005	HKD20,000,000	—	100.0%	60.0%	Trading and technology development consulting

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

Particulars of the principal companies comprising the Group, associates and jointly-controlled entities at 31 December 2009 are set out below: (continued)

Name of company	Place and date of incorporation/ registration and operation	Nominal value of registered/ paid-up capital	Attributable equity interest of the Company			Principal activities
		RMB'000	Direct	Indirect	Effective	
Pharmaceuticals segment						
上海復星醫藥（集團）股份有限公司 * (Shanghai Fosun Pharmaceutical (Group) Co., Ltd)	PRC 13 July 1998	952,135	—	49.0%	49.0%	Manufacture and sale of pharmaceutical products
上海復星醫藥產業發展有限公司 (Shanghai Fosun Pharmaceutical Development Company Limited)	PRC 27 November 2001	92,250	—	100.0%	49.0%	Investment holding
上海復星醫藥投資有限公司 (Shanghai Fosun Pharmacy Investment Co., Ltd.)	PRC 1 September 2000	689,600	—	100.0%	49.0%	Investment holding
上海復美益星大藥房連鎖有限公司 (Shanghai Fosun Grant Medicine Chain Operating Co., Ltd.)	PRC 21 March 2001	50,000	—	100.0%	48.9%	Operation and management of chain stores of pharmaceutical products
Property development segment						
復地（集團）股份有限公司 (Shanghai Forte Land Co., Ltd.)	PRC 13 August 1998	505,861	12.9%	57.7%	65.7%	Property development

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

Particulars of the principal companies comprising the Group, associates and jointly-controlled entities at 31 December 2009 are set out below: (continued)

Name of company	Place and date of incorporation/ registration and operation	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company Direct	Indirect	Effective	Principal activities
Mining segment						
海南礦業聯合有限公司 (Hainan Mining United Co., Ltd.)	PRC 1 September 2007	1,500,000	—	60.0%	60.0%	Mining and ore processing
安徽金安礦業有限責任公司 (Anhui Jin'an Mining United Co., Ltd.)	PRC 24 July 2006	100,000	—	100.0%	60.0%	Mining and ore processing
遵義縣世紀有色金屬有限責任公司 (Zunyixian Shiji Nonferrous Metal Limited Liability Company)	PRC 12 November 2004	22,000	—	55.0%	55.0%	Mining and processing ore
托里縣紅山礦業金屬有限責任公司 (Tuolixian Hongshan Mining and Metal Limited Liability Company)	PRC 22 October 2008	192,000	—	70.0%	42.0%	Mining and processing ore

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

Particulars of the principal companies comprising the Group, associates and jointly-controlled entities at 31 December 2009 are set out below: (continued)

Name of company	Place and date of incorporation/ registration and operation	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company Direct	Indirect	Effective	Principal activities
Associates						
國藥產業投資有限公司 (Sinopharm Industrial Investment Co., Ltd.)	PRC 6 May 2008	700,000	—	49.0%	24.0%	Sale of pharmaceutical products
上海豫園旅遊商城股份有限公司@ (Shanghai Yuyuan Tourist Mart Co., Ltd.)	PRC 13 May 1992	798,512	—	17.3%	17.3%	Retail
唐山建龍實業有限公司 (Tangshan Jianlong Industrial Co., Ltd.)	PRC 15 September 2000	580,000	—	26.7%	26.7%	Manufacture and sale of iron and steel products
山西焦煤集團五麟煤焦開發有限公司 (Shanxi Coking Coal Group Wulin Coal Coke Development Co., Ltd.)	PRC 15 May 2003	978,000	—	20.0%	20.0%	Mining and refining of coal products
北京華夏建龍礦業科技有限公司@ (Beijing Huaxia Jianlong Mining Technology Co., Ltd.)	PRC 19 September 2003	108,750	—	18.4%	18.4%	Mining and refining of steel ores
匯鑫生物漿紙股份有限公司 (Huixin Biological Paper Co., Ltd.)	PRC 8 January 1993	200,000	—	30.0%	14.7%	Manufacture and sale of paper products

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

Particulars of the principal companies comprising the Group, associates and jointly-controlled entities at 31 December 2009 are set out below: (continued)

Name of company	Place and date of incorporation/ registration and operation	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company Direct	Indirect	Effective	Principal activities
Jointly-controlled entities						
上海巨峰房地產開發有限公司 (Shanghai Jufeng Property Development Co., Ltd.)	PRC 4 June 2002	50,000	—	45.0%	29.6%	Property development
無錫復地房地產開發有限公司 (Wuxi Forte Real Estate Development Co., Ltd.)	PRC 28 September 2004	195,000	—	50.0%	32.9%	Property development
陝西省建秦房地產開發有限公司 (Shaanxi Jianqin Real Estate Development Co., Ltd.)	PRC 22 September 1992	130,000	—	50.0%	32.9%	Property development

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

The above table lists the subsidiaries, associates and jointly-controlled entities of the Group which, in the opinion of the Directors of the Company, principally affected the results of the Group for the year ended 31 December 2009 or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries, associates and jointly-controlled entities would, in the opinion of the Directors of the Company, result in particulars of excessive length.

Notes:

* Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("Fosun Pharma") continues to be accounted for as a subsidiary by virtue of the Group's control over the board of directors as well as the operating and financial policies of this company, despite the fact that the Group's equity interest in this company was 49.0% for the year ended 31 December 2009.

@ The Group's interests in these associates are accounted for under the equity method of accounting because the Group has significant influence over these entities by way of representation on the board of directors and participation in the policy-making process, despite the fact that the Group's equity interest in these associates were lower than 20% for the year ended 31 December 2009.

5. OPERATING SEGMENT INFORMATION

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

(i) the pharmaceuticals segment engages in the research and development, manufacturing, sale and trading of pharmaceutical products;

(ii) the property development segment engages in the development and sale of properties in the PRC;

(iii) the steel segment engages in the manufacturing, sale and trading of iron and steel products;

(iv) the mining segment engages in the mining and ore processing of various metals; and

(v) the "others" segment comprises, principally, the management of investments in retail and services industries, and other strategic investments.

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

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

5. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2009

	Pharmaceuticals RMB'000	Property development RMB'000	Steel RMB'000	Mining RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:							
Sales to external customers	3,775,859	5,184,804	24,611,399	1,283,756	—	—	34,855,818
Inter-segment sales	—	—	—	684,197	—	(684,197)	—
Other income and gains	2,852,484	149,440	833,382	150,102	2,257,496	(21,080)	6,221,824
Total	6,628,343	5,334,244	25,444,781	2,118,055	2,257,496	(705,277)	41,077,642
Segment results	2,879,262	1,119,066	1,690,984	477,131	2,004,773	(21,455)	8,149,761
Interest and dividend income	18,299	8,519	147,607	9,555	201,299	(114,718)	270,561
Unallocated expenses							(112,850)
Finance costs	(142,411)	(76,302)	(699,082)	(44,356)	(146,184)	—	(1,108,335)
Share of profits and losses of							
— Jointly-controlled entities	(1,034)	14,859	—	—	—	—	13,825
— Associates	442,221	(5,433)	432,647	(16,385)	109,513	—	962,563
Profit before tax	3,196,337	1,060,709	1,572,156	425,945	2,169,401	(136,173)	8,175,525
Tax	(700,396)	(451,854)	(46,635)	(66,375)	(97,258)	5,364	(1,357,154)
Profit for the year	2,495,941	608,855	1,525,521	359,570	2,072,143	(130,809)	6,818,371
Segment and total assets	10,955,208	27,456,713	31,911,222	5,679,933	16,945,982	(4,795,025)	88,154,033
Segment and total liabilities	4,573,118	20,950,998	22,146,578	1,636,269	6,944,735	(4,469,943)	51,781,755
Other segment information:							
Depreciation and amortisation	139,845	24,945	1,418,105	357,593	7,733	—	1,948,221
Impairment loss for non-current assets	53,257	3,179	—	266,562	116,023	—	439,021
Provision/(reversal) for impairment of current assets	95	(19,168)	41,845	12,214	—	—	34,986
Research and development costs	72,542	—	87,422	3,950	—	—	163,914
Fair value gain on fair value adjustments of investment properties	—	(85,195)	—	—	—	—	(85,195)
Fair value gain on equity investments at fair value through profit or loss	(6,029)	—	(3,997)	—	(2,004,984)	—	(2,015,010)
Interests in jointly-controlled entities	8,086	689,737	58,000	—	—	—	755,823
Investments in associates	5,690,233	598,892	1,693,961	587,285	1,050,997	—	9,621,368
Capital expenditure*	300,901	99,605	2,858,838	350,740	9,394	—	3,619,478

5. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2008

	Pharmaceuticals RMB'000	Property development RMB'000	Steel RMB'000	Mining RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:							
Sales to external customers	3,699,190	3,731,754	30,929,970	1,889,379	—	—	40,250,293
Inter-segment sales	—	1,501	—	1,217,288	—	(1,218,789)	—
Other income and gains	441,406	27,223	706,620	164,815	28,064	(15,657)	1,352,471
Total	4,140,596	3,760,478	31,636,590	3,271,482	28,064	(1,234,446)	41,602,764
Segment results	470,720	913,408	1,860,431	1,885,381	(272,253)	—	4,857,687
Interest and dividend income	27,107	23,223	96,607	19,894	325,081	(170,797)	321,115
Unallocated expenses							(97,376)
Finance costs	(154,097)	(44,421)	(930,521)	(45,603)	(187,981)	—	(1,362,623)
Share of profits and losses of							
— Jointly-controlled entities	47	(6,354)	—	—	—	—	(6,307)
— Associates	375,666	1,222	(601,623)	319,292	59,899	—	154,456
Profit/(loss) before tax	719,443	887,078	424,894	2,178,964	(75,254)	(170,797)	3,866,952
Tax	(74,745)	(645,472)	(141,046)	(233,720)	(54,085)	—	(1,149,068)
Profit/(loss) for the year	644,698	241,606	283,848	1,945,244	(129,339)	(170,797)	2,717,884
Segment and total assets	6,883,153	19,961,664	27,210,281	6,253,606	15,499,617	(6,036,554)	69,771,767
Segment and total liabilities	3,093,008	14,111,465	18,498,453	1,909,569	7,958,467	(5,842,282)	39,728,680
Other segment information:							
Depreciation and amortisation	152,185	19,276	1,281,742	212,382	5,785	—	1,671,370
Impairment loss for non-current assets	18,875	197,191	700	114,516	47,238	—	378,520
Provision for impairment of current assets	3,592	80,456	660,480	27,597	—	—	772,125
Research and development costs	57,447	—	82,111	8,703	—	—	148,261
Fair value loss on fair value adjustments of investment properties	—	27,000	—	—	—	—	27,000
Fair value loss on equity investments at fair value through profit or loss	24	—	—	—	9,276	—	9,300
Interests in jointly-controlled entities	3,249	629,232	—	—	—	—	632,481
Investments in associates	2,503,136	256,278	1,474,648	585,769	1,127,232	—	5,947,063
Capital expenditure*	241,329	35,835	1,894,997	697,614	20,081	—	2,889,856

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

5. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2009 RMB'000	2008 RMB'000
Mainland China	**34,182,605**	39,394,256
Hong Kong	**160**	30
Other countries	**673,053**	856,007
	34,855,818	40,250,293

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

(b) Non-current assets

	2009 RMB'000	2008 RMB'000
Mainland China	**38,304,622**	33,719,733
Hong Kong	**81,317**	58
	38,385,939	33,719,791

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

Information about a major customer

No revenue amounting to 10 per cent or more of the Group's revenue was derived from sales to a single customer for the years ended 31 December 2009 and 2008.

6. REVENUE, OTHER INCOME AND GAINS

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

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

	2009 RMB'000	2008 RMB'000
Revenue		
Sale of goods:		
Pharmaceutical products	3,760,378	3,683,947
Properties	5,286,497	3,857,386
Iron and steel products	24,707,403	30,441,286
Iron concentrates	1,383,494	2,596,142
	35,137,772	40,578,761
Rendering of services:		
Property agency	86,209	48,098
Property management	38,645	19,734
Rental	26,529	7,230
Construction supervisory	12,884	9,234
Property sales planning and advertising	6,998	6,167
Others	45,535	57,279
	216,800	147,742
Subtotal	35,354,572	40,726,503
Less: Government surcharges	(498,754)	(476,210)
	34,855,818	40,250,293

6. REVENUE, OTHER INCOME AND GAINS (continued)

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

	2009 RMB'000	2008 RMB'000
Other income		
Interest income	159,312	252,179
Dividends from available-for-sale investments	109,835	66,763
Dividends from equity investments at fair value through profit or loss	1,414	2,173
Gross rental income	43,960	45,170
Sale of scrap materials	69,994	88,864
Government grants	128,189	416,624
Consultancy income	138,248	87,970
Excess over the cost of business combinations realised as income (note 44(a))	—	6,520
Reversal of provision of inventories	19,168	—
Exchange gains, net	144,437	—
Others	69,740	54,110
	884,297	1,020,373
Gains		
Gain on disposal of subsidiaries (note 44(b))	494	4,710
Gain on disposal of partial interests in subsidiaries	—	246,183
Gain on disposal of associates	640,145	172,541
Gain on disposal of partial interests in associates	27,096	4,347
Gain on deemed disposal of interests in associates	2,605,609	28,658
Gain on disposal of items of property, plant and equipment	7,390	21,019
Gain on disposal of available-for-sale investments	135,863	161,305
Gain on disposal of equity investments at fair value through profit or loss	42,379	14,450
Gain on disposal of non-current assets classified as held for sale (note 29)	18,404	—
Gain on deemed acquisition of interests in a subsidiary	26,446	—
Gain on acquisition of interests in subsidiaries	4,057	—
Gain on fair value adjustment of investment properties (note 14)	85,195	—
Gain on fair value adjustment of equity investments at fair value through profit or loss	2,015,010	—
	5,608,088	653,213
Other income and gains	6,492,385	1,673,586
Total revenue, other income and gains	41,348,203	41,923,879

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2009 RMB'000	2008 RMB'000
Interest on bank and other borrowings wholly repayable within five years	**1,462,897**	1,700,642
Interest on bank and other borrowings not wholly repayable within five years	**11,132**	21,188
Incremental interest on other long term payables (note 41)	**26,949**	33,873
	1,500,978	1,755,703
Less: Interest capitalised, in respect of bank and other borrowings (notes 13 and 25)	**(452,140)**	(467,356)
Interest expenses, net	**1,048,838**	1,288,347
Interest on discounted bills	**32,293**	60,244
Interest on finance leases	**—**	272
Bank charges and other financial costs	**27,204**	13,760
Total finance costs	**1,108,335**	1,362,623

8. PROFIT BEFORE TAX

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

	2009 RMB'000	2008 RMB'000
Cost of sales	**29,161,430**	32,221,179
Staff costs (including Directors' emoluments as set out in note 9):		
Wages and salaries	**1,526,406**	1,482,515
Accommodation benefits:		
Defined contribution fund	**81,022**	98,761
Retirement costs:		
Defined contribution fund	**276,866**	239,434
Total staff costs	**1,884,294**	1,820,710

8. PROFIT BEFORE TAX (continued)

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

	2009 RMB'000	2008 RMB'000
Research and development costs	163,914	148,261
Auditors' remuneration	13,000	15,500
Inventories written off	—	1,754
Depreciation of items of property, plant and equipment	1,806,875	1,554,480
Amortisation of prepaid land lease payments (note 15)	20,947	18,962
Amortisation of mining rights (note 17)	110,573	72,011
Amortisation of intangible assets (note 18)	9,826	25,917
(Reversal)/provision for impairment of receivables	(539)	16,125
Provision for inventories	54,693	675,544
(Reversal)/provision for properties under development	(19,168)	80,456
Provision for impairment of items of property, plant and equipment (note 13)	1,043	133,391
Provision for impairment of mining rights (note 17)	266,562	—
Provision for impairment of intangible assets (note 18)	1,094	—
Provision for impairment of available-for-sale investments	167,143	238,164
Provision for impairment of goodwill	3,179	6,965
Operating lease rentals	58,928	32,182
Exchange loss, net	—	159,113
Loss on disposal of an investment property	790	—
Loss on disposal of available-for-sale investments	2,220	2,476
Loss on deemed disposal of interests in an associate	—	25,238
Loss on disposal of non-current assets classified as held for sale (note 29)	1,419	—
Loss on disposal of items of property, plant and equipment	12,673	19,362
Provision for indemnity of LAT (note 10)	10,041	15,624
Share-based payment expense (note 45)	16,426	—
Fair value loss on equity investments at fair value through profit or loss	—	9,300
Fair value loss on fair value adjustments of investment properties (note 14)	—	27,000

9. DIRECTORS' EMOLUMENTS

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

	2009 RMB'000	2008 RMB'000
Fees	2,658	1,352
Salaries, allowances and benefits in kind	9,871	10,858
Pension scheme contributions	252	154
	12,781	12,364

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

(a) Independent non-executive Directors

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

	2009 RMB'000	2008 RMB'000
Andrew Y. Yan	353	356
Chen Kaixian	400	400
Zhang Shengman	353	356
	1,106	1,112

There were no other emoluments payable to the independent non-executive Directors during the year (2008: Nil).

9. DIRECTORS' EMOLUMENTS (continued)

(b) Executive Directors and a non-executive Director

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Year ended 31 December 2009				
Executive Directors:				
Guo Guangchang	180	1,549	36	1,765
Liang Xinjun	180	1,549	36	1,765
Wang Qunbin	180	1,549	36	1,765
Fan Wei	180	1,549	36	1,765
Ding Guoqi	144	1,225	36	1,405
Qin Xuetang	144	1,225	36	1,405
Wu Ping	144	1,225	36	1,405
	1,152	9,871	252	11,275
Non-executive Director:				
Liu Benren	400	—	—	400
	1,552	9,871	252	11,675

9. DIRECTORS' EMOLUMENTS (continued)

(b) Executive Directors and a non-executive Director (continued)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Year ended 31 December 2008				
Executive Directors:				
Guo Guangchang	—	1,734	22	1,756
Liang Xinjun	—	1,634	22	1,656
Wang Qunbin	—	1,734	22	1,756
Fan Wei	—	1,734	22	1,756
Ding Guoqi	—	1,274	22	1,296
Qin Xuetang	—	1,374	22	1,396
Wu Ping	—	1,374	22	1,396
	—	10,858	154	11,012
Non-executive Director:				
Liu Benren	240	—	—	240
	240	10,858	154	11,252

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

(c) Five highest paid employees

The five highest paid employees of the Group include five Directors for the years ended 31 December 2008 and 2009. Information relating to their emoluments is disclosed above.

10. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

The provision for Mainland China current income tax is based on a statutory rate of 25% (2008: 25%) of the assessable profit 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 exempted or taxed at preferential rates of 15% to 20%.

The major components of tax expenses for the years ended 31 December 2009 and 2008 are as follows:

	2009 RMB'000	2008 RMB'000
Group:		
Current — Hong Kong	**14,829**	37,832
Current — Mainland China		
— Income tax in Mainland China for the year	**719,098**	914,217
— LAT in Mainland China for the year	**205,422**	477,578
Deferred tax (note 28)	**417,805**	(280,559)
Tax expenses for the year	**1,357,154**	1,149,068

10. TAX (continued)

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

Group — 2009

	Hong Kong RMB'000	Mainland China RMB'000	Total RMB'000
Profit before tax excluding share of profits and losses of jointly-controlled entities and associates	2,125,430	5,073,707	7,199,137
Tax at an applicable tax rate	350,696	1,268,427	1,619,123
Lower tax rate for specific entities	—	(78,415)	(78,415)
Tax effect of:			
Income not subject to tax	(335,479)	(194,819)	(530,298)
Expenses not deductible for tax	5,337	44,594	49,931
Tax losses not recognised	—	101,850	101,850
Tax losses utilised	(6,304)	(42,109)	(48,413)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries (note 28)	—	63,821	63,821
Under provision in prior years	579	20,325	20,904
Tax incentives on eligible expenditures	—	(5,171)	(5,171)
Subtotal	14,829	1,178,503	1,193,332
Additional LAT provision for the year	—	112,768	112,768
Prepaid LAT for the year	—	92,654	92,654
Deferred tax effect of additional LAT provision (note 28)	—	(28,192)	(28,192)
Tax effect of prepaid LAT	—	(23,163)	(23,163)
Tax effect of LAT indemnity (note 28)	—	9,755	9,755
Tax expenses	14,829	1,342,325	1,357,154

10. TAX (continued)

Group — 2008

	Hong Kong RMB'000	Mainland China RMB'000	Total RMB'000
Profit before tax excluding share of profits and losses of jointly-controlled entities and associates	39,773	3,679,030	3,718,803
Tax at an applicable tax rate	6,562	919,758	926,320
Lower tax rate for specific entities	—	(227,942)	(227,942)
Tax effect of:			
Income not subject to tax	(29,122)	(28,701)	(57,823)
Expenses not deductible for tax	54,623	112,241	166,864
Tax losses not recognised	5,755	163,556	169,311
Tax losses utilised	—	(40,944)	(40,944)
Income tax deduction for use of manufacturing equipment made in Mainland China in prior years	—	(72,695)	(72,695)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries (note 28)	—	37,440	37,440
Under provision in prior years	14	808	822
Tax incentives on eligible expenditures	—	(125,329)	(125,329)
Subtotal	37,832	738,192	776,024
Additional LAT provision for the year	—	432,415	432,415
Prepaid LAT for the year	—	45,164	45,164
Deferred tax effect of additional LAT provision (note 28)	—	(108,104)	(108,104)
Tax effect of prepaid LAT	—	(11,291)	(11,291)
Tax effect of LAT indemnity (note 28)	—	14,860	14,860
Tax expenses	37,832	1,111,236	1,149,068

10. TAX (continued)

According to the tax notices issued by the relevant local tax authorities, the Group commenced to pay LAT at rates ranging from 1% to 3% on proceeds from the sale and pre-sale of properties from 2004. Prior to the year end of 2006, except for this amount paid to the local tax authorities, no further provision for LAT had been made. The Directors considered that the relevant tax authorities would be unlikely to impose additional LAT levies other than the amount already paid based on the relevant percentages of the proceeds from the sale and pre-sale of the Group's properties.

For the year ended 31 December 2009, based on the latest understanding of the LAT regulations from the tax authorities, the Group made an additional LAT provision in the amount of RMB112,768,000 (2008: RMB432,415,000) in respect of the properties sold in 2009 in accordance with the requirements set forth in the relevant PRC tax laws and regulations.

In 2004, Shanghai Fosun High Technology (Group) Co., Ltd. ("Fosun Group") and Shanghai Forte Land Co., Ltd. ("Forte") entered into a deed of tax indemnity whereby Fosun Group has undertaken to indemnify Forte in respect of the LAT payable attributable to Forte and its subsidiaries (the "Forte Group") in excess of the prepaid LAT based on 1% to 3% of sales proceeds, after netting off potential income tax savings, in consequence of the disposal of the properties owned by Forte as at 30 November 2003. As at 31 December 2009, the LAT indemnity to Forte, after netting off potential income tax savings, amounted to RMB98,462,000 (2008: RMB59,441,000) and the deferred tax liability amounted to RMB72,316,000 (2008: RMB62,561,000) as set out in note 28 to the financial statements. The Group's share of losses arising from the LAT indemnity amounted to RMB10,041,000 (2008: RMB15,624,000) as set out in note 8 to the financial statements.

11. DIVIDENDS

	2009 RMB'000	2008 RMB'000
Proposed final — HKD0.164 (2008: HKD0.08) per ordinary share	**927,270**	453,051

The proposed final dividend of HKD0.08 per ordinary share for the year ended 31 December 2008 was declared payable and approved by the shareholders at the annual general meeting of the Company on 19 June 2009.

On 24 March 2010, the board of directors of the Company resolved to propose a final dividend for the year ended 31 December 2009 of HKD0.164 per ordinary share, subject to the approval by the shareholders at the forthcoming annual general meeting of the Company.

12. EARNINGS PER SHARE

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

	Year ended 31 December	
	2009	2008
Profit attributable to owners of the parent (RMB thousands)	**4,646,679**	1,328,391
Weighted average number of ordinary shares in issue (thousands)	**6,421,595**	6,423,147
Earnings per share basic and diluted (RMB)	**0.72**	0.21

The calculation of basic earnings per share amounts is based on the profit for the year attributable to owners of the parent, and the weighted average number of shares of 6,421,595,000 (2008: 6,423,147,000) in issue during the year.

Diluted earnings per share amount is equal to basic earnings per share amount for the years ended 31 December 2009 and 2008, as no diluting events existed during these years.

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Mining infrastructure RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:								
At 1 January 2008	6,933,068	10,290,188	146,615	280,266	4,868	213,587	1,863,983	19,732,575
Additions	4,583	214,029	34,598	42,194	801	—	2,181,655	2,477,860
Transferred from construction in progress	585,286	1,626,919	69,580	1,461	—	79,753	(2,362,999)	—
Acquisition of subsidiaries (note 44(a))	79,161	22,446	1,196	3,362	—	—	34,242	140,407
Disposal of subsidiaries (note 44(b))	(23,480)	(9,304)	(1,451)	(1,773)	—	—	—	(36,008)
Disposals	(87,628)	(180,550)	(14,637)	(21,292)	—	—	—	(304,107)
Exchange realignment	—	—	(44)	—	—	—	—	(44)
Reclassification	(34,379)	4,685	15,156	14,538	—	—	—	—
At 31 December 2008 and 1 January 2009	7,456,611	11,968,413	251,013	318,756	5,669	293,340	1,716,881	22,010,683
Additions	71,909	242,246	43,639	19,224	1,338	—	2,887,503	3,265,859
Transferred from construction in progress	1,070,177	886,829	28,735	175	—	132,572	(2,118,488)	—
Acquisition of subsidiaries (note 44(a))	—	620	280	—	(74)	—	27,379	28,205
Disposal of subsidiaries (note 44(b))	(467)	(259)	(42)	(157)	—	—	—	(925)
Disposals	(61,592)	(133,002)	(10,030)	(13,456)	(4,868)	—	(18,391)	(241,339)
Assets included in assets of a disposal group classified as held for sale (note 29)	—	—	(4,610)	(946)	—	—	—	(5,556)
At 31 December 2009	8,536,638	12,964,847	308,985	323,596	2,065	425,912	2,494,884	25,056,927
Accumulated depreciation:								
At 1 January 2008	886,620	3,066,332	66,044	97,735	1,688	2,686	—	4,121,105
Charge for the year	380,417	1,090,037	45,409	28,298	1,323	12,547	—	1,558,031
Disposal of subsidiaries (note 44(b))	(2,119)	(6,149)	(895)	(751)	—	—	—	(9,914)
Disposals	(16,130)	(135,319)	(9,459)	(16,283)	—	—	—	(177,191)
Exchange realignment	—	—	(34)	—	—	—	—	(34)
Reclassification	383	382	(1,424)	659	—	—	—	—
At 31 December 2008 and 1 January 2009	1,249,171	4,015,283	99,641	109,658	3,011	15,233	—	5,491,997

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Group (continued)

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Mining infrastructure RMB'000	Construction in progress RMB'000	Total RMB'000
Accumulated depreciation: (continued)								
At 31 December 2008 and 1 January 2009	1,249,171	4,015,283	99,641	109,658	3,011	15,233	—	5,491,997
Charge for the year	429,488	1,166,452	62,870	41,984	165	105,916	—	1,806,875
Disposal of subsidiaries (note 44(b))	(467)	(211)	(42)	(23)	—	—	—	(743)
Disposals	(27,088)	(95,643)	(7,208)	(10,673)	(2,375)	—	—	(142,987)
Assets included in assets of a disposal group classified as held for sale (note 29)	—	—	(467)	(551)	—	—	—	(1,018)
At 31 December 2009	1,651,104	5,085,881	154,794	140,395	801	121,149	—	7,154,124
Impairment loss:								
At 1 January 2008	4,398	6,006	17	2,396	—	—	75	12,892
Charge for the year	57,313	35,189	255	371	—	—	40,263	133,391
Disposals	—	(3,742)	(10)	(2,422)	—	—	—	(6,174)
At 31 December 2008 and 1 January 2009	61,711	37,453	262	345	—	—	40,338	140,109
Charge for the year	823	205	15	—	—	—	—	1,043
Transferred from construction in progress	—	40,263	—	—	—	—	(40,263)	—
Disposals	(1,526)	(3,909)	(139)	(10)	—	—	—	(5,584)
At 31 December 2009	61,008	74,012	138	335	—	—	75	135,568
Net book value:								
At 31 December 2009	6,824,526	7,804,954	154,053	182,866	1,264	304,763	2,494,809	17,767,235
At 31 December 2008	6,145,729	7,915,677	151,110	208,753	2,658	278,107	1,676,543	16,378,577

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Group (continued)

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

	2009 RMB'000	2008 RMB'000
Buildings	**255,597**	841,113
Plant and machinery	**589,936**	1,329,420
	845,533	2,170,533

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

	2009 RMB'000	2008 RMB'000
Interest expenses capitalised	**2,950**	195,594

(3) As at 31 December 2009, the Group was in the process of applying for property certificates for plant and office buildings with a net book value of approximately RMB7,288,000 (2008: RMB141,850,000).

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Office equipment RMB'000
Cost:	
At 1 January 2008	773
Additions	50
Exchange realignment	(44)
At 31 December 2008 and 31 December 2009	779
Accumulated depreciation:	
At 1 January 2008	592
Charge for the year	167
Exchange realignment	(34)
At 31 December 2008 and 1 January 2009	725
Charge for the year	32
At 31 December 2009	757
Net book value:	
At 31 December 2009	22
At 31 December 2008	54

14. INVESTMENT PROPERTIES

	2009 RMB'000	2008 RMB'000
Carrying amount at 1 January	**429,000**	456,000
Transfer from properties under development	**1,972,205**	—
Gain/(loss) from fair value adjustments (notes 6 and 8)	**85,195**	(27,000)
Disposals	**(429,000)**	—
Carrying amount at 31 December	**2,057,400**	429,000

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

The Group's investment properties were revalued on 31 December 2009 by Jones Lang LaSalle Sallmanns Limited ("Sallmanns"), independent professionally qualified valuers at RMB2,057,400,000, on an open market, existing use basis. The investment properties are leased to third parties under operating leases arrangements, with leases negotiated for terms ranging from one to seventeen years.

At 31 December 2009, the Group's investment properties with a net carrying amount of approximately RMB2,057,400,000 (2008: RMB429,000,000) were pledged to a bank for interest-bearing bank loans, as set out in note 36 to the financial statements.

15. PREPAID LAND LEASE PAYMENTS

	2009 RMB'000	2008 RMB'000
Cost:		
At 1 January	954,796	951,175
Additions during the year	292,044	4,205
Acquisition of subsidiaries (note 44(a))	—	2,668
Disposal of subsidiaries (note 44(b))	(2,500)	—
Disposals	—	(3,252)
At 31 December	1,244,340	954,796
Accumulated amortisation:		
At 1 January	61,392	42,799
Amortisation for the year	20,947	18,962
Disposal of subsidiaries (note 44(b))	(654)	—
Disposals	—	(369)
At 31 December	81,685	61,392
Net book value:		
At 31 December	1,162,655	893,404
At 1 January	893,404	908,376
Net book value pledged as security for bank loans (note 36)	31,389	1,267,674

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

As at 31 December 2009, the Group was in the process of applying for the land use certificates for leasehold land with a net book value of approximately RMB193,484,000 (2008: RMB8,296,000).

16. EXPLORATION AND EVALUATION ASSETS

	2009 RMB'000	2008 RMB'000
Cost:		
At 1 January	386,645	—
Additions	34,044	381,645
Acquisition of a subsidiary (note 44(a))	—	5,000
At 31 December	420,689	386,645

17. MINING RIGHTS

	2009 RMB'000	2008 RMB'000
Cost:		
At 1 January	1,203,534	567,271
Acquisition of subsidiaries (note 44(a))	—	636,263
At 31 December	1,203,534	1,203,534
Accumulated amortisation:		
At 1 January	92,813	20,802
Amortisation for the year	110,573	72,011
At 31 December	203,386	92,813
Impairment loss:		
At 1 January	—	—
Charge for the year	266,562	—
At 31 December	266,562	—
Net book value:		
At 31 December	733,586	1,110,721
At 1 January	1,110,721	546,469
Net book value pledged as security for bank loans (note 36)	141,289	148,595

17. MINING RIGHTS (continued)

During the year ended 31 December 2009, total impairment losses in the amount of RMB266,562,000 (2008: Nil) were recognised for mining rights of Zunyixian Shiji Nonferrous Metal Limited Liability Company and Tuolixian Hongshan Mining and Metal Limited Liability Company, which are set out in note 8 to the financial statements. The triggers for the impairment tests were primarily the decreases in the market prices from ammonium molybdate and iron ore.

18. INTANGIBLE ASSETS

	Patents and licences RMB'000	Technical know-how RMB'000	Others RMB'000	Total RMB'000
Cost:				
At 1 January 2008	688	20,133	19,767	40,588
Additions	—	23,409	2,737	26,146
Acquisition of subsidiaries (note 44(a))	—	—	6,929	6,929
Disposals	(688)	(1,617)	(3,146)	(5,451)
At 31 December 2008 and 1 January 2009	—	41,925	26,287	68,212
Additions	—	680	26,851	27,531
Disposals	—	(41,983)	(10,939)	(52,922)
At 31 December 2009	—	622	42,199	42,821
Accumulated amortisation:				
At 1 January 2008	97	7,690	7,449	15,236
Provided during the year	14	23,712	2,191	25,917
Disposals	(111)	—	(1,656)	(1,767)
At 31 December 2008 and 1 January 2009	—	31,402	7,984	39,386
Provided during the year	—	1,229	8,597	9,826
Disposals	—	(38,570)	(3,401)	(41,971)
At 31 December 2009	—	(5,939)	13,180	7,241
Impairment loss:				
At 31 December 2008 and 1 January 2009	—	—	—	—
Charge for the year	—	1,094	—	1,094
At 31 December 2009	—	1,094	—	1,094
Net book value:				
At 31 December 2009	—	5,467	29,019	34,486
At 31 December 2008	—	10,523	18,303	28,826

19. GOODWILL

	2009 RMB'000	2008 RMB'000
Cost:		
At 1 January	265,237	249,975
Acquisition of a subsidiary (note 44(a))	—	8,297
Acquisition of additional interests in subsidiaries	39,517	6,965
At 31 December	304,754	265,237
Accumulated impairment:		
At 31 December	(177,825)	(174,646)
Net book value:		
At 31 December	126,929	90,591

Impairment testing of goodwill

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

- Manufacture and sale of pharmaceutical products; and
- Property development

The carrying amount of goodwill allocated to each of the CGUs is as follows:

	Manufacture and sale of pharmaceutical products RMB'000	Property development RMB'000	Others RMB'000	Total RMB'000
Carrying amount of goodwill				
2009	**57,299**	**65,867**	**3,763**	**126,929**
2008	51,109	35,719	3,763	90,591

19. GOODWILL (continued)

Impairment testing of goodwill (continued)

The recoverable amount of each CGU is determined based on value-in-use calculations. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. The discount rates applied to the cash flow projections range from 12% to 15% (2008: 13% to 15%). Cash flows beyond the five-year period are extrapolated using the estimated growth rates. The growth rates do not exceed the projected long term average growth rates for the pharmaceutical and property development industries in Mainland China.

Key assumptions were used in the value-in-use calculation of the CGUs for 31 December 2009 and 2008. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

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

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

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

20. INTERESTS IN SUBSIDIARIES

	Notes	2009 RMB'000	2008 RMB'000
Unlisted shares, at cost	(1)	**1,093,000**	1,093,000
Shares listed in Hong Kong, at cost	(2)	**651,290**	651,290
Loan to a subsidiary	(3)	**176,096**	176,378
		1,920,386	1,920,668
Market value of listed shares		**728,357**	356,145

(1) Investment in unlisted shares of a subsidiary represents the cost of acquisition of the entire interest in Fosun Group, which is the immediate holding company of the other subsidiaries now comprising the Group.

(2) Investment in shares listed in Hong Kong represents the cost of acquisition of the 12.9% interest in Forte on the Hong Kong Stock Exchange.

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

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

21. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	2009 RMB'000	2008 RMB'000
Share of net assets	**339,423**	216,081
Loans to jointly-controlled entities	**416,400**	416,400
	755,823	632,481

Loans to jointly-controlled entities of RMB416,400,000 are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the Directors, these loans are considered as quasi-equity investments in jointly-controlled entities.

The Group's amounts due from jointly-controlled entities and amounts due to jointly-controlled entities are disclosed in note 35 to the financial statements.

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

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

	2009 RMB'000	2008 RMB'000
Share of the jointly-controlled entities' assets and liabilities:		
Current assets	**996,498**	837,200
Non-current assets	**341,665**	169,630
Current liabilities	**(734,956)**	(593,194)
Non-current liabilities	**(263,784)**	(197,555)
Net assets	**339,423**	216,081
Share of the jointly-controlled entities' results:		
Revenue	**196,312**	3,116
Other income	**3,243**	1,206
	199,555	4,322
Total expenses	**(181,640)**	(8,222)
Tax	**(4,090)**	(2,407)
Profit/(loss) after tax	**13,825**	(6,307)

22. INVESTMENTS IN ASSOCIATES

Group

	2009 RMB'000	2008 RMB'000
Share of net assets	**9,219,842**	5,556,904
Goodwill on acquisitions	**402,411**	391,044
	9,622,253	5,947,948
Provision for impairment	**(885)**	(885)
	9,621,368	5,947,063

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

Company

	2009 RMB'000	2008 RMB'000
Unlisted shares, at cost	**82,421**	82,421

The Company's investment in an associate represents a 26.67% (2008: 26.67%) interest in Janeboat Holdings Ltd., a company incorporated in the British Virgin Islands.

The Group's amounts due from associates and amounts due to associates are disclosed in note 35 to the financial statements.

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

	2009 RMB'000	2008 RMB'000
Assets	**95,639,664**	85,631,294
Liabilities	**(58,596,451)**	(62,636,336)
Revenues	**99,615,367**	103,067,413
Profit/(Loss)	**3,785,870**	(170,001)

22. INVESTMENTS IN ASSOCIATES (continued)

The major changes of interests in associates during the year are set out as follows:

(i) On 27 February 2009, Shanghai Fosun Industrial Investment Co., Ltd. ("Fosun Industrial Investment"), a wholly-owned subsidiary of the Company, disposed of its entire 19.74% equity interest in Tebon Securities Co., Ltd. to Shanghai Xingye Investment Development Co., Ltd. for a consideration of RMB243,041,000. The carrying amount as at the date of disposal amounted to RMB241,580,000. The gains from the disposal of RMB1,461,000 were credited to other gains during the year as set out in note 6 to the financial statements.

(ii) On 27 February 2009, Nanjing Iron & Steel United Co., Ltd. ("Nanjing Steel United"), a 60% owned subsidiary of the Company, disposed of its entire 20% equity interest in Ningbo Iron & Steel Co., Ltd. ("Ningbo Steel") to Hangzhou Iron & Steel Group Company for a consideration of RMB720,000,000. The carrying amount as at the date of disposal was nil. The gains from the disposal amounting to RMB636,182,000, after giving effect to bearing Ningbo Steel's accumulated loss of RMB83,818,000 as agreed in the disposal agreement, were credited to other gains during the year as set out in note 6 to the financial statements.

(iii) On 16 February 2009, Shanghai Qishen Investment Co., Ltd. ("Qishen Investment"), a subsidiary of Fosun Pharma and China National Pharmaceutical Group Corporation injected capital of RMB294,000,000 and RMB306,000,000, respectively, into Sinopharm Industrial Investment Co., Ltd. ("Sinopharm Investment") in proportion to their shareholdings in Sinopharm Investment. Upon completion of the capital increment, Qishen Investment continued to hold 49% interests in Sinopharm Investment.

(iv) On 23 September 2009, Sinopharm Group Co. Ltd. ("Sinopharm"), an indirect associate of the Group, completed its global offering and the shares of Sinopharm were listed on the Hong Kong Stock Exchange. Upon the listing, the Group's direct interest in Sinopharm was diluted from 47.04% to 34.00%. The gains on deemed disposal of Sinopharm amounting to RMB2,603,969,000, after giving effect to the goodwill disposed of amounting to RMB8,384,000, were credited to other gains during the year as set out in note 6 to the financial statements.

23. HELD-TO-MATURITY INVESTMENTS

Group

	2009 RMB'000	2008 RMB'000
Debt investments	**79,220**	63,761

Company

	2009 RMB'000	2008 RMB'000
Debt investments	**35,320**	31,696

During the year, the effective interest rates of the held-to-maturity investments ranged from 7.1% to 36.7% (2008: 7.1% to 36.7%) per annum. The carrying amounts of the held-to-maturity investments approximate to their fair values.

As at 31 December 2009, no held-to-maturity investments of the Group (2008: RMB31,696,000) was pledged to secure bank loans, as set out in the note 36 to the financial statements.

24. AVAILABLE-FOR-SALE INVESTMENTS

	2009 RMB'000	2008 RMB'000
Listed equity investments, at fair value		
Hong Kong	**275,074**	73,490
United States	**454,615**	154,558
Mainland China	**139,084**	165,544
	868,773	393,592
Unlisted equity investments, at cost	**2,074,685**	1,511,697
	2,943,458	1,905,289

During the year, the gross gain in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to RMB705,720,000 (2008: gross loss of RMB342,195,000), of which RMB52,910,000 (2008: RMB174,256,000) was re-classified from other comprehensive income to the consolidated income statement for the year.

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

As at 31 December 2009, part of the Group's available-for-sale investments with an amount of approximately RMB163,769,000 (2008: RMB134,195,000) were pledged to secure bank loans as set out in note 36 to the financial statements.

25. PROPERTIES UNDER DEVELOPMENT

	2009 RMB'000	2008 RMB'000
Land costs	**8,869,790**	8,227,326
Construction costs	**2,605,321**	3,801,908
Capitalised financial costs	**482,510**	758,466
	11,957,621	12,787,700
Portion classified as current assets	**(6,868,166)**	(6,121,600)
	5,089,455	6,666,100

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

	2009 RMB'000	2008 RMB'000
Net book value pledged (note 36)	**4,639,332**	3,937,313
Additions to properties under development include:		
Interest expense capitalised in respect of bank and other borrowings (note 7)	**449,190**	271,762

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

26. LOAN RECEIVABLE

	2009 RMB'000	2008 RMB'000
Loan receivable from a jointly-controlled entity	**220,000**	220,000

As at 31 December 2009, the loan receivable represented the entrusted bank loan of RMB220,000,000 provided to a jointly-controlled entity. This loan is unsecured, interest-bearing at a variable interest rate of 7.02% per annum based on the rates quoted by the People's Bank of China and repayable on 20 October 2011.

The carrying amount of the loan receivable approximated to its fair values as at 31 December 2009.

27. PREPAYMENTS

	2009 RMB'000	2008 RMB'000
Prepayments for investments	**616,313**	1,156,383

As at 31 December 2009, the prepayment for an investment is in respect of the proposed acquisition of an equity interest in Shanghai Dijie Real Estate Limited ("Dijie").

On 20 December 2007, Shanghai Forte Investment Co., Ltd. ("Forte Investment") entered into a cooperative agreement with Shanghai Vanke Real Estate Co., Ltd. ("Shanghai Vanke") in respect of the joint development of a property development project in Shanghai, for a total consideration of RMB2,430,690,000, pursuant to which (i) Shanghai Vanke and Forte Investment will jointly acquire 60% and 40% equity interests in Dijie, respectively, and (ii) Forte Investment will contribute 40% of the total consideration in proportion to its shareholding in Dijie in the amount of RMB972,276,000.

As at 31 December 2009, the Group had advanced RMB616,313,000 (31 December 2008: RMB616,313,000) to Shanghai Vanke. The remaining capital commitment not paid as at 31 December 2009 amounting to RMB355,963,000 (31 December 2008: RMB355,963,000) is set out in note 47 to the financial statements.

28. DEFERRED TAX

Movements in deferred tax assets and liabilities are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable future taxable profit RMB'000	Accruals and provisions RMB'000	Post-employment benefits RMB'000	Repairs and maintenance RMB'000	Additional LAT provisions RMB'000	Others RMB'000	Total RMB'000
At 1 January 2008	36,082	48,405	8,875	3,327	167,256	19,481	283,426
Deferred tax credited/ (charged) during the year	19,567	216,843	(1,221)	3,324	108,104	33,287	379,904
Gross deferred tax assets at 31 December 2008 and 1 January 2009	55,649	265,248	7,654	6,651	275,360	52,768	663,330
Deferred tax credited/ (charged) during the year	188,507	(123,106)	(4,267)	3,391	28,192	45,019	137,736
Gross deferred tax assets at 31 December 2009	244,156	142,142	3,387	10,042	303,552	97,787	801,066

The following is an analysis of the deferred tax assets of the Group for financial reporting purposes:

	Note	2009 RMB'000	2008 RMB'000
Deferred tax assets recognised in the consolidated statement of financial position		**801,066**	663,330
Deferred tax assets in the disposal group	29	**7,081**	—
		793,985	663,330

28. DEFERRED TAX (continued)

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Fair value adjustments arising from available-for-sale investments RMB'000	Revaluation of investment properties RMB'000	LAT indemnity RMB'000	Deemed disposal of associates RMB'000	Others RMB'000	Withholding taxes RMB'000	Total RMB'000
At 1 January 2008	243,968	88,090	37,010	47,701	—	6,475	—	423,244
Deferred tax charged/(credited) to the consolidated income statement during the year	(22,511)	—	(9,187)	14,860	—	78,743	37,440	99,345
Deferred tax charged to reserve during the year	—	(46,047)	—	—	—	—	—	(46,047)
Acquisition of subsidiaries (note 44(a))	89,039	—	—	—	—	—	—	89,039
Gross deferred tax liabilities at 31 December 2008 and 1 January 2009	310,496	42,043	27,823	62,561	—	85,218	37,440	565,581
Deferred tax charged/(credited) to the consolidated income statement during the year	(105,960)	—	(6,524)	9,755	651,402	(56,953)	63,821	555,541
Deferred tax charged to reserve during the year	—	120,851	—	—	—	—	—	120,851
Gross deferred tax liabilities at 31 December 2009	204,536	162,894	21,299	72,316	651,402	28,265	101,261	1,241,973

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding corporate income tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement became effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding corporate income tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable withholding rate is 5%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries, jointly-controlled entities and associates established in Mainland China in respect of earnings generated from 1 January 2008.

29. ASSETS OF A DISPOSAL GROUP/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

As at 31 December 2009, the assets of a disposal group classified as held for sale represent the Group's investment in a subsidiary, Tianjin Forte Puhe Development Co., Ltd. ("Tianjin Forte"). As at 31 December 2008, the non-current assets classified as held for sale represent the Group's investments in two associates, Zhaojin Mining Industry Co., Ltd. ("Zhaojin Mining") and Hainan Wuzhishan (Group) Co., Ltd. ("Hainan Wuzhishan").

(a) In December 2009, the Group through its subsidiary, Shanghai Forte Land Co., Ltd., entered into an equity transfer agreement with HNA Group, for the disposal of the Group's entire shareholding of 75% in Tianjin Forte for the consideration of RMB1,176,790,000. Tianjin Forte is principally engaged in the development and sale of properties in Tianjin, and included in the property development segment under note 5 to the financial statements.

As the disposal transaction is expected to be completed within the next 12 months from 31 December 2009, the carrying amounts of the assets and liabilities of Tianjin Forte were classified as held for sale in the consolidated statement of financial position as at 31 December 2009.

The major classes of assets and liabilities of Tianjin Forte classified as held for sale as at 31 December 2009 are as follows:

	Notes	2009 RMB'000
Assets		
Property, plant and equipment	13	4,538
Deferred tax assets	28	7,081
Completed properties for sale		1,475,662
Prepayment, deposits and other receivables		5,674
Trade receivables		11,121
Cash and bank balances		44,818
Assets of a disposal group classified as held for sale		1,548,894
Liabilities		
Interest-bearing bank and other borrowings		574,570
Trade and notes payables		286,767
Accrued liabilities and other payables		9,973
Tax payable		44,251
Loan from a related company		81,832
Liabilities directly associated with the assets classified as held for sale		997,393

29. ASSETS OF A DISPOSAL GROUP/NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (continued)

(b) In November 2008, the Group through its wholly-owned subsidiary, Shanghai Fosun Industrial Investment Co., Ltd., entered into a disposal agreement with an associate of the Group, Shanghai Yuyuan Tourist Mart Co., Ltd. ("Yuyuan"), for the disposal of the Group's partial shareholding of 10.9% in Zhaojin Mining with the consideration for the disposal of RMB394,320,000. As at 31 December 2008, the Group received the advance payment of RMB197,160,000.

As at 31 December 2009, the disposal transaction has been completed and all the consideration has been received. The loss on disposal of Zhaojin Mining amounting to RMB1,419,000 was recorded in other expenses as set out in note 8 to the financial statements.

(c) In November 2008, the Group through its wholly-owned subsidiaries, Taizhou Linhai Investment Co., Ltd. and Shanghai Fosun Chuangfu Investment Management Co., Ltd., entered into a disposal agreement with an external third party, the original individual shareholders of Hainan Wuzhishan, for the disposal of the Group's entire shareholding of 40% in Hainan Wuzhishan with the consideration for the disposal of RMB214,000,000.

As at 31 December 2009, the disposal consideration of RMB184,000,000 has been received and the gain on the disposal of Hainan Wuzhishan being the difference between the carrying amount and the disposal consideration received amounting to RMB18,404,000 was credited to other gains as set out in note 6 to the financial statements.

30. CASH AND BANK BALANCES

Group

	Notes	2009 RMB'000	2008 RMB'000
Cash on hand		3,327	7,245
Cash at banks, unrestricted		11,546,913	9,570,450
Cash and cash equivalents		11,550,240	9,577,695
Pledged bank balances	(1)	2,084,160	896,578
Time deposits with original maturity of more than three months	(2)	2,313,171	1,216,742
		15,947,571	11,691,015

Notes:

		2009 RMB'000	2008 RMB'000
(1)	Pledged bank balances to secure notes payable	1,511,684	872,900
	Pledged bank balances to secure bank loans (note 36)	520,658	—
(2)	Time deposits with original maturity of more than three months pledged to banks to secure bank loans (note 36)	2,216,434	913,446

In the preparation of the consolidated statement of cash flows, pledged bank balances and time deposits with original maturity of more than three months have been excluded from cash and cash equivalents.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

Company

	2009 RMB'000	2008 RMB'000
Cash at banks, unrestricted	1,754,192	475,628
Time deposits with original maturity of more than three months	704,384	705,512
	2,458,576	1,181,140

31. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	2009 RMB'000	2008 RMB'000
Listed equity investments, at market value		
Hong Kong	**5,949**	49,637
United States	**4,100,976**	1,485,072
Mainland China	**804,058**	190
Elsewhere	**11,270**	—
	4,922,253	1,534,899

Company

	2009 RMB'000	2008 RMB'000
Listed equity investments, at market value		
Hong Kong	**5,949**	49,637
United States	**4,100,544**	1,485,072
	4,106,493	1,534,709

The above equity investments at 31 December 2009 and 2008 were classified as held for trading.

As at 31 December 2009, no equity investments at fair value through profit or loss of the Group (2008: RMB534,739,000) was pledged to secure bank loans, as set out in note 36 to the financial statements.

32. TRADE AND NOTES RECEIVABLES

	2009 RMB'000	2008 RMB'000
Trade receivables	**1,012,058**	1,068,676
Notes receivable	**3,756,933**	1,372,764
	4,768,991	2,441,440

32. TRADE AND NOTES RECEIVABLES (continued)

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

	2009 RMB'000	2008 RMB'000
Outstanding balances with ages:		
Within 90 days	**831,628**	939,067
91 to 180 days	**146,081**	75,258
181 to 365 days	**36,593**	35,977
1 to 2 years	**7,271**	26,742
2 to 3 years	**6,302**	8,906
Over 3 years	**50,663**	61,040
	1,078,538	1,146,990
Less: Provision for impairment of trade receivables	**(66,480)**	(78,314)
	1,012,058	1,068,676

The carrying amounts of trade and notes receivables approximate to their fair values.

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

	2009 RMB'000	2008 RMB'000
At 1 January	**78,314**	129,362
Amount written off as uncollectible	**(8,661)**	(55,535)
(Reversal)/provision of impairment losses	**(3,457)**	6,406
Acquisition of subsidiaries	**284**	—
Disposal of subsidiaries	**—**	(1,919)
At 31 December	**66,480**	78,314

32. TRADE AND NOTES RECEIVABLES (continued)

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	2009 RMB'000	2008 RMB'000
Neither past due nor impaired	**581,927**	232,060
Within 90 days past due	**258,424**	558,679
91 to 180 days past due	**21,665**	55,409
Over 180 days past due	**5,594**	48,723
	867,610	894,871

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The Group has pledged notes receivable of approximately RMB112,700,000 (2008: RMB112,000,000) to secure bank loans, as set out in note 36 to the financial statements.

At 31 December 2009, the discounted or endorsed but undue notes of approximately RMB5,904,751,000 (2008: RMB2,467,601,000) were derecognised. Subsequent to the end of the reporting period and up to the date when the financial statements were approved by the board of directors, an amount of RMB3,232,998,000 of the aforementioned discounted or endorsed notes fell due.

Credit terms granted to the Group's customers are as follows:

	Credit terms
Steel segment	0 to 90 days
Mining segment	0 to 90 days
Pharmaceuticals segment	90 to 180 days
Property development segment	30 to 360 days

33. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	2009 RMB'000	2008 RMB'000
Prepayments consist of:		
Prepayments for purchase of raw materials of steel	**450,432**	293,724
Prepayments for purchase of pharmaceutical materials	**135,639**	34,210
Prepayments for purchase of construction materials	**223,317**	155,439
Prepayments for purchase of equipment and others	**443,556**	357,278
Deposits	**985,868**	214,318
Other receivables consist of:		
Loans to third parties	**23,080**	75,578
Tax recoverable	**283,815**	1,168,632
Others	**747,389**	494,801
	3,293,096	2,793,980

Company

	2009 RMB'000	2008 RMB'000
Interest receivables	**550**	483
Deposits	**1,017**	1,064
	1,567	1,547

The carrying amounts of prepayments, deposits and other receivables approximate to their fair values.

34. INVENTORIES

	2009 RMB'000	2008 RMB'000
Raw materials	**2,803,331**	3,024,847
Work in progress	**917,803**	1,489,866
Finished goods	**1,164,593**	1,547,857
Spare parts and consumables	**801,198**	840,489
	5,686,925	6,903,059
Less: Provision for inventories	**(103,254)**	(699,384)
	5,583,671	6,203,675
Net book value of inventories pledged as security for bank loans (note 36)	**200,000**	—

35. BALANCES WITH SHAREHOLDERS, SUBSIDIARIES AND RELATED COMPANIES

	Notes	2009 RMB'000	2008 RMB'000
Group			
Due from related companies:			
Associates	(i)	722,109	418,085
Jointly-controlled entities	(ii)	348,560	334,286
Minority shareholders of subsidiaries	(ii)	29,828	78,582
		1,100,497	830,953
Portion classified as current		908,592	830,953
		191,905	—
Company			
Due from subsidiaries	(ii)	8,334,529	8,495,874

Notes:

(i) The balances due from associates represent:

(1) An amount of RMB676,108,000 (2008: RMB316,525,000), which is unsecured, interest-free and repayable on demand.

(2) The remaining balances due from associates are trade in nature, interest-free and repayable on demand.

(ii) The balances due from subsidiaries, jointly-controlled entities and minority shareholders of subsidiaries are unsecured, interest-free and repayable on demand.

35. BALANCES WITH SHAREHOLDERS, SUBSIDIARIES AND RELATED COMPANIES (continued)

	Notes	2009 RMB'000	2008 RMB'000
Group			
Due to the holding company	(v)	878,749	568,819
Due to related companies:			
Associates	(iv)	87,523	314,841
Minority shareholders of subsidiaries	(iii)	206,900	428,294
Jointly-controlled entities	(iii)	51,000	121,000
		345,423	864,135
Company			
Due to the holding company	(v)	878,749	568,819

Notes:

(iii) The balances due to minority shareholders of subsidiaries and jointly-controlled entities are unsecured, interest-free and repayable on demand.

(iv) The balances due to associates include the amount of RMB72,916,000 (2008: RMB304,684,000), which is unsecured, interest-free and repayable on demand. The remaining balances due to associates are trade in nature, interest-free and repayable on demand.

(v) The balances due to the holding company represent the dividend payables which are unsecured, interest-free and repayable on demand.

The carrying amounts of the balances with shareholders, subsidiaries and related companies approximate to their fair values.

The nature of the transactions with shareholders, and related companies is disclosed in note 49 to the financial statements.

36. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	Notes	2009 RMB'000	2008 RMB'000
Bank loans:	(1)		
Guaranteed		65,150	169,200
Secured		10,275,254	8,877,560
Unsecured		13,136,742	12,907,103
		23,477,146	21,953,863
Enterprise bonds	(2)	2,482,589	—
Corporate bonds	(3)	1,869,304	—
Short term commercial papers		—	1,397,747
Unsecured other borrowings	(4)	876,330	1,046,679
Total		28,705,369	24,398,289
Repayable:			
Within one year		16,792,363	15,228,528
In the second year		2,739,988	4,047,275
In the third to fifth years, inclusive		5,703,745	5,036,031
Over five years		3,469,273	86,455
		28,705,369	24,398,289
Portion classified as current liabilities		(16,792,363)	(15,228,528)
Long term portion		11,913,006	9,169,761

36. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Group (continued)

Notes:

		2009 RMB'000	2008 RMB'000
(1)	Bank loans		
	Guaranteed by related parties	**65,150**	169,200
	Secured by:		
	Buildings (note 13)	**255,597**	841,113
	Plant and machinery (note 13)	**589,936**	1,329,420
	Investment properties (note 14)	**2,057,400**	429,000
	Prepaid land lease payments (note 15)	**31,389**	1,267,674
	Mining rights (note 17)	**141,289**	148,595
	Inventories (note 34)	**200,000**	—
	Time deposits with original maturity of more than three months (note 30)	**2,216,434**	913,446
	Pledged bank balances (note 30)	**520,658**	—
	Interest in a subsidiary	**327,061**	618,065
	Notes receivable (note 32)	**112,700**	112,000
	Properties under development (note 25)	**4,639,332**	3,937,313
	Completed properties for sale	**41,632**	—
	Available-for-sale investments (note 24)	**163,769**	134,195
	Equity investments at fair value through profit or loss (note 31)	**—**	534,739
	Held-to-maturity investments (note 23)	**—**	31,696
		11,297,197	10,297,256
	The bank loans bear interest at rates per annum in the range of	**0.27% to 7.74%**	1.60% to 9.02%

(2) Enterprise bonds

On 27 February 2009, Nanjing Steel United issued long-term enterprise bonds with the par value of RMB2,500,000,000 and the effective interest rate is 6.29% per annum. One half of the principal of the enterprise bonds will be repaid on 27 February 2015 and the remainder on 27 February 2016. Interest will be paid annually in arrears.

(3) Corporate bonds

On 25 September 2009, Forte issued five-year domestic corporate bonds with the par value of RMB1,900,000,000 and the effective interest rate is 7.73% per annum. The interest will be paid annually in arrears and the maturity date is 22 September 2014.

(4) Unsecured other borrowings

	2009 RMB'000	2008 RMB'000
Borrowings from third parties	**876,330**	1,046,679
The other borrowings bear interest at rates per annum in the range of	**2.55% to 12.18%**	2.55% to 9.34%

The carrying amounts of the Group's current bank and other borrowings approximate to their fair values. The fair value of the Group's non-current bank and other borrowings as at 31 December 2009 with a carrying amount of RMB11,913,006,000 (2008: RMB9,169,761,000) was RMB11,921,339,000 (2008: RMB9,215,012,000).

36. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Company

	2009 RMB'000	2008 RMB'000
Bank loans:		
Secured	—	77,284
Unsecured	**482,286**	859,838
	482,286	937,122
Repayable:		
Within one year	**411,848**	796,020
In the second year	**70,438**	70,551
In the third to fifth year, inclusive	—	70,551
	482,286	937,122
Portion classified as current liabilities	**(411,848)**	(796,020)
Long term portion	**70,438**	141,102
The bank loans bear interest at rates per annum in the range of	**2.28% to 2.82%**	2.83% to 4.94%

The carrying amounts of the Company's current bank loans approximate to their fair values. The fair value of the Company's non-current bank loans as at 31 December 2009 with a carrying amount of RMB70,438,000 (2008: RMB141,102,000) was RMB69,456,000 (2008: RMB137,594,000).

37. TRADE AND NOTES PAYABLES

	2009 RMB'000	2008 RMB'000
Trade payables	**3,539,566**	3,173,599
Notes payables	**3,322,401**	2,006,827
	6,861,967	5,180,426

The carrying amounts of trade and notes payables approximate to their fair values.

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

	2009 RMB'000	2008 RMB'000
Outstanding balances with ages:		
Within 90 days	**2,523,171**	2,484,540
91 to 180 days	**414,585**	402,703
181 to 365 days	**181,843**	54,503
1 to 2 years	**345,306**	175,311
2 to 3 years	**44,360**	34,965
Over 3 years	**30,301**	21,577
	3,539,566	3,173,599

Credit terms granted by the Group's suppliers are as follows:

	Credit terms
Steel segment	0 to 90 days
Mining segment	0 to 90 days
Pharmaceuticals segment	0 to 360 days
Property development segment	180 to 360 days

38. ACCRUED LIABILITIES AND OTHER PAYABLES

Group

	2009 RMB'000	2008 RMB'000
Advances from customers	**6,471,617**	3,491,041
Payables related to:		
Purchases of property, plant and equipment	**1,234,444**	762,220
Deposits received	**452,549**	244,665
Payroll	**366,327**	321,456
Business tax	**115,170**	24,177
Accrued interest expenses	**202,845**	45,244
Value-added tax	**61,986**	67,268
Accrued utilities	**163,774**	138,553
Acquisitions of subsidiaries (note 44(a))	**150,000**	143,500
Current portion of other long term payables (note 41)	**73,728**	12,200
Others	**1,238,626**	681,250
	10,531,066	5,931,574

Company

	2009 RMB'000	2008 RMB'000
Other payables	**1,489**	1,114

The carrying amounts of accrued liabilities and other payables, excluding advances from customers, approximate to their fair values.

39. LOANS FROM RELATED COMPANIES

	Carrying amounts		Fair values	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Loans from				
— a jointly-controlled entity	81,324	76,118	83,017	78,495
— an associate	25,294	—	25,286	—
— a minority shareholder of a subsidiary	—	76,075	—	77,813
Wholly repayable in the second to fourth year, inclusive	106,618	152,193	108,303	156,308

Loans from related companies are interest-free and unsecured. The fair values of these loans as at the date of inception were estimated with reference to the prevailing interest rate with the same repayment period published by the People's Bank of China. The difference between the amount of loans payable and their fair values as at the date of inception was credited to the consolidated income statement. Subsequent to the initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

40. DEFERRED INCOME

Deferred income represents government grants received related to assets.

	2009 RMB'000	2008 RMB'000
Special purpose fund for technology improvement	**82,669**	47,702

41. OTHER LONG TERM PAYABLES

	2009 RMB'000	2008 RMB'000
Payables for rehabilitation:		
At 1 January	30,921	40,048
Additions	453	415
Interest increment (note 7)	2,832	2,658
Classified as current portion (note 38)	—	(12,200)
At 31 December	34,206	30,921
Payables for retirement benefits:		
At 1 January	603,330	697,424
Additions	22,424	—
Interest increment (note 7)	24,117	31,215
Payments made	(48,628)	(125,309)
Classified as current portion (note 38)	(73,528)	—
At 31 December	527,715	603,330
Total	561,921	634,251

Payables for rehabilitation are in relation to the costs of the Group's obligations for land reclamation.

Payables for retirement benefits represent liabilities taken over by the Group from the former parent company of the Former SOEs, which are State-owned enterprises, in respect of the retirement benefits of the Qualified SOE Employees and the Qualified Retirees.

The long term payables are based on estimates of future payments made by management and are discounted at rates in the range of 5.70% to 7.83%.

42. SHARE CAPITAL

Shares

	2009 RMB'000	2008 RMB'000
Authorised: 100,000,000,000 (2008: 100,000,000,000) ordinary shares of HKD0.1 each	**9,746,013**	9,746,013
Issued and fully paid: 6,421,594,500 (2008: 6,421,594,500) ordinary shares of HKD0.1 each	**621,497**	621,497

The following changes in the Company's authorised and issued share capital took place during the period from 1 January 2008 to 31 December 2009 are as follows:

	Number of ordinary shares	Nominal value of ordinary shares RMB'000
Authorised:		
As at 31 December 2008 and 31 December 2009	100,000,000,000	9,746,013
Issued and fully paid:		
As at 1 January 2008 (6,437,500,000shares of HKD0.1 each)	6,437,500,000	622,962
Repurchase and cancellation of shares	(15,905,500)	(1,465)
As at 31 December 2008 and 31 December 2009	6,421,594,500	621,497

43. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

Company

	Issued capital RMB'000 (note 42)	Share premium RMB'000	Exchange fluctuation reserve RMB'000	Capital redemption reserve RMB'000 (note 42)	(Accumulated losses)/ Retained earnings RMB'000	Proposed final dividend RMB'000 (note 11)	Total equity RMB'000
At 1 January 2008	622,962	11,785,713	(333,745)	—	(326,531)	1,022,219	12,770,618
Repurchase and cancellation of shares (note 42)	(1,465)	—	—	—	(76,650)	—	(78,115)
Transfer on shares repurchased and cancelled (note 42)	—	—	—	1,465	(1,465)	—	—
Final dividend declared	—	—	—	—	—	(1,022,219)	(1,022,219)
Proposed final 2008 dividend (note 11)	—	—	—	—	(453,051)	453,051	—
Exchange realignment	—	—	(596,244)	—	—	—	(596,244)
Total comprehensive income for the year*	—	—	—	—	667,014	—	667,014
At 31 December 2008 and 1 January 2009	621,497	11,785,713	(929,989)	1,465	(190,683)	453,051	11,741,054
Final dividend declared (note 11)	—	—	—	—	—	(453,051)	(453,051)
Proposed 2009 final dividends (note 11)	—	—	—	—	(927,270)	927,270	—
Exchange realignment	—	—	(18,890)	—	—	—	(18,890)
Total comprehensive income for the year*	—	—	—	—	4,306,395	—	4,306,395
At 31 December 2009	621,497	11,785,713	(948,879)	1,465	3,188,442	927,270	15,575,508

* The consolidated profit attributable to owners of the parent for the year ended 31 December 2009 includes a profit of RMB4,306,395,000 (2008: RMB667,014,000) which has been dealt with in the financial statements of the Company.

(a) Other deficits

The opening balance of other deficits as at 1 January 2008 represented the acquisition of the entire equity interest in Fosun Group pursuant to the reorganisation of the Group prior to the listing of its shares on the Hong Kong Stock Exchange, after netting off paid-up capital and capital reserve (arising from the bonus share issue of its subsidiaries) of Fosun Group.

43. RESERVES (continued)

(b) Statutory surplus reserve (the "SSR")

In accordance with the Company Law of the PRC and the respective articles of association of the subsidiaries established in Mainland China (the "PRC Subsidiaries"), each of the PRC Subsidiary is required to allocate 10% of its profits after tax, as determined in accordance with the applicable PRC accounting standards and regulations, to the SSR until such reserve reaches 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the SSR can be capitalised as paid-up capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(c) Distributable reserves

For dividend purposes, the amount which the PRC subsidiaries can legally distribute by way of a dividend is determined by reference to the distributable profits as reflected in their PRC statutory financial statements which are prepared in accordance with the applicable PRC accounting standards and regulations.

In accordance with the Company Law of the PRC, profits after tax of the PRC subsidiaries can be distributed as dividends after the appropriation to the SSR as set out above.

44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of subsidiaries

	2009 RMB'000	2008 RMB'000
Fair value recognised on acquisitions:		
Property, plant and equipment (note 13)	28,205	140,407
Prepaid land lease payments (note 15)	—	2,668
Exploration and evaluation assets (note 16)	—	5,000
Mining rights (note 17)	—	636,263
Intangible assets (note 18)	—	6,929
Properties under development	1,389,678	159,832
Cash and bank balances	8,356	21,445
Trade and notes receivables	6,775	41
Prepayments, deposits and other receivables	7,222	172,985
Inventories	9,103	13,469
Interest-bearing bank and other borrowings	(200,000)	—
Trade and notes payables	(7,676)	(6,807)
Accrued liabilities and other payables	(449,884)	(176,610)
Tax payable	—	(136)
Deferred tax liabilities (note 28)	—	(89,039)
Minority interests	(4,550)	(254,747)
	787,229	631,700
Goodwill on acquisition (note 19)	—	8,297
Excess over the cost of business combinations (note 6)	—	(6,520)
	787,229	633,477
Satisfied by:		
Cash	637,229	479,332
Investment in an associate	—	10,645
Cash consideration unpaid (note 38)	150,000	143,500
	787,229	633,477

44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(a) Acquisition of subsidiaries (continued)

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

	2009 RMB'000	2008 RMB'000
Cash consideration	**(637,229)**	(479,332)
Cash and bank balances acquired	**8,356**	21,445
Net outflow of cash and cash equivalents in respect of acquisition of subsidiaries	**(628,873)**	(457,887)

The major acquisition of a subsidiary during the year is set out as follows:

On 24 August 2009, Forte Group acquired a 100% equity interest in Nanjing Runchang Property Development Co., Ltd ("Nanjing Runchang"), a private limited company located in Nanjing, Mainland China. Nanjing Runchang is engaged in property development. The purchase consideration for the acquisition was in the form of cash amounting to RMB625,000,000, of which RMB150,000,000 remained unpaid as at 31 December 2009.

The effect of the acquisitions on the financial results of the Group from the date of acquisition to the end of the respective years is as follows:

	2009 RMB'000	2008 RMB'000
Financial results:		
Revenue	**27,817**	6,481
Loss for the year	**(10,491)**	(15,823)

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year ended 31 December 2009 would have been RMB34,882,738,000 (2008: RMB40,255,033,000) and RMB6,823,159,000 (2008: RMB2,700,991,000), respectively.

44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Disposal of subsidiaries

	2009 RMB'000	2008 RMB'000
Net assets disposed of:		
Property, plant and equipment (note 13)	182	26,094
Prepaid land lease payments (note 15)	1,846	—
Cash and bank balances	259	16,641
Trade and notes receivables	—	51,329
Available-for-sale investments	—	5,000
Prepayments, deposits and other receivables	1,114	14,824
Inventories	1,664	67,756
Interest-bearing loans and other borrowings	—	(31,900)
Trade and notes payables	—	(66,906)
Accrued liabilities and other payables	(2,459)	(20,265)
Tax payable	—	(205)
	2,606	62,368
Minority interests	—	(30,867)
Net gain on disposal of subsidiaries (notes 6)	494	4,710
	3,100	36,211
Satisfied by:		
Cash	3,100	35,604
Prepayments, deposits and other receivables	—	607
	3,100	36,211

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

	2009 RMB'000	2008 RMB'000
Cash consideration	3,100	35,604
Cash and bank balances disposed of	(259)	(16,641)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	2,841	18,963

45. SHARE-BASED PAYMENT

On 31 October 2009, six management members of Shanghai Resource Property Consultancy Co., Ltd. ("Shanghai Resource"), a subsidiary of Forte, were granted with a 23% equity interest in Shanghai Resource for a consideration of RMB10,967,000. The fair value of the equity interest as at the grant date was RMB27,393,000, as valued by Sallmanns. The excess of the fair value over the consideration, being an incentive and reward to the six management members' contribution to the successful operation of Shanghai Resource in past years, amounting to RMB16,426,000 was recognised as an equity-settled share-based payment and recorded in the staff costs on the date of the grant.

46. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases its investment properties, as set out in note 14 to the financial statements, under operating lease arrangements.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

Group

	2009 RMB'000	2008 RMB'000
Within one year	**32,333**	17,233
In the second to fifth year, inclusive	**71,463**	29,766
Over five years	**25,244**	395
	129,040	47,394

As lessee

The Group leases certain of its office properties, shop lots, land and plant buildings under operating lease arrangements.

46. OPERATING LEASE ARRANGEMENTS (continued)

As lessee (continued)

At the end of the reporting period, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

Group

	2009 RMB'000	2008 RMB'000
Within one year	64,555	38,862
In the second to fifth year, inclusive	247,266	99,045
Over five years	516,996	174,078
	828,817	311,985

Company

	2009 RMB'000	2008 RMB'000
Within one year	1,679	2,961
In the second to fifth year, inclusive	—	1,481
	1,679	4,442

47. COMMITMENTS

In addition to the operating lease commitments detailed in note 46 above, the Group and the Company had the following capital commitments at the end of the reporting period:

Group

	2009 RMB'000	2008 RMB'000
Contracted, but not provided for:		
In respect of:		
Plant and machinery	**492,465**	387,168
Properties under development	**4,531,525**	4,108,550
Intangible assets	**23,899**	—
Prepaid land lease payments	**5,600**	—
Investments	**477,419**	375,963
	5,530,908	4,871,681

	2009 RMB'000	2008 RMB'000
Authorised, but not contracted for:		
In respect of:		
Plant and machinery	**950,843**	41,462
Investments	**1,864,000**	1,437,895
	2,814,843	1,479,357

In addition, the Group's share of the jointly-controlled entities' own capital commitments, which are not included in the above, is as follows:

	2009 RMB'000	2008 RMB'000
Contracted but not provided for:		
Properties under development	**33,499**	6,022

Company

	2009 RMB'000	2008 RMB'000
Authorised, but not contracted for:		
Investments	**1,864,000**	1,437,895

48. CONTINGENT LIABILITIES

The Group had the following contingent liabilities at the end of the reporting period:

	2009 RMB'000	2008 RMB'000
Guaranteed bank loans of:		
Related parties (note 49)	**846,800**	1,867,500
Third parties	**50,000**	491,000
	896,800	2,358,500
Qualified buyers' mortgage loans*	**2,762,666**	1,938,549
	3,659,466	4,297,049

* The Group provided guarantees of approximately RMB2,762,666,000 (2008: RMB1,938,549,000) in favour of their customers in respect of mortgage loans provided by banks to such customers for their purchases of the Group's developed properties where the underlying real estate certificates can only be provided to the banks in a time delayed manner due to administrative procedures in the PRC. These guarantees provided by the Group will be released when the customers pledge their real estate certificates as security to the banks for the mortgage loans granted by the banks.

The Directors consider that in case of default in payments, the net realisable value of the related properties can cover the outstanding mortgage principals together with the accrued interest and penalties and therefore no provision has been made in the financial statements for the guarantees.

49. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

Name of related parties	Nature of transactions	2009 RMB'000	2008 RMB'000
Sales of goods			
Sinopharm Group Co. Ltd. (Notes 4 & 14)	Sales of pharmaceutical products	96,610	47,125
Shanghai Lianhua Fosun Pharmcy Chain Operation Co., Ltd. (Notes 1, 4 & 14)	Sales of pharmaceutical products	26,896	22,622
Beijing Yongan Fosun Pharmacy Co., Ltd. (Notes 1 & 4)	Sales of pharmaceutical products	—	77
Shanghai Pharmacy Holdings Co., Ltd. (Notes 1 & 4)	Sales of pharmaceutical products	7,148	8,570
Suzhou Laishi Transfusion Equipment Co., Ltd. (Notes 1 & 4)	Sales of pharmaceutical products	6,268	1,822
Shanghai Liyi Pharmacy Co., Ltd. (Notes 1 & 4)	Sales of pharmaceutical products	5,103	3,622
Wanbang Anesiva (Jiangsu) Pharmaceutical Co., Ltd. (Notes 1 & 4)	Sales of pharmaceutical products	—	438
Guilin Auspicious Pharmaceutical Industrial Ltd. (Notes 1 & 4)	Sales of pharmaceutical products	581	439
Shanghai Huifeng Fosun Pharmacy Co., Ltd. (Notes 1 & 4)	Sales of pharmaceutical products	2,922	—
Ningbo Steel International Trading Co., Ltd. (Note 4)	Sales of iron ore products	—	105,245
Ningbo Iron & Steel Co., Ltd. (Note 4)	Sales of iron and steel products	—	6,260
Total sales of goods		145,528	196,220

49. RELATED PARTY TRANSACTIONS (continued)

Name of related parties	Nature of transactions	2009 RMB'000	2008 RMB'000
Purchases of goods			
Sinopharm Group Co. Ltd. (Notes 4 & 14)	Purchases of pharmaceutical products	10,095	12,957
Wuhan Zhonglian Pharmaceutical Pharmaceutical Co., Ltd. (Notes 1 & 4)	Purchases of pharmaceutical products	—	668
Shanghai Pharmacy Holdings Co., Ltd. (Notes 1 & 4)	Purchases of pharmaceutical products	8,514	8,570
Suzhou Laishi Transfusion Equipment Co., Ltd. (Notes 1 & 4)	Purchases of pharmaceutical products	3,660	—
Ningbo Iron & Steel Co., Ltd. (Note 4)	Purchases of iron and steel products	—	132,333
Hainan Iron and Steel Co., Ltd. (Notes 3, 4 & 15)	Purchases of iron ore products	21,005	—
Shanxi Coking Coal Group Wulin Coal Coke Development Co., Ltd. (Notes 1 & 4)	Purchases of coking coal products	92,257	—
Total purchases of goods		135,531	154,528
Service income			
Wuxi Forte Real Estate Development Co., Ltd. (Notes 2 & 5)	Consulting services provided to the related company	—	4,302
Tangshan Jianlong Industrial Co., Ltd. (Notes 1 & 5)	Consulting services provided to the related company	32,035	—
Wuxi Forte Real Estate Development Co., Ltd. (Notes 2 & 5)	Sales agency services provided to the related company	877	928
Total service income		32,912	5,230

49. RELATED PARTY TRANSACTIONS (continued)

Name of related parties	Nature of transactions	2009 RMB'000	2008 RMB'000
Interest income			
Shaanxi Jianqin Real Estate Development Co., Ltd. (Notes 2 & 7)	Interest income	13,740	21,981
Show All Limited (Notes 2 & 7)	Interest income	—	6,266
Total interest income		13,740	28,247
Interest expense			
Shanghai Yuyuan Tourist Mart Co., Ltd. (Notes 1 & 7)	Interest expense	6,690	—
Other expenses			
Shanghai Foreal Property Management Co., Ltd. (Notes 1 & 6)	Property management services provided by the related company	13,392	11,096
Shanghai Yuyuan Tourist Mart Co., Ltd. (Notes 1 & 6)	Management fees	—	6,628
Nanjing Xinwu Shipping Co., Ltd. (Notes 1 & 6)	Transportation fees	69,987	109,884
Nanjing Iron & Steel Group Co., Ltd. (Notes 3, 6 & 15)	Operating lease in respect of office buildings leased from the related company	3,023	3,593
Hainan Iron and Steel Co., Ltd. (Notes 3, 6 & 15)	Operating lease in respect of land lease from the related company	15,776	13,263
Total other expenses		102,178	144,464
Underlying notional interest of loans from related companies			
Wuxi Forte Real Estate Development Co., Ltd. (Notes 2 & 9)	Notional interest	5,206	5,093
Yangzte Tianjin Limited (Notes 3, 10 & 15)	Notional interest	5,840	5,396
Total notional interests		11,046	10,489

49. RELATED PARTY TRANSACTIONS (continued)

Name of related parties	Nature of transactions	2009 RMB'000	2008 RMB'000
Loans from related companies			
Tianjin Binhai Auto Parts Industry Base Co., Ltd. (Notes 1 & 11)	Loan provided by the related company	28,000	—
Shanghai Yuyuan Tourist Mart Co., Ltd. (Notes 1 & 7)	Loan provided by the related company	247,792	—
Total loans from related companies		275,792	—
Guarantees of bank loans			
Nanjing Iron & Steel Group Co., Ltd. (Notes 3, 8 & 15)	Bank loans guaranteed by the related company	3,272,288	4,392,200
Ningbo Iron & Steel Co., Ltd. (Note 8)	Guarantees granted for bank loans of the related company	—	1,839,000
Nanjing Xinwu Shipping Co., Ltd. (Notes 1 & 8)	Guarantees granted for bank loans of the related company	53,000	28,500
Tangshan Jianlong Industrial Co., Ltd. (Notes 1 & 8)	Guarantees granted for bank loans of the related company	200,000	—
Shanxi Coking Coal Group Wulin Coal Coke Development Co., Ltd. (Notes 1 & 8)	Guarantees granted for bank loans of the related company	52,800	—
Beijing Yuquanxincheng Property Development Co., Ltd. (Notes 1 & 8)	Guarantees granted for bank loans of the related company	100,000	—
Beijing Hehua Property Development Co., Ltd. (Notes 1 & 8)	Guarantees granted for bank loans of the related company	441,000	—
Loans to related companies			
Shaanxi Jianqin Real Estate Development Co., Ltd. (Notes 2 & 7)	Entrusted loan provided to the related company	220,000	—
Show All Limited (Notes 2 & 12)	Shareholder loan provided to the related company	—	126,400
Shaanxi Jianqin Real Estate Development Co., Ltd. (Notes 2 & 12)	Shareholder loan provided to the related company	—	140,000
Total loans to related companies		220,000	266,400

49. RELATED PARTY TRANSACTIONS (continued)

Notes:

(1) They are associates of the Group.

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

(3) They are minority shareholders of the subsidiaries of the Group.

(4) The Directors consider that the sales and purchases were undertaken on commercial terms similar to those offered to/by unrelated customers/suppliers in the ordinary course of business of the relevant companies.

(5) The Directors consider that the fees for consulting services and sales agency services were determined based on prices available to third party customers.

(6) The Directors consider that the fees for property management services, management services, transportation services and leasing paid to related companies were determined based on prices available to third party customers of the related companies.

(7) The Directors consider that the loans provided by/to the related companies are unsecured, repayable on demand, and the applicable interest rates are determined in accordance with the prevailing market borrowing rates.

(8) The bank loans were guaranteed by related companies free of charge. The guarantees were given by the Group for bank loans of related companies free of charge.

(9) The entrusted bank loan in the amount of RMB93,000,000 is provided by Wuxi Forte Real Estate Development Co., Ltd. and is interest-free, unsecured and repayable by 2012 as set out in note 39 to the financial statements. The corresponding notional interest for the year ended 31 December 2009 amounted to approximately RMB5,206,000 (2008: RMB5,093,000).

(10) The loan in the amount of RMB99,716,000 is provided by Yangzte Tianjin Limited, a minority shareholder of Tianjin Forte, and is interest-free, unsecured and repayable by 2010. The corresponding notional interest for the year ended 31 December 2009 amounted to approximately RMB5,840,000 (2008: RMB5,396,000).

(11) The loan in the amount of RMB28,000,000 is provided by Tianjin Binhai Auto Parts Industry Base Co., Ltd. and is interest-free, unsecured and repayable by 2011 as set out in note 39 to the financial statements.

(12) The shareholder loans in the amount of RMB290,000,000 are provided to Shaanxi Jianqin Real Estate Development Co., Ltd. and loans amounting to RMB126,400,000 are provided to Show All Limited as set out in note 21 to the financial statements.

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

	2009 RMB'000	2008 RMB'000
Short term employee benefits	**12,529**	12,210
Pension scheme contributions	**252**	154
Total compensation paid to key management personnel	**12,781**	12,364

49. RELATED PARTY TRANSACTIONS (continued)

Notes: (continued)

(14) These transactions constitute continuing connected transactions of the Group under Chapter 14A of the Listing Rules for the period ended 15 October 2009. The Group confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of these transactions. On 15 October 2009, Shanghai Fosun Pharmaceutical Development Company Limited, a subsidiary of Fosun Pharma completed its transfer of 1% of the total issued shares of Forte to Fosun Group. From 15 October 2009, Shanghai Lianhua Fosun Pharmacy Chain Operation Co., Ltd. and Sinopharm Group Co. Ltd. ceased to be connected persons of the Company and these transactions no longer constituted continuing connected transactions of the Group.

(15) These transactions constitute continuing connected transactions of the Group under Chapter 14A of the Listing Rules. They are exempted from the disclosure requirements under Chapter 14A of the Listing Rules.

50. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2009 Group

Financial assets

	Financial assets at fair value through profit or loss-held for trading RMB'000	Held-to-maturity investments RMB'000	Loans and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
Held-to-maturity investments	—	79,220	—	—	79,220
Available-for-sale investments	—	—	—	2,943,458	2,943,458
Loans receivable	—	—	220,000	—	220,000
Cash and bank balances	—	—	15,947,571	—	15,947,571
Equity investments at fair value through profit or loss	4,922,253	—	—	—	4,922,253
Trade and notes receivables	—	—	4,768,991	—	4,768,991
Financial assets included in prepayments, deposits and other receivables (note 33)	—	—	2,040,152	—	2,040,152
Due from related companies	—	—	1,100,497	—	1,100,497
	4,922,253	79,220	24,077,211	2,943,458	32,022,142

50. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2009 Group (continued)

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Interest-bearing bank and other borrowings	**28,705,369**
Loans from related companies	**106,618**
Trade and notes payables	**6,861,967**
Financial liabilities included in accrued liabilities and other payables (note 38)	**4,059,449**
Due to related companies and the holding company	**1,224,172**
Other long term payables	**561,921**
	41,519,496

2008 Group

Financial assets

	Financial assets at fair value through profit or loss-held for trading RMB'000	Held-to-maturity investments RMB'000	Loans and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
Held-to-maturity investments	—	63,761	—	—	63,761
Available-for-sale investments	—	—	—	1,905,289	1,905,289
Loans receivable	—	—	220,000	—	220,000
Cash and bank balances	—	—	11,691,015	—	11,691,015
Equity investments at fair value through profit or loss	1,534,899	—	—	—	1,534,899
Trade and notes receivables	—	—	2,441,440	—	2,441,440
Financial assets included in prepayments, deposits and other receivables (note 33)	—	—	1,953,329	—	1,953,329
Due from related companies	—	—	830,953	—	830,953
	1,534,899	63,761	17,136,737	1,905,289	20,640,686

50. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2008 Group (continued)

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Interest-bearing bank and other borrowings	24,398,289
Loans from related companies	152,193
Trade and notes payables	5,180,426
Financial liabilities included in accrued liabilities and other payables (note 38)	2,440,533
Due to related companies and the holding company	1,432,954
Other long term payables	634,251
	34,238,646

2009 Company

Financial assets

	Financial assets at fair value through profit or loss-held for trading RMB'000	Held-to-maturity investments RMB'000	Loans and receivables RMB'000	Total RMB'000
Held-to-maturity investments	—	35,320	—	35,320
Equity investments at fair value through profit or loss	4,106,493	—	—	4,106,493
Cash and bank balances	—	—	2,458,576	2,458,576
Financial assets included in prepayments, deposits and other receivables (note 33)	—	—	1,567	1,567
Due from subsidiaries	—	—	8,334,529	8,334,529
	4,106,493	35,320	10,794,672	14,936,485

50. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2009 Company (continued)

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in accrued liabilities and other payables (note 38)	1,489
Interest-bearing bank loans	482,286
Due to the holding company	878,749
	1,362,524

2008 Company

Financial assets

	Financial assets at fair value through profit or loss-held for trading RMB'000	Held-to-maturity investments RMB'000	Loans and receivables RMB'000	Total RMB'000
Held-to-maturity investments	—	31,696	—	31,696
Equity investments at fair value through profit or loss	1,534,709	—	—	1,534,709
Cash and bank balances	—	—	1,181,140	1,181,140
Financial assets included in prepayments, deposits and other receivables (note 33)	—	—	1,547	1,547
Due from subsidiaries	—	—	8,495,874	8,495,874
	1,534,709	31,696	9,678,561	11,244,966

50. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2008 Company (continued)

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in accrued liabilities and other payables (note 38)	1,114
Interest-bearing bank loans	937,122
Due to the holding company	568,819
	1,507,055

51. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value 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 all 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, the Group and the Company held the following financial assets measured at fair value while no financial liabilities were measured at fair value.

Assets measured at fair value as at 31 December 2009:

Group

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Available-for-sale investments:				
Equity investments (note 24)	868,773	—	—	868,773
Equity investments at fair value through profit or loss	4,922,253	—	—	4,922,253
	5,791,026	—	—	5,791,026

Company

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Equity investments at fair value through profit or loss	4,106,493	—	—	4,106,493

During the year ended 31 December 2009, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank and other borrowings, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also entered into derivative transactions, representing forward currency contracts, during the year ended 31 December 2009. The purpose is to manage the currency risks arising from the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rate.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. At 31 December 2009, approximately 31% (2008: 24%) of the Group's interest-bearing borrowings bore interest at fixed rates.

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

Group:

	Increase/(decrease) in basis points	Increase/(decrease) in profit before tax RMB'000
2009	**27**	**(29,998)**
	(81)	**89,994**
2008	27	(19,538)
	(81)	57,758

52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 at the end of the reporting period to a reasonably possible change in the United States dollar and Hong Kong dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

Group:

	Increase/ decrease in foreign currency rate %	Increase/ (decrease) in profit before tax RMB'000
2009		
If RMB weakens against United States dollar	**5**	**(19,423)**
If RMB strengthens against United States dollar	**5**	**19,423**
If RMB weakens against Hong Kong dollar	**5**	**58,334**
If RMB strengthens against Hong Kong dollar	**5**	**(58,334)**
2008		
If RMB weakens against United States dollar	5	36,623
If RMB strengthens against United States dollar	5	(36,623)
If RMB weakens against Hong Kong dollar	5	29,560
If RMB strengthens against Hong Kong dollar	5	(29,560)

52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and bank balances, held-to-maturity investments, available-for-sale investments, equity investments at fair value through profit or loss, amounts due from related companies, and other receivable, arises from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. 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 sectors and industries.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 32 to the financial statements.

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 loans. The Group's policy is that not more than 80% of the borrowings should mature in any 12-month period. 69% (2008: 62%) of the Group's debts would mature in less than one year as at 31 December 2009 based on the carrying value of borrowings reflected in the financial statements.

52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payment, was as follows:

2009 Group

	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	—	1,793,969	14,998,394	8,474,429	3,486,683	28,753,475
Loans from related companies	—	—	—	121,000	—	121,000
Trade and notes payables	1,983,529	1,957,762	2,920,676	—	—	6,861,967
Due to related companies	345,423	—	—	—	—	345,423
Due to the holding company	878,749	—	—	—	—	878,749
Financial liabilities included in accrued liabilities and other payables	4,020,921	—	38,528	—	—	4,059,449
Other long term payables	—	—	—	484,471	200,233	684,704
	7,228,622	3,751,731	17,957,598	9,079,900	3,686,916	41,704,767

2008 Group

	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	177,284	1,417,024	13,634,220	9,083,306	86,455	24,398,289
Loans from related companies	—	—	—	180,467	—	180,467
Trade and notes payables	1,727,793	1,966,480	1,486,153	—	—	5,180,426
Due to related companies	864,135	—	—	—	—	864,135
Due to the holding company	568,819	—	—	—	—	568,819
Financial liabilities included in accrued liabilities and other payables	2,440,533	—	—	—	—	2,440,533
Other long term payables	—	—	—	669,725	220,416	890,141
	5,778,564	3,383,504	15,120,373	9,933,498	306,871	34,522,810

In addition, the guarantees provided by the Group will be called in case of default in payments by the guarantees as set out in note 48.

52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

2009 Company

	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	—	—	411,849	70,438	—	482,287
Due to the holding company	878,749	—	—	—	—	878,749
Financial liabilities included in accrued liabilities and other payables	1,489	—	—	—	—	1,489
	880,238	—	411,849	70,438	—	1,362,525

2008 Company

	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	77,284	683,460	35,276	141,102	—	937,122
Due to the holding company	568,819	—	—	—	—	568,819
Financial liabilities included in accrued liabilities and other payables	1,114	—	—	—	—	1,114
	647,217	683,460	35,276	141,102	—	1,507,055

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 31) and available-for-sale investments measured at fair value (note 24) as at 31 December 2009. The Group's listed investments are listed on the Hong Kong, Shenzhen, Shanghai, United States and Singapore stock exchanges and are valued at quoted market prices at the end of the reporting period.

52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Equity price risk (continued)

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the available-for-sale equity investments, the impact is deemed to be on the available-for-sale investment revaluation reserve and no account is given for factors such as impairment which might impact the income statement.

		Carrying amount of equity investments RMB'000	Increase in profit before tax RMB'000	Increase in equity RMB'000
2009				
Investments listed in:				
Hong Kong	— Available-for-sale	**275,074**	**—**	**13,754**
	— Held-for-trading	**5,949**	**297**	**—**
Shenzhen	— Available-for-sale	**113,771**	**—**	**5,689**
Shanghai	— Available-for-sale	**25,313**	**—**	**1,266**
	— Held-for-trading	**804,058**	**40,000**	**—**
United States	— Available-for-sale	**454,615**	**—**	**22,731**
	— Held-for-trading	**4,100,976**	**205,049**	**—**
Singapore	— Held-for-trading	**11,270**	**564**	**—**
2008				
Investments listed in:				
Hong Kong	— Available-for-sale	73,490	—	3,675
	— Held-for-trading	49,637	2,482	—
Shenzhen	— Available-for-sale	107,582	—	5,379
	— Held-for-trading	96	5	—
Shanghai	— Available-for-sale	57,962	—	2,898
	— Held-for-trading	94	5	—
United States	— Available-for-sale	154,558	—	7,728
	— Held-for-trading	1,485,072	74,254	—

52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustment to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2009 and 31 December 2008.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio between 20% to 60%. Net debt includes interest-bearing bank and other borrowings, and loans from related companies, less cash and cash equivalents. Total equity includes equity attributable to owners of the parent and minority interests. The gearing ratios as at the ends of the reporting periods were as follows:

Group

	2009 RMB'000	2008 RMB'000
Interest-bearing bank and other borrowings	**28,705,369**	24,398,289
Loans from related companies	**106,618**	152,193
Less: Cash and cash equivalents	**(10,550,240)**	(9,577,695)
Net debt	**18,261,747**	14,972,787
Total equity	**36,328,087**	30,043,087
Total equity and net debt	**54,589,834**	45,015,874
Gearing ratio	**33%**	33%

53. OTHER SIGNIFICANT MATTERS

During the year, the Company further acquired an aggregate of 15,767,000 American Depository Shares ("ADS") of Focus Media Holding Limited ("Focus Media") at a total consideration of approximately RMB765,000,000 and Fosun Industrial Co., Limited, a subsidiary of the Company, further acquired 4,928,770 ADS of Tongjitang Chinese Medicines Company ("Tongjitang") at a total consideration of approximately RMB114,300,000.

As at 31 December 2009, the Group held approximately 25.80% and 32.09% of the total issued share capital of Focus Media and Tongjitang, respectively. The Group's interests in these entities are not accounted for under the equity method because the Group has no significant influence over these entities by way of representation on the board of directors and participation in the policy-making process, despite the fact that the Group's equity interests in these entities were higher than 20% as at 31 December 2009.

54. EVENTS AFTER THE REPORTING PERIOD

(a) On 7 January 2010, China Alliance Properties Limited ("China Alliance"), a wholly-owned subsidiary of Forte, entered into a subscription agreement with Shanghai Zendai Property Limited ("Zendai Property"), a company listed on the Main Board of Hong Kong Stock Exchange, pursuant to which China Alliance agreed to subscribe for 1,550,000,000 new ordinary shares issued by Zendai Property for a consideration of HKD480,500,000. Immediately after the completion of subscription on 26 January 2010, China Alliance held 2,431,815,000 shares of Zendai Property, representing approximately 19.68% of the issued share capital of Zendai Property as enlarged by the allotment and issue of the subscription shares.

(b) On 27 January 2010, Fosun Pharma, a subsidiary of the Company, was approved conditionally by the Public Offering Review Committee of the China Securities Regulatory Commission for the issue of additional A shares by way of private placement to Fosun Group and other designated investors (the "A Share Issue"). According to the proposal in regard to the A Share Issue, the total number of A shares via non-public issue is no less than 200,000,000 and no more than 460,000,000, and Fosun Group will subscribe for more than 8% and no more than 30% of the total number of issued shares with a consideration of no more than RMB600,000,000.

(c) On 10 February 2010, Skysail Investments Limited, a wholly-owned subsidiary of Forte, entered into an equity transfer agreement with Garden Plaza 2005 (Delaware) LLC, Garden Plaza 2007 (Delaware) LLC, Garden Plaza DM 2007 (Delaware) LLC and Baekdu Investments Limited to acquire the entire issued share capital of Garden Plaza Capital SRL, a society with restricted liability organised and existing under the laws of Barbados for a total consideration of USD328,000,000. Garden Plaza Capital SRL owns two pieces of land measuring 116,822 square meters and the property with a total construction area of 97,227 square meters in Shanghai, China through its PRC subsidiary.

54. EVENTS AFTER THE REPORTING PERIOD (continued)

(d) On 24 February 2010, Fosun Group, a wholly-owned subsidiary of the Company, and The Carlyle Group ("Carlyle"), entered into an agreement, pursuant to which a jointly-operated RMB fund namely Fosun-Carlyle (Shanghai) Equity Investment Fund ("Fosun-Carlyle Fund") would be established with an initial investment of USD100,000,000. Fosun Group and Carlyle's Asia Growth Fund committed USD50,000,000 to the fund, respectively. On 3 March 2010, Fosun-Carlyle Fund obtained the business licence from Shanghai Administration of Industry and Commerce and completed the registration process.

55. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current year's presentation.

56. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 24 March 2010.

Corporate Information

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTOR

Liu Benren

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chen Kaixian
Zhang Shengman
Andrew Y. Yan

AUDIT COMMITTEE

Zhang Shengman *(Chairman)*
Chen Kaixian
Andrew Y. Yan

REMUNERATION COMMITTEE

Andrew Y. Yan *(Chairman)*
Liang Xinjun
Zhang Shengman

COMPANY SECRETARY

Sze Mei Ming

AUTHORISED REPRESENTATIVES

Qin Xuetang
Ding Guoqi

AUDITORS

Ernst & Young

LEGAL ADVISOR AS TO HONG KONG LAW

Herbert Smith LLP

LEGAL ADVISOR AS TO PRC LAW

Chen & Co. Law Firm

PRINCIPAL BANKERS

Agricultural Bank of China
China Construction Bank
Industrial and Commercial Bank of China
Shanghai Pudong Development Bank
Bank of China
Bank of Communications
China Merchants Bank
Bank of East Asia
Standard Chartered Bank

REGISTERED OFFICE

Room 808, ICBC Tower
3 Garden Road
Central
Hong Kong

PRINCIPAL OFFICE

No. 2 East Fuxing Road
Shanghai 200010
PRC

SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

00656

WEBSITE

http://www.fosun-international.com

Glossary

FORMULA

EBITDA	=	profit for the year + tax + interest expenses + depreciation and amortisation
Total debt	=	current and non-current interest-bearing borrowings + interest-free loans from related parties
Total capitalisation	=	equity attributable to owners of the parent + minority interests + total debt
Interest coverage	=	EBITDA/interest expenses
Capital employed	=	equity attributable to owners of the parent + total debt

Associate	has the same meaning ascribed thereto under the Listing Rules
Articles of Association	the current articles of association of the Company with the latest amendments made on 17 June 2008
the Board	the board of Directors
CG Code	the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules
the Company	Fosun International Limited
the Director(s)	the director(s) of the Company
Focus Media	Focus Media Holding Limited
Forte	Shanghai Forte Land Co., Ltd.
Forte Group	Forte and its subsidiaries
Fosun Group	Shanghai Fosun High Technology (Group) Co., Ltd.
Fosun Holdings	Fosun Holdings Limited
Fosun International Holdings	Fosun International Holdings Ltd.
Fosun Pharma	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.
GFA	gross floor area
the Group	the Company and its subsidiaries
Hainan Mining	Hainan Mining United Co., Ltd.

HKD	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of China
Huaxia Mining	Beijing Huaxia Jianlong Mining Technology Co., Ltd.
Jianlong Group	Tangshan Jianlong Industrial Co., Ltd.
Jin'an Mining	Anhui Jin'an Mining Co., Ltd.
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
Nanjing Iron & Steel	Nanjing Iron & Steel Co., Ltd.
Nanjing Steel United	Nanjing Iron & Steel United Co., Ltd.
PRC	the People's Republic of China
Reporting Period	the year ended 31 December 2009
RMB	Renminbi, the lawful currency of the PRC
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shanjiaowulin	Shanxi Coking Coal Group Wulin Coal Coke Development Co., Ltd.
Shares	the shares of the Company
Share Option Scheme	the share option scheme of the Company adopted on 19 June 2007
Sinopharm	Sinopharm Group Co. Ltd.
Stock Exchange	The Stock Exchange of Hong Kong Limited
USD	United States dollars, the lawful currency of the United States
Yong'an Insurance	Yong'an Insurance Co., Ltd.
Yuyuan	Shanghai Yuyuan Tourist Mart Co., Ltd.
Zhaojin Mining	Zhaojin Mining Industry Co., Ltd.
Zunyi Shiji	Zunyi County Shiji Nonferrous Metal Limited Liability Company

Designed and Printed: RR Donnelley Roman Financial

FOSUN 复星

No. 2 East Fuxing Road , Shanghai 200010, P.R.China
Tel：+86 21 6332 5858 **Fax**：+86 21 6332 5028

Room 808, ICBC Tower, 3 Garden Road, Central, Hong Kong
Tel：+852 2509 3228 **Fax**：+852 2509 9028

www.fosun-international.com