FOSUN 复星

FOSUN INTERNATIONAL LIMITED

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

(Stock Code: 00656)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

FINANCIAL SUMMARY

	For the year ended 31 December	
In RMB million	**2010**	2009
Revenue	**44,643.7**	34,855.8
Pharmaceuticals and healthcare	**4,459.3**	3,775.9
Property	**8,846.7**	5,184.8
Steel	**29,652.2**	24,611.4
Mining	**3,180.2**	1,968.0
Elimination	**(1,494.7)**	(684.3)
Profit attributable to owners of the parent	**4,227.1**	4,646.7
Pharmaceuticals and healthcare	**302.5**	1,185.6
Property	**1,279.9**	327.3
Steel	**410.0**	1,068.1
Mining	**932.1**	235.6
Retail, services and others	**1,503.3**	2,073.7
Unallocated expenses	**(174.8)**	(112.8)
Elimination	**(25.9)**	(130.8)
Earnings per share ***(in RMB)***	**0.66**	0.72
Dividend per share ***(in HKD)***	**0.17**	0.164

CHAIRMAN'S STATEMENT

Dear shareholders,

As at 31 December 2010 (the "**Reporting Period**"), net assets attributable to owners of the parent of Fosun International Limited (the "**Company**") and its subsidiaries (the "**Group**") reached RMB29,873.1 million, representing an increase of 22.0% over the same period last year, 77.5% of which were shares of listed companies owned by the Group, worth RMB35,225.6 million by attributable market capitalisation. The board of directors of the Company (the "**Board**") proposed to declare and distribute a final dividend of HKD0.17 per ordinary share for the year ended 31 December 2010.

2010 Review

<u>Industrial operations performed well, bringing another prosperous year for investment returns</u>

In 2010, the Group delivered sound performance in its overall operation, realising a profit of RMB4,227.1 million, attributable to owners of the parent. The slight decrease in net profit over the same period last year was mainly because net profit of 2009 included a profit contribution of RMB957.6 million from the gain on deemed disposal of equity interest in Sinopharm Group Co. Ltd. ("**Sinopharm**") as a result of its initial public offering ("**IPO**") of shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). During the Reporting Period, operating profit of the Group grew by 21.5% year on year. The mining and property segments had an outstanding performance and their operating profit contribution grew by 174.5% and 92.2%, respectively. On the investing front, following the profit contribution of RMB3,413.1 million from investment gain in 2009, the Group booked another profit contribution of RMB2,423.0 million for the Reporting Period. During the Reporting Period, the Group successfully helped list six investment projects both domestically and overseas, increasing the equity value of shareholder of the Company by RMB2,353.6 million.

The principal portfolio companies of the Group operate in industries including pharmaceuticals and healthcare, property, steel and mining. As an active shareholder, we engage professional teams to operate professional companies while providing them with adequate support and effective incentive schemes. In 2010, led by their respective management teams, overall value of these companies continued to increase.

Another important task of ours was to actively capture investment opportunities benefiting from China's growth momentum. During the Reporting Period, with the enhancement of the Group's investment capacity, the scale of investments also expanded rapidly, recording historic highs both in terms of investment amount and project number. In terms of sector selection, the Group invested in those with high positive correlation with the growth of China's domestic demand such as pharmaceuticals and healthcare, property and finance. The Group also invested in the resources companies benefiting from the industrialisation process of China. In terms of project selection, the Group focused on those that had strong synergies with our existing sectors. One such example would be the cooperation between Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("**Fosun Pharma**") and Chindex International Inc. ("**Chindex**"). The Group also actively captured value investment opportunities and increased investment in the real estate business during the Reporting Period. In addition, the Group tried to increase the proportion of asset portfolio allocated to service and finance gradually, and invested a total of RMB2,278.6 million in private equity ("**PE**") projects, and pushed forward the successful listing of six projects and two more projects were granted listing permission.

The Group may also exit from some investments in time, endeavouring to lock in higher returns while positioning itself to better capture more investments opportunities. During the Reporting Period, the Group exited, entirely or partially, from several investments, bringing in a cash inflow of RMB4,451.2 million equivalent.

<u>Overseas investing and global capability building</u>

I believe that it is an advantage of the Group to have a combined strength of our China-rooted profound industrial base and excellent investing skills. Since 2009, the Group has also started its global capability building, strived to match the highest standards set by the world's best investors and tried to invest in more international companies benefiting from China's growth. By now, our international investment platform setup has been in general completed. Most teams of talents have been in position, and we are honoured to have Mr. John Snow, former Treasury Secretary of the United States to be the advisor to the Board. All these have already delivered fruitful results during the Reporting Period and we have completed our investment in Club Méditerranée SA ("**Club Med**"), a French company. Club Med is a world-class premium resort chain, offering services attractive to the fast growing high-end consumer population in China. On the other hand, the Group can also effectively help Club Med accelerate the execution of their China strategy in areas of project development and sharing of strategic resources, etc, leveraging our advantages of operation in diversified industries. We are of the view that dual cooperation of equity investment and business development would bring huge potential in value appreciation for this particular investment. Here we would like to extend our sincere gratitude to one of our excellent international partners, The Carlyle Group, for sharing with us valuable opinions regarding the valuation of global assets of Club Med.

I believe that in the future more and more top overseas brands would like to have their presence in China. We will continue to explore the investment model of combining the growth momentum of

China with global resources and endeavour to capture more opportunities with the support of our global investment platform.

Strong financing capability provides firm support for the rapid development of the Group

Multi-channel financing

To translate China's growth momentum into shareholder value of the Company in a sustainable manner, it requires not only excellent investment capability but also powerful capital support. During the Reporting Period, the Group's multi-channel financing system was further improved. We established good relationship with more mainstream banks and our financing team has also successfully raised fund via other financing instruments such as enterprise bonds and medium-term bills. Meanwhile, we endeavoured to reduce financing cost by means of increasing USD debts and issuing fixed-rate long term bonds, among others, fully leveraging our unique structural presence in both domestic and overseas markets. During the Reporting Period, the Group raised an aggregate of RMB2,100.0 million equivalent via medium and long term bonds and bills at an average interest rate of 4.9%-6.0%. These excellent work helped us grasp more investment opportunities while optimising our capital structure. As a result, the weighting of medium and long term debts continued to rise, and the Group has maintained its financial stability while enjoying rapid growth.

Asset management

Moreover, faced with the ample investment opportunities brought by the economic development of China and the rapid enhancement of investment capability of the Group, the Group has sought to scale up its asset management business since 2010 and had completed the preparation work of several funds including Fosun-Carlyle Shanghai Equity Investment Enterprise ("**Fosun-Carlyle**"), Prameria-Fosun China Opportunity Fund L.P., Shanghai Fosun Capital Equity Investment Fund L.P. and Shanghai Star Equity Investment L.P. ("**Star Capital**") etc. As of March 2011, these funds have already raised committed funds totalling RMB9,798.8 million equivalent from partners.

Not only would these capital generate additional gains to shareholders and fund contributors, they have also brought the Group more world-class partners. We believe the cooperation between the Group and The Carlyle Group and Prudential Financial, Inc. ("**Prudential**") respectively, in asset management indeed symbolised the recognition of our investment capability by mainstream investment institutions. At the same time, their professional investment skills outside China would help speed up the Group's global capability building. I hope that in our future development we would be able to find more world-class partners sharing a similar vision and build up long term win-win partnerships.

Shaping a large conglomerate with sustainable growth

The success of any enterprise requires not only rapid development of business, but also a sophisticated organisational structure, a team of high calibre talents, good corporate governance, a culture which can unite hearts, an excellent and ever-growing team of partners and great support from the government and the society. During the Reporting Period, the Group made persistent efforts in areas including the recruitment of elites, optimisation of organisational structure, evaluation and improvement of risk management and information technology system, etc, by introducing external wisdom and implementing industrial benchmarks. We followed our belief of "value creation, development sharing", and made every effort to unite growth force, thus to fortify our current partnerships while developing new ones of future strategic significance, such as the cooperation with Club Med. We also cared for the needs of our staff and participated in various community charity work. The results of such works may never be able to be quantified by a simple internal rate of return or multiple of invested capital ("**MOIC**"), but I am convinced that all these works will help increase our shareholder value rapidly in the future.

Future prospects

In this post financial crisis era, given the concerns over European debt crisis and the recent regional political unrest in the Middle East and North Africa, the prospect of the global economic recovery still seems relatively uncertain. However, considering the progress of urbanisation and industrialisation of China and the economic gap between the eastern and western regions, we believe that facing possible challenges such as excess production capacity and rising labour costs, China will be able to maintain its competitive edges in the manufacturing sector, particularly the high-end manufacturing industries for a relatively long period of time. Meanwhile, following the rapid growth of the domestic market and the development and maturity of the financial service sector, it is very likely that China would complete the transformation from a manufacturing giant into a consumer and capital giant within a relatively short period of time. Under these circumstances, we believe that not only a number of local companies would grow rapidly, but more and more international brands would start to pay more attention to China and increase their investments in China.

In this process, we spotted plenty of investment opportunities. In the future, the Group will continue to support our existing sectors to become stronger and larger while paying more attention to investment opportunities benefiting from the development of China's domestic consumption market. In particular, we would like to increase investment in industrial leaders with considerable scale and established brand, led by excellent management teams. At the same time, the Group will continue to explore the model of linking China's growth momentum with global resources. We hope that as our investment capability is being "exported" in a prudent manner, we can help global brands that we have invested in to be “imported” in a faster manner so that shareholders, partners and investees will share the results of the rapid growth of the Chinese economy together.

With the joint efforts of the management and all employees, the Group has made considerable progress in all aspects in 2010. However, there are still a significant gap towards our vision of becoming a world premium investment group with a focus on China’s growth momentum. In order to realise our vision, in the future, we will continue to benchmark against the world’s top companies and focus our execution in the following areas:

First is to be disciplined when it comes to investing, which can also be interpreted as “insisting on value-oriented investment philosophy”. The Group has realised decent returns on many investments in the past. Looking back, I believe the primary reason for our success was our understanding of and adherence to value. Today, although our scale is much larger than that at the time of establishment, we should always adopt a prudent manner, insisting on value-oriented investment approach as we evaluate every new project. This is how we, the founder team, require ourselves to act, and this will be how we require all our investment managers to follow.

Second is to make continuous efforts to enhance the capability at the holding group level to support investees to optimise their operation. A significant portion of shareholder value increase comes from the growth of the value of investees. To accelerate growth from this source, first of all, we would choose to work with the best teams in respective industries; secondly, as an active shareholder, we will assist the management of the investees to optimise the operating efficiency via board members appointed by us. For subsidiaries, we mainly participate in: 1. setting company strategies; 2. recommending core management team; 3. designing performance-linked incentive remuneration scheme; 4. risk management; 5. making important investment decisions. For other investees, we will actively create additional value for them in areas such as supply chain management, human resources support, gaining access to the capital market, sharing strategic resources etc, according to different needs. This year, the holding group level will also actively explore the means to discover synergetic development opportunities between the holding group level and its investees in a more systematic fashion in order to increase shareholder value of the Company while creating additional value for investees.

Third is to continue to lower our financing costs and secure more sources for long-term capital. In the past few years both I myself and my management have been seriously thinking about the development direction and business model of the Group. We have also visited and studied many leading international investment institutions. We deeply felt that for any successful investment company, it is crucial to have long term, secured funding sources at a reasonable cost. Therefore, it will be an important task which requires our dedicated and unremitting efforts to develop a multi-channel financing system and seek sustainable sources for quality capital.

Last but not least is the cultivation and recruitment of talents and elites. Compared with those entrepreneurs who have built a successful enterprise single-handedly, I felt deeply that I myself was fortunate. It is because ever since the first day when I started this business, I had partners of the same vision who worked hard with me. Those include members of the founder team as well as key management of today. In the future, as we will continue to contribute all our efforts to this company, we will also continue to cultivate and attract four types of talents, namely industrialists, investors, bankers and experts in improving management efficiency. We hope that our teams not only possess state-of-the-art professional knowledge but also entrepreneurial spirits, who agree upon our culture and will always uphold the principle of maximising shareholder value in everyday work and all decision-making process. In order to attract and maintain such talents, the Group will also adopt market rules and actively formulate and improve effective incentive remuneration plans to truly reflect our idea of creating value and sharing development.

Besides the building of four capabilities as articulated above, one other indispensable factor that contributes to the Group's growth from a then market survey company with capital of RMB38,000 in 1992 to a now large conglomerate with a net asset valuing at RMB29,873.1 million is our corporate culture of "win-win partnership, value creation, sharing of development", an equivalent to "unite growth force" that we always mention. In 2010, supported by 15 partners and led by the Group, the Chinese private enterprise pavilion at the Expo 2010 Shanghai China ("**World Expo**") completed a series of seemingly impossible tasks in just 13 months, from undertaking the project, laying foundation, main structure closing to opening ceremony and received compliments from hundreds of visitors which consist of political and business leaders from international community, the central and local governments. Although this was not a commercial project, it is only because of the collaborations among these top Chinese privately-owned enterprises could we jointly build this stage which demonstrated the spirit of Chinese private sector to the world. I believe this indeed is the best interpretation of "win-win partnership and harmonious development". In the future, we will continue to uphold this idea. As we endeavour to shape an investment institution with Fosun characteristics and create value for our shareholders, we will also try to contribute our efforts to improve the commercial environment and natural environment of China so as to support the rejuvenation of Chinese economy and culture.

Appreciation

I would like to express my sincere gratitude to the members of the Board, all employees of the Group, the entrepreneurial team of the companies we invested in and business partners. Your efforts and dedication to work will be the most important foundation for us to develop into a world-class investment group.

Guo Guangchang
28 March 2011

BUSINESS REVIEW

As at the end of the Reporting Period, net assets attributable to owners of the parent of the Group reached RMB29,873.1 million, representing an increase of 22.0% over the same period last year. Among that 77.5% were shares of listed companies owned by the Group, which worth RMB35,225.6 million measured by attributable market capitalisation. In the consolidated statements, net profit attributable to owners of the parent amounted to RMB4,227.1 million, representing a decrease of 9.0% over 2009.

Asset allocation of the Group: building a portfolio benefiting from China's growth momentum

During the Reporting Period, the Group invested in an aggregate of 58 projects with a total amount of RMB17,303.2 million. 70.4% of the fund was allocated for further development and expansion of the existing four sectors and the remaining RMB5,128.6 million worth of investments focused on industries such as financial, services and consumer products in order to increase the allocation of resources of the Group in sectors greatly benefited from the development of China's domestic consumption.

Industrial operations: to actively capture investment opportunities from the integration of industries and expansion of sector chains while optimising operations

Pharmaceuticals and healthcare

The Group operated pharmaceuticals and healthcare business through Fosun Pharma. During the Reporting Period, the main businesses of Fosun Pharma grew steadily and several industrial advantages have been strengthened. In pharmaceutical research, development and manufacture, revenue from core drug manufacturers all achieved rapid growth, including Chongqing Yaoyou Pharmaceuticals Co., Ltd. ("**Chongqing Yaoyou**"), Jiangsu Wanbang Biopharmaceutical Company Limited and Shine Star (Hubei) Biological Engineering Co., Ltd. Our main products for medical treatment of liver disease, diabetes, cardiovascular diseases remained as leaders in their niche markets. During the Reporting Period, artesunate for injection of Guilin Nanyao Company Limited, a subsidiary of Fosun Pharma passed the PQ certification of the World Health Organisation, and solid formulations of Chongqing Yaoyou passed the GMP certification of Health Canada, both of which became one of the first group of domestic drug manufacturers that meet the international drug production quality standards. Fosun Pharma also invested in a series of niche market leaders such as Shenyang Hongqi Pharmaceutical Co., Ltd., the largest tuberculosis medicine producer in China and Biosino Bio-Technology and Science Incorporation, a leader among domestic manufacturers of in vitro diagnosis products. Such investments help elevate Fosun Pharma's ability in the research, development and manufacture of drugs, diagnosis products and medical appliances rapidly. Fosun Pharma also invested in the equity interest of Chindex, a leading company in the premium healthcare sector in China, thus to enjoy the prospects of the development of that sector. Sinopharm, the main associate of Fosun Pharma further consolidated its leader position in pharmaceutical distribution sector and maintained No. 1 ranking in terms of market share for seven consecutive years while delivering continuous improvement of operating efficiency.

In order to strengthen the leading position in the pharmaceutical sector in China while shaping itself into a pharmaceutical company with international competitiveness on the basis of innovative strategy subsequent to the Reporting Period, Fosun Pharma has announced its plan of overseas listing to issue foreign shares (H shares). Through domestic and overseas mergers and acquisitions, it would accelerate the pace of development of the main businesses and the construction and expansion of an international research and development platform, and further improve its cashflow.

Property

During the Reporting Period, facing an industrial environment with complex and dynamic policies, the Group's property business conformed to the market trends and adopted both reasonable pricing policy and quick and flexible sales strategies and booked historic highs for both annual sales and net profit. Among that Shanghai Forte Land Co., Ltd. ("**Forte**") realised RMB13,809.6 million worth of attributable contractual sale, and moved up 7 spots as compared to 2009 to rank 17th in the relevant national industrial ranking list. In addition, the Group participated in the development of large scale urban complex projects through direct investment or joint development. Dalian Donggang, directly invested by the holding group was expected to be developed into a high-end urban complex with upscale hotels, commercial spaces and apartments. Meanwhile, Star Capital, a fund co-founded by the Group also planned to commence "Shinning Star" plan with a core concept of building "Private Enterprise Centre" in the future. During the Reporting Period, the Group added a total of 2,684,515 sq.m. of attributable project reserve. The Group also supported the development of service companies in the property circulation industry, such as Shanghai Resource Property Consultancy Co., Ltd. etc, thus to gradually complete the Group's industrial chain layout in the property sector.

Principal operating data of the major subsidiary:

In 2010, Forte achieved attributable contractual sales gross floor area ("**GFA**") of 1,070,389 sq.m., representing an increase of 19.98% as compared with the same period last year. The attributable contractual sales amount to RMB13,809.6 million, representing an increase of 62.15% as compared with the same period last year. During the Reporting Period, the attributable GFA under development was 3,675,477 sq.m., representing an increase of 39.75% as compared with the same period last year; the attributable GFA with work commencement was 1,629,328 sq.m., representing an increase of 91.10% as compared with the same period last year and the attributable GFA completed was 964,389 sq.m., representing an increase of 58.27% as compared with the same period last year.

As at the end of the Reporting Period, Forte possessed attributable GFA of 9,047,827 sq.m. of reserved projects in 12 first and second tier cities in Shanghai, Beijing, Tianjin, Nanjing, Chongqing, Wuhan, Wuxi, Hangzhou, Xi'an, Changchun, Chengdu and Taiyuan. These included additional reserved GFA of 2,158,452 sq.m. during the Reporting Period.

Project reserves of Forte by region (as at 31 December 2010）

Region	Total GFA (sq.m.)	Attributable GFA (sq.m.)
Shanghai	1,671,927	1,018,283
Beijing	5,148	5,148
Jiangsu and Zhejiang	3,102,495	1,764,963
Central and Western	7,200,150	4,393,124
Northern	2,160,121	1,866,309

Steel

In 2010, facing great cost pressure as iron ore prices remained high and led by their respective management team, both Nanjing Iron & Steel Co., Ltd. ("**Nanjing Iron & Steel**"), a subsidiary of the Company, and Tianjin Jianlong Iron & Steel Industrial Co., Ltd. (**"Jianlong Group"**)， an associate of the Company, overcame the industrial-wide challenges, maintained steady growth of outputs and continued to optimise their product portfolio. Meanwhile, the Group's steel business completed a major asset restructuring, after which, Nanjing Iron & Steel successfully acquired quality steel and iron ore assets from its parent (a subsidiary of the Company, Nanjing Iron & Steel United Co., Ltd. ("**Nanjing Steel United**")) by issuing additional A shares. After the transaction, the Group's main steel assets became fully listed indirectly via Nanjing Iron & Steel, which helped improve the liquidity of these assets.

After the restructuring, Nanjing Iron & Steel adopted the operating principle of cost reduction and efficiency improvement from Nanjing Steel United, and remained leading industrial positions measured by various economic indicators. In terms of technical quality, a number of their products have been approved by various quality control systems and 145 Chinese patents were owned as at the end of the Reporting Period. In terms of optimisation of product mix, Nanjing Iron & Steel actively drove the research and development work on premium products with high gross margin and promoted their sales aggressively. As a result, Nanjing Iron & Steel remains as market leader for products such as steel used for oil tanks, while substantial sales growth was achieved for high valued-added products such as special purpose steel pipes during the Reporting Period, reporting a 93.61% year-on-year growth in gross profit per tonne steel. According to the statistics of China Iron & Steel Association, Nanjing Iron & Steel was the third largest manufacturer for medium and heavy plates, the largest manufacturer for steel plate for oil tank and the third largest ship building steel plate manufacturer in China in 2010, and was one of the only three manufacturers in China capable of producing 9Ni Steel.

Principal operating data of subsidiary and major associate:

	2010 output of crude steel ('000 tonnes)	2009 output of crude steel ('000 tonnes) (note)	Change over the same period last year
Nanjing Iron & Steel	6,771	6,502	Increased by 4.15%
Jianlong Group	8,856	8,382	Increased by 5.73%

Note: Nanjing Iron & Steel has not gone through significant restructuring in 2009. The figures are simulated data.

Mining

During the Reporting Period, iron ore companies invested by the Group, including Hainan Mining Co., Ltd. ("**Hainan Mining**"), Anhui Jin'an Mining Co., Ltd. ("**Jin'an Mining**") and Beijing Huaxia Jianlong Mining Technology Co., Ltd. ("**Huaxia Mining**"), all benefited from the rising iron ore prices and expansion of outputs. Net profits from the three all saw increase of various degrees over the same period last year. Among them, Hainan Mining, the Group's main subsidiary maintained leading positions among industrial peers according to various efficiency indicators and ranked second in the industry measured by the combined efficiency indicator. Hainan Mining aligned their price with the market change, actively developed new direct selling clients and expanded the scale of production and sales. As a result, during the Reporting Period, it sold an aggregate of 3.51 million tonnes of iron ore products, which was the highest level since the establishment of Hainan Mining. In August 2010, Hainan Mining was successfully restructured and became a joint stock limited company. This also provided the basis for Hainan Mining to gain access to capital market in order to speed up future development.

The Group's investments in resources such as coking coal was still in the construction period and had little impact on the Group's overall profit. However, we believe that as these companies complete their construction, outputs would gradually increase and the management would continue to be optimised, all of which would increase shareholder value of the Company in the future.

Principal operating data of subsidiaries and major associates:

	Main product	**Output (2010)**	**Change over the same period last year**	**Reserve volume (As at 31 December 2010)**
Hainan Mining	iron ore ('000 tonnes)	3,443	0.94%	290 million tonnes of iron ore
Jin'an Mining	iron concentrate ('000 tonnes)	876	6.41%	83.9 million tonnes of iron ore
Huaxia Mining	iron concentrate ('000 tonnes)	2,092	-19.03%	1,800 million tonnes of iron ore
Shanxi Coking Coal Group Wulin Coal Coke Development Co., Ltd.	coking coal ('000 tonnes)	618	-2.66%	810 million tonnes of prime coking coal, fat coal
Anhui Jinhuangzhuang Mining Co., Ltd.	coking coal ('000 tonnes)	-	-	95.52 million tonnes of 1/3 coking coal, fat coal
Zhaojin Mining Industry Co., Ltd. (**"Zhaojin Mining"**)	gold production (own mines) (tonne)	10.7	14.95%	252 tonnes of measured reserve under the JORC standard

Other investments: to seek high financial returns while grasping opportunities to launch new sector platform

Retail, services and others

Apart from the four sectors mentioned above, the Company also seeks value-oriented investment opportunities in debt and equities in both private and public markets. The Group tries to maximise the sharing of the development of companies in industries such as retail and services which benefited from China's growth momentum, by increasing, reducing or holding its relevant investments. The Group also actively seeks appropriate timing to launch our industrial platform among sectors highly benefited from the growth of China's domestic consumption market, including financial, consumer goods and retail sectors. The Group also invests in minority interests of companies with listing potential via a few PE investment platforms, in order to increase shareholder value of the Company by listing and exit at an appropriate time.

Yuyuan

Shanghai Yuyuan Tourist Mart Co., Ltd. ("**Yuyuan**"), an important associate of the Group, is mainly engaged in tourism and gold and jewellery retail chain. It also holds equity investment in Zhaojin Mining. Thanks to the success of World Expo and the continuous rise of world gold price, gold sales and share of profit of Zhaojin Mining both increased substantially. As a result, Yuyuan's overall results increased significantly during the Reporting Period and contributed RMB105.8

million to the profit attributable to the shareholders of the parent of the Group, an increase of 17.3% over 2009.

To seek value-oriented investment opportunities in China's fast growing domestic consumption market

During the Reporting Period, the Group completed investments or recapitalisation in a series of excellent potent companies which benefited from the growing domestic demand in China. Moreover, by partial exit of the investment in Focus Media Holding Limited ("**Focus Media**"), the Group realised a 2.6 times MOIC within 22 months.

Club Med

During the Reporting Period, the Group invested in Club Med, a French company, via block trades with existing shareholders and direct investment in the open market. As at the end of the Reporting Period, the Group already holds over 9% stake of Club Med. Club Med operates 80 resort hotels in 40 countries in the world, and its first Chinese resort was opened in Heilongjiang Yabuli in December 2010. In the future, we will have more comprehensive cooperation and build a win-win partnership, by fully leveraging synergies of both parties in the areas of project development, customer resources development, procurement, brand promotion and sharing of strategic resources and etc.

Yong'an Insurance

During the Reporting Period, the Group completed capital increase for Yong'an Insurance Co., Ltd. ("**Yong'an Insurance**"). Since the Group invested in Yong'an Insurance at the end of 2007, its insurance premium and total asset value have continued to grow. As at the end of the Reporting Period, the total insurance premium of Yong'an Insurance amounted to RMB5,795.0 million, total asset value amounted to RMB8,432.2 million, representing increases of 8.52% and 25.64% respectively over 2009. Its profitability has also been improving. Yong'an Insurance recorded a profit of RMB290.2 million during the Reporting Period, representing a year-on-year increase of 198.42%. The investment in Yong'an Insurance was a very good attempt by the Group in the insurance industry, which provides a platform for the Group to attract professional talents and to accumulate industrial experience and resources. This investment laid a solid foundation for the Group to seize more investment opportunities in the financial services sector, especially in insurance and banking industries.

Focus Media

Another important investment of the Group in the services sector was our stake in China's largest outdoor advertising group, Focus Media. In 2010, the business of Focus Media prospered and share price continued to rise under the leadership of Mr. Jiang Nanchun, the founder of Focus Media. During the Reporting Period, the Group sold 9,523,810 units of ADS of Focus Media through Focus Media's share buyback scheme and realised an internal rate of return of 160%. As as the end of the Reporting Period, the Group still holds approximately 21.05% stake in Focus Media, and remains as its single largest shareholder. The Group is positive about the prospects of the cultural and media industry in China. As an active shareholder, the Group will continue to support Focus Media's team. We believe that sound performance of Focus Media will continue to create value for the shareholders of the Company.

Capitalise on investment premium brought by the rapid expansion and improvement of China capital market

Private equity investment

During the Reporting Period, the Group invested in leading companies from various industries which we deemed to have listing potential. Most of these investments were carried out through three PE platforms: namely Fosun Capital Investment Management Company ("**Fosun Capital**"), Fosun Venture Capital Investment Management Co., Ltd. and Principle Capital Limited. In addition, during the Reporting Period, the Group also established a joint equity investment partnership fund with world renowned investment group, The Carlyle Group, under the dual brand of Fosun-Carlyle. The fund is now actively looking for projects after completion of team setup. At the same time, the Group and The Carlyle Group have signed a global strategic cooperation agreement in relation to investment, and have supported each other in the assessment of several international investment projects, including the successful investment in Club Med by the Group.

In 2010 the Group made investments in a total of 24 PE investment projects with an aggregate of RMB2,278.6 million through these platforms. Business scopes of the investees include finance, retail, consumer goods, construction machinery, new materials, internet etc; examples of investees included Red Star Macalline, the top brand in China's household product circulation industry and Henan Zhenglong Foods Co., Ltd., the second largest instant noodle manufacturer in China.

The Group believes that in the future, elite companies with high growth will continue to emerge for a long period of time, accompanying the rapid development of the Chinese economy. Meanwhile, the rapid growth of China's capital market and the improvement of the system also made it possible for these companies to raise capital by means of listing. This is evidenced by the launch of the ChiNext Market in 2010. The Group will strive to grasp investment opportunities of such companies, and actively push forward their listing process. During the Reporting Period, six projects invested by the Group have successfully completed their IPOs and are now traded on the stock exchanges of Shanghai, Shenzhen and Hong Kong, respectively. Two more were successfully listed on the ChiNext Market of Shenzhen Stock Exchange subsequent to the Reporting Period. As at the end of the Reporting Period, the Group's share of the attributable market capitalisation of these six companies reached RMB2,867.0 million, which was 4.7 times over the total initial invested capital, significantly increased the shareholder value of the Company.

Listed company	**Stock code**	**Investment amount (RMB million)**	**Appreciation of investment funds**	**Internal rate of return**
Befar Group Co., Ltd.	601678.SH	150.0	430.32%	64.38%
Xi'an Shaangu Power Co., Ltd.	601369.SH	176.0	635.23%	86.48%
Zhejiang Aishida Electric Co., Ltd.	002403.SZ	18.0	499.80%	70.97%
Hunan Hansen Pharmaceutical Co., Ltd.	002412.SZ	48.6	1,131.69%	124.51%
Yashili International Holdings Ltd.	01230.HK	149.7	175.47%	75.47%
Yotrio Group Co. Ltd.	002489.SZ	66.0	368.13%	268.13%

In the future, we are confident that we can help more of our excellent investees to be listed and create more value for the shareholders of the Company. At the same time, the Group will select appropriate timing to exit these investments either by disposal at secondary market or equity transfer, thus to realise returns, with a goal to maximise long-term shareholder value. During the Reporting Period, the Group realised proceeds totalling RMB183.3 million by exiting listed pre-IPO projects, delivering a MOIC of 8.9 times.

Developing asset management business and increasing the size of assets under management rapidly to create additional revenue

Asset management

At the beginning of 2011, the Group announced our plan to set up a PE fund with the world famous insurance company Prudential. According to the memorandum entered into by both parties, Prudential will contribute USD500 million as a limited partner, and the Group will contribute no less than USD100 million as a general partner. The Group will also be in charge of the operation and management of the whole fund, charge relevant fees and share some of the investment gains. This cooperation signifies the Group's entering into the international asset management field, as well as the recognition from global established institutional investors of the Group's investing capability.

The market is volatile, and investment business is also cyclical. The Group will insist on value-oriented investment principle, invest in good companies and support their development as an active shareholder. Bearing in mind the principle of maximising long term shareholder value of the Company, the Group will also, by means of increasing, holding or reducing its existing investments, share the development of the companies which benefit from China's growth momentum. The Group will also actively seek appropriate timing to build new industrial platform in the sectors such as retail, consumption, finance and services, all of which highly benefit from the growth of China's domestic demand.

Multi-channel financing: to provide strong financing support for the rapid enhancement of investment capability

In order to achieve a rapid yet sustainable development, the Group not only focuses on the capability of investment and management optimisation but also pays attention to develop abilities to obtain comparable, sustainable funds at reasonable costs. The Group strives to build diversified financing channels, explores different types of new financing methods so as to obtain long term sources of quality funds at lower costs thus to support and boost the development of the investment business of the Group. At present, the financing channels already built up by the Group include equity financing, bond financing, bank loan, trust and PE fund etc, in both the PRC and abroad.

During the Reporting Period, the Group continued to move forward in domestic and overseas financing activities. We raised a total of RMB8,432.4 million and RMB7,319.4 million converted from USD and other currencies. These mainly included RMB635.4 million from further equity financing such as the re-financing of Fosun Pharma and RMB15,116.4 million from debt financing.

In addition, taken into consideration of the large number of investment opportunities which meet the Group's investment criteria, together with the rapid enhancement of the Group's investment capability, the Group greatly promoted asset management business during the Reporting Period by means of cooperation funds, partnerships and trusts etc after its initial attempt in 2009, in order to make most use of our investment capability while maintaining steady financial conditions. The Group has established cooperation agreements of PE funds with world-renowned financial companies Prudential and The Carlyle Group, while Forte, Fosun Capital and Shanghai Star Capital Investment Management Co., Ltd. also successfully carried out fund raising activities. During the Reporting Period, the Group and our portfolio companies altogether obtained an aggregate of RMB1,010.7 million equivalent by means of asset management.

Future prospects: combining the Group's strength with China's growth to create huge opportunities

Looking forward, the Group believes that although we still face some uncertainties of the world's economic environment in the near future, China will be able to maintain steady and rapid growth in the medium and long run driven by urbanisation and industrialisation, as well as the development of the domestic consumption market. Thus, the Group will continue to improve three core capabilities so that we would capture more investment opportunities, continue to expand the Group's asset scale, and optimise the Group's asset allocation, while better assisting our major portfolio companies to optimise operations and to become stronger and larger. The Group will pay particular attention to investment opportunities both in China and abroad, benefiting from China's growing domestic demand, gradually increase the weighting of those assets in the total asset of the Group, and continue to improve the liquidity mix of our asset portfolio by encouraging our investees to be listed or making direct investment in listed companies. We will also continue to build a multi-channel financing system to provide more long term funds at reasonable costs for our investment and operating activities. With our efforts and the excellent entrepreneurial team, it is the Group's vision to become a world premium company with global competitiveness, and to create more value for shareholders in the long term.

FINANCIAL REVIEW

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

For the year ended 31 December 2010, the profit attributable to owners of the parent of the Group was RMB4,227.1 million, representing a decrease of 9.0% as compared with RMB4,646.7 million in 2009. The decrease in profit of the Group was primarily due to a decrease of non-recurring gains during the Reporting Period despite the large increase in profit contribution from both the property and the mining segments as compared with the same period last year.

PROFIT CONTRIBUTION OF EACH BUSINESS SEGMENT

A comparison between the profit contribution of each business segment for the year of 2010 and the corresponding figures in 2009 is analysed as follows:

Unit: RMB million

	2010	2009	Increase / (decrease)%
Pharmaceuticals and healthcare	**302.5**	1,185.6	(74.5)
Property	**1,279.9**	327.3	291.0
Steel	**410.0**	1,068.1	(61.6)
Mining	**932.1**	235.6	295.6
Retail, services and others	**1,503.3**	2,073.7	(27.5)
Unallocated expenses	**(174.8)**	(112.8)	N/A
Elimination	**(25.9)**	(130.8)	N/A
Total	**4,227.1**	4,646.7	(9.0)

Pharmaceuticals and healthcare: Profit contribution from the pharmaceuticals and healthcare segment fell to RMB302.5 million in 2010 from RMB1,185.6 million in 2009. The reduction in profit was mainly due to the fact that a gain on deemed disposal of equity interest in Sinopharm as a result of its successful IPO of shares on the Stock Exchange was recognised by Fosun Pharma in 2009, and there was no such gain in 2010. However, as far as operation is concerned, the manufacturing, research and development business of Fosun Pharma was stable, and the profit of 2010 realised an increase of 44.52% over last year.

Property: Profit contribution from the property segment increased to RMB1,279.9 million in 2010 from RMB327.3 million in 2009. There are mainly two reasons for the increase in profit contribution: (i) the gross floor area and gross profit margin booked from property projects completed by Forte for the year of 2010 both increased as compared with that in 2009; and (ii) the gain on disposal of 75% equity interest in Tianjin Forte Puhe Development Co., Ltd..

Steel: Profit contribution from the steel segment decreased to RMB410.0 million in 2010 from RMB1,068.1 million in 2009. The decrease in profit contribution was mainly due to the fact that gain on disposal of equity interest in Ningbo Iron & Steel Co., Ltd. was recorded in 2009 while there was no such gain in this year. As the steel industry continued to be under the pressure of rising prices of raw materials in the upstream industries in 2010, which basically offsets the amount of increase in average price of steel products of the year, the operating profit contribution from steel segment remained almost the same as that of last year.

Mining: Profit contribution from the mining segment increased to RMB932.1 million in 2010 from RMB235.6 million in 2009. The increase in profit contribution was mainly due to: (i) rising prices of iron ore products; and (ii) Hainan Mining took the pulse of the market and increased supply promptly. Increases in both quantity and price drove the substantial increase in profit contribution.

Retail, services and others: Profit contribution from the retail, services and others segment fell to RMB1,503.3 million in 2010 from RMB2,073.7 million in 2009, which was principally attributable to the decrease in investment gain recognised in the holding group level this year as compared last year. For the retail business, Yuyuan, an associate of the Group, directly benefiting from the surging influx of visitors, recorded significant growth in its gold, catering and other retail businesses as it is located in the prime area in the city and near the World Expo zone, which led to the increase of its profit contribution by 17.3%.

REVENUE

For the year of 2010, total revenue of the Group was RMB44,643.7 million after elimination of internal sales in the amount of RMB1,494.7 million, an increase of 28.1% as compared with the total revenue of RMB34,855.8 million in 2009. The increase in revenue of the Group during the Reporting Period was mainly due to increases in the revenue of all business segments to different degrees as compared with the same period last year.

Pharmaceuticals and healthcare: Revenue of the pharmaceuticals and healthcare segment increased to RMB4,459.3 million in 2010 from RMB3,775.9 million in 2009. The increase in revenue was mainly due to the further strengthening in specialised team building of the manufacturing, research and development business of Fosun Pharma, resulting in an increase of 23.6% in revenue during the Reporting Period.

Property: Revenue of the property segment increased to RMB8,846.7 million in 2010 from RMB5,184.8 million in 2009. The increase in revenue was mainly due to the increases in both the booked average property sales price and the area booked by Forte in 2010, which increased the overall revenue of the property segment.

Steel: Revenue of the steel segment increased to RMB29,652.2 million in 2010 from RMB24,611.4 million in 2009. The increase in revenue was mainly due to the fact that the Group realised an increase of 18.0% and 4.5% in sales volume and average selling price of steel products respectively as compared with last year.

Mining: Revenue of the mining segment increased to RMB3,180.2 million in 2010 from RMB1,968.0 million in 2009. The increase in revenue was mainly due to the significant increase in price of the iron ore products during this year and thus the average selling price of the major iron ore products of Hainan Mining increased by 57.0% as compared with last year.

INTEREST EXPENSES

Interest expenses net of capitalised amounts of the Group increased to RMB1,504.7 million in 2010 from RMB1,081.1 million in 2009. The increase in interest expenses was mainly attributable to the growth in scale of the total borrowings. The interest rates of borrowings in 2010 were approximately between 0.22% and 12.18%, as compared with approximately between 0.27% and 12.18% in 2009.

TAX

Tax increased to RMB2,506.6 million in 2010 from RMB1,357.2 million in 2009. The increase in tax was mainly attributable to the increase in the taxable profit of most of the business segments as their operating results were improved, and the increase in land appreciation tax accrued by Forte as a result of higher gross margins of projects booked this year.

CAPITAL EXPENDITURES AND CAPITAL COMMITMENT

The capital expenditures of the Group mainly include the amounts spent on construction of plant, technology upgrade and purchase of machines and equipment, and development of properties for investment. 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. We continued our commitment in property development, but will adjust our strategy according to market conditions. In order to enhance the production capacity of the steel segment and the optimisation of product mix, we have increased the investment in the steel segment. Efforts will also be made in the mining segment with an aim to continuously strengthen our leading role in the industry. The amount of capital expenditure of the Group during the Reporting Period was RMB4,791.9 million.

As at 31 December 2010, the Group's capital commitment contracted but not provided for was RMB4,781.1 million, These were mainly committed for property development, investments and addition of plant and machinery.

INDEBTEDNESS, LIQUIDITY AND GEARING RATIO OF THE GROUP

As at 31 December 2010, the total debt of the Group was RMB43,935.4 million, representing a relatively large increase over RMB28,812.0 million as at 31 December 2009 which was mainly due to the increase in borrowings as a result of business expansion of all segments of the Group, and the increase in percentage of mid-to-long-term debt as far as possible during the debt structure allocation. As at 31 December 2010, mid-to-long-term debt of the Group accounted for 49.8% of total debt, as opposed to 41.7% as at 31 December 2009, representing a more optimised debt structure. As at 31 December 2010, cash and bank balances also increased by 33.8% to RMB21,335.0 million as compared with RMB15,947.6 million as at 31 December 2009. As at 31 December 2010, the ratio of total debt to total capitalisation was 49.4%, which was 44.2% as at 31 December 2009. Following the business expansion of the Group, the gearing ratio recorded reasonable increase while the financing channels were continually broadened.

PLEDGED ASSETS

As at 31 December 2010, the Group had pledged assets of RMB14,548.5 million (31 December 2009: RMB11,297.2 million) for bank borrowings.

CONTINGENT LIABILITIES

Contingent liabilities of the Group were RMB4,113.8 million (31 December 2009: RMB3,659.5 million) which were primarily applied to guarantee the mortgage loans of qualified buyers.

INTEREST COVERAGE

In 2010, earnings before interest expense, tax, depreciation and amortisation ("**EBITDA**") divided by interest expense was 8.0 times as compared with 10.4 times in 2009. Owing to the substantial increase in total debt of the Group in 2010 compared with that in 2009, in addition to the increase in benchmark interest rate, interest expenses increased by 39.2%. Although EBITDA increased by 7.2% over last year, such increase was not enough to offset the impact brought by the increase in interest expenses.

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
REVENUE	3	44,643,702	34,855,818
Cost of sales		(35,277,157)	(29,161,430)
Gross profit		9,366,545	5,694,388
Other income and gains	3	4,304,874	6,492,385
Selling and distribution costs		(1,470,694)	(1,175,543)
Administrative expenses		(2,075,864)	(1,751,807)
Other expenses		(825,750)	(951,951)
Finance costs	4	(1,572,100)	(1,108,335)
Share of profits and losses of:			
Jointly-controlled entities		(23,156)	13,825
Associates		949,437	962,563
PROFIT BEFORE TAX	5	8,653,292	8,175,525
Tax	6	(2,506,590)	(1,357,154)
PROFIT FOR THE YEAR		6,146,702	6,818,371
Attributable to:			
Owners of the parent		4,227,092	4,646,679
Non-controlling interests		1,919,610	2,171,692
		6,146,702	6,818,371
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
- Basic and diluted (RMB)	8	0.66	0.72

Details of the dividends payable and proposed for the year are disclosed in note 7 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2010

	2010 RMB'000	2009 RMB'000
PROFIT FOR THE YEAR	6,146,702	6,818,371
OTHER COMPREHENSIVE INCOME		
Available-for-sale investments:		
Changes in fair value	2,474,233	705,720
Reversal of changes in fair value arising from an available-for-sale investment becoming an associate	(152,931)	-
Reclassification adjustments for gains included in the consolidated income statement - gain on disposal	(7,505)	(52,910)
Income tax effect	(554,046)	(120,851)
	1,759,751	531,959
Share of other comprehensive income of jointly-controlled entities	3,740	2,515
Share of other comprehensive income of associates	297,700	180,255
Reserves released upon disposal of associates	-	(528)
Exchange differences on translation of foreign operations	(132,355)	(149,702)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	1,928,836	564,499
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	8,075,538	7,382,870
Attributable to:		
Owners of the parent	5,797,609	5,065,043
Non-controlling interests	2,277,929	2,317,827
	8,075,538	7,382,870

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2010

	Note	2010 RMB'000	2009 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		20,553,341	17,767,235
Investment properties		2,551,167	2,057,400
Prepaid land lease payments		1,278,066	1,162,655
Exploration and evaluation assets		437,762	420,689
Mining rights		717,680	733,586
Intangible assets		240,978	34,486
Goodwill		376,875	126,929
Investments in jointly-controlled entities		1,070,429	755,823
Investments in associates		15,238,649	9,621,368
Held-to-maturity investments		14,312	79,220
Available-for-sale investments		7,327,045	2,943,458
Properties under development		6,931,439	5,089,455
Due from related companies		413,793	191,905
Loans receivable		1,493,432	220,000
Prepayments		756,748	616,313
Deferred tax assets		1,005,809	793,985
		60,407,525	42,614,507
Non-current asset held for sale		148,049	-
Total non-current assets		60,555,574	42,614,507
CURRENT ASSETS			
Cash and bank balances		21,334,977	15,947,571
Equity investments at fair value through profit or loss		6,478,648	4,922,253
Trade and notes receivables	9	5,496,535	4,768,991
Prepayments, deposits and other receivables		3,990,536	3,293,096
Inventories		6,901,609	5,583,671
Completed properties for sale		2,014,437	1,698,292
Properties under development		9,856,198	6,868,166
Loans receivable		220,000	-
Due from related companies		1,526,292	908,592
		57,819,232	43,990,632
Assets of a disposal group classified as held for sale		-	1,548,894
Total current assets		57,819,232	45,539,526

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		22,026,769	16,792,363
Loans from a related company		26,678	-
Trade and notes payables	10	8,617,385	6,861,967
Accrued liabilities and other payables		12,860,400	10,531,066
Tax payable		2,531,045	1,468,607
Finance lease payables		40,116	-
Derivative financial instruments		84,566	-
Due to the holding company		1,092,250	878,749
Due to related companies		954,385	345,423
		48,233,594	36,878,175
Liabilities directly associated with the assets classified as held for sale		-	997,393
Total current liabilities		48,233,594	37,875,568
NET CURRENT ASSETS		9,585,638	7,663,958
TOTAL ASSETS LESS CURRENT LIABILITIES		70,141,212	50,278,465
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		21,795,074	11,913,006
Loans from related companies		86,887	106,618
Finance lease payables		164,178	-
Deferred income		144,876	82,669
Other long term payables		474,466	561,921
Deferred tax liabilities		2,476,645	1,241,973
Total non-current liabilities		25,142,126	13,906,187
Net assets		44,999,086	36,372,278
EQUITY			
Equity attributable to owners of the parent			
Issued capital		621,497	621,497
Reserves		28,322,703	22,935,553
Proposed final dividend	7	928,936	927,270
		29,873,136	24,484,320
Non-controlling interests		15,125,950	11,887,958
Total equity		44,999,086	36,372,278

1.1 BASIS OF PRESENTATION

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

1.2 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 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments 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*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of Term Loan that Contains a Repayment on Demand Clause*

1.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised), amendments to HKAS 7 and HKAS 17 included in *Improvements to HKFRSs 2009* and HK Interpretation 4 (Revised in December 2009), the adoption of the new and revised HKFRSs have had no significant financial effect on these financial statements.

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

(a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes 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. Consequential amendments were made to various standards, including, but not limited 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 changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

1.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

(b) *Improvements to HKFRSs 2009* issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

- HKAS 17 *Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

  Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases* is revised as a consequence of the amendment to HKAS 17 *Leases* included in *Improvements to HKFRSs 2009*. Following this amendment, the scope of HK Interpretation 4 has been expanded to cover all land leases, including those classified as finance leases. As a result, this interpretation is applicable to all leases of property accounted for in accordance with HKAS 16, HKAS 17 and HKAS 40.

  The Group has reassessed its leases in Mainland China, previously classified as operating leases, upon the adoption of the amendments. The classification of leases in Mainland China remained as operating leases.

1.3 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 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters* [2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets* [4]
HKFRS 9	*Financial Instruments* [5]
HKAS 24 (Revised)	*Related Party Disclosures* [3]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* [1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement* [3]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [2]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

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

1.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs (continued)

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

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

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

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting derecognition and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2013.

Improvements to HKFRSs 2010 issued in May 2010 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 January 2011. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

- HKAS 1 *Presentation of Financial Statements*: Clarifies that an analysis of other comprehensive income for each component of equity can be presented either in the statement of changes in equity or in the notes to the financial statements.

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. 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 and healthcare segment engages in the research and development, manufacturing, sale and trading of pharmaceutical products;

(ii) the property 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 then prevailing market prices.

2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2010

	Pharmaceuticals and healthcare RMB'000	Property RMB'000	Steel RMB'000	Mining RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:							
Sales to external customers	4,459,332	8,846,689	29,652,180	1,685,501	-	-	44,643,702
Inter-segment sales	-	-	-	1,494,670	-	(1,494,670)	-
Other income and gains	576,293	1,318,021	307,938	92,402	1,843,826	(157,678)	3,980,802
Total	5,035,625	10,164,710	29,960,118	3,272,573	1,843,826	(1,652,348)	48,624,504
Segment results	**544,033**	**3,810,568**	**1,326,120**	**1,767,374**	**1,674,503**	**27,199**	**9,149,797**
Interest and dividend income	31,553	51,402	150,799	36,788	125,900	(72,370)	324,072
Unallocated expenses							(174,758)
Finance costs	(162,684)	(302,581)	(775,457)	(32,839)	(298,539)	-	(1,572,100)
Share of profits and losses of							
- Jointly-controlled entities	1,406	(25,775)	1,213	-	-	-	(23,156)
- Associates	553,358	94,519	94,131	75,575	131,854	-	949,437
Profit before tax	967,666	3,628,133	796,806	1,846,898	1,633,718	(45,171)	8,653,292
Tax	(201,607)	(1,724,686)	(115,135)	(350,237)	(134,130)	19,205	(2,506,590)
Profit for the year	766,059	1,903,447	681,671	1,496,661	1,499,588	(25,966)	6,146,702
Segment and total assets	**16,763,998**	**33,520,467**	**37,480,983**	**9,626,350**	**23,386,903**	**(2,403,895)**	**118,374,806**
Segment and total liabilities	**7,426,886**	**24,704,246**	**26,953,370**	**1,733,971**	**14,740,938**	**(2,183,691)**	**73,375,720**
Other segment information:							
Depreciation and amortisation	154,423	26,369	1,437,022	230,555	8,147	-	1,856,516
Impairment loss for non-current assets	81,298	71,483	-	723	-	-	153,504
Provision for impairment of current assets	19,244	-	10,009	23,122	-	-	52,375
Research and development costs	119,861	-	79,026	314	-	-	199,201
Fair value gain on fair value adjustments of investment properties	-	264,578	-	-	-	-	264,578
Fair value gain on equity investments at fair value through profit or loss	46,213	-	-	-	866,707	-	912,920
Investments in jointly-controlled entities	2,143	1,009,073	59,213	-	-	-	1,070,429
Investments in associates	6,057,859	1,780,355	1,900,372	962,511	4,537,552	-	15,238,649
Capital expenditure*	430,946	124,706	3,873,577	322,674	40,043	-	4,791,946

2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2009

	Pharmaceuticals and healthcare RMB'000	Property 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)
Investments 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

2. OPERATING SEGMENT INFORMATION (continued)

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

Geographical information

(a) Revenue from external customers

	2010 RMB'000	2009 RMB'000
Mainland China	44,015,731	34,182,605
Hong Kong	-	160
Other countries	627,971	673,053
	44,643,702	34,855,818

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

(b) Non-current assets

	2010 RMB'000	2009 RMB'000
Mainland China	49,186,718	38,304,622
Hong Kong	1,114,465	81,317
	50,301,183	38,385,939

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% or more of the Group's revenue was derived from sales to a single customer for the years ended 31 December 2010 and 2009.

3. 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:

	2010 RMB'000	2009 RMB'000
Revenue		
Sale of goods:		
Pharmaceutical products	4,455,640	3,760,378
Properties	8,912,367	5,286,497
Iron and steel products	29,712,287	24,707,403
Iron concentrates	1,809,771	1,383,494
	44,890,065	35,137,772
Rendering of services:		
Property agency	234,826	86,209
Property management	53,162	38,645
Rental	153,762	26,529
Construction supervisory	4,071	12,884
Property sales planning and advertising	1,140	6,998
Others	39,877	45,535
	486,838	216,800
Subtotal	45,376,903	35,354,572
Less: Government surcharges	(733,201)	(498,754)
	44,643,702	34,855,818

3. REVENUE, OTHER INCOME AND GAINS (continued)

	2010 RMB'000	2009 RMB'000
Other income		
Interest income	244,513	159,312
Dividends from available-for-sale investments	77,509	109,835
Dividends from equity investments at fair value through profit or loss	5,951	1,414
Gross rental income	46,755	43,960
Sale of scrap materials	16,545	69,994
Government grants	111,414	128,189
Consultancy income	117,444	138,248
Exchange gains, net	116,529	144,437
Others	83,435	88,908
	820,095	884,297
Gains		
Gain on disposal of subsidiaries	964,164	494
Gain on disposal of associates	194,681	640,145
Gain on disposal of partial interests in associates	-	27,096
Gain on deemed disposal of interests in associates	97,849	2,605,609
Gain on disposal of items of property, plant and equipment	6,628	7,390
Gain on disposal of available-for-sale investments	95,890	135,863
Gain on disposal of equity investments at fair value through profit or loss	917,594	42,379
Gain on disposal of non-current assets classified as held for sale	-	18,404
Gain on deemed acquisition of interest in a subsidiary	-	26,446
Gain on acquisition of interests in subsidiaries	-	4,057
Gain on fair value adjustment of investment properties	264,578	85,195
Gain on fair value adjustment of equity investments at fair value through profit or loss	912,920	2,015,010
Gain on settlement of derivative financial instruments	30,475	-
	3,484,779	5,608,088
Other income and gains	4,304,874	6,492,385
Total revenue, other income and gains	48,948,576	41,348,203

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2010 RMB'000	2009 RMB'000
Interest on bank and other borrowings wholly repayable within five years	1,821,138	1,462,897
Interest on bank and other borrowings not wholly repayable within five years	67,739	11,132
Incremental interest on other long term payables	22,891	26,949
	1,911,768	1,500,978
Less: Interest capitalised, in respect of bank and other borrowings	(445,859)	(452,140)
Interest expenses, net	1,465,909	1,048,838
Interest on discounted bills	37,890	32,293
Interest on finance leases	894	-
Bank charges and other financial costs	67,407	27,204
Total finance costs	1,572,100	1,108,335

5. PROFIT BEFORE TAX

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

	2010 RMB'000	2009 RMB'000
Cost of sales	35,277,157	29,161,430
Staff costs (including Directors' emoluments):		
Wages and salaries	1,864,740	1,526,406
Accommodation benefits: Defined contribution fund	111,505	81,022
Retirement costs: Defined contribution fund	342,937	276,866
Total staff costs	2,319,182	1,884,294

5. PROFIT BEFORE TAX (continued)

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

	2010 RMB'000	2009 RMB'000
Research and development costs	199,201	163,914
Auditors' remuneration	14,500	14,480
Depreciation of items of property, plant and equipment	1,734,183	1,806,875
Amortisation of prepaid land lease payments	27,324	20,947
Amortisation of mining rights	89,743	110,573
Amortisation of intangible assets	5,266	9,826
Provision/(reversal) for impairment of receivables	12,655	(539)
Provision for inventories	39,720	54,693
Reversal for impairment of properties under development	-	(19,168)
Provision for impairment of items of property, plant and equipment	6,500	1,043
Provision for impairment of mining rights	-	266,562
Provision for impairment of intangible assets	-	1,094
Provision for impairment of available-for-sale investments	723	167,143
Provision for impairment of goodwill	64,983	3,179
Provision for impairment of non-current assets held for sale	81,298	-
Operating lease rentals	63,590	58,928
Loss on disposal of an investment property	-	790
Loss on disposal of available-for-sale investments	-	2,220
Loss on disposal of non-current assets classified as held for sale	-	1,419
Loss on disposal of items of property, plant and equipment	38,856	12,673
Loss of fair value change on derivative financial instruments	84,566	-
Provision for indemnity of LAT	32,638	10,041
Share-based payment expense	-	16,426

6. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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% (2009: 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 22%.

The major components of tax expenses for the years ended 31 December 2010 and 2009 are as follows:

	2010 RMB'000	2009 RMB'000
Group:		
Current – Hong Kong	47,808	14,829
Current – Mainland China		
- Income tax in Mainland China for the year	1,570,876	719,098
- LAT in Mainland China for the year	708,366	205,422
Deferred tax	179,540	417,805
Tax expenses for the year	2,506,590	1,357,154

7. DIVIDENDS

	2010 RMB'000	2009 RMB'000
Proposed final – HKD0.17 (2009: HKD0.164) per ordinary share	928,936	927,270

The proposed final dividend of HKD0.164 per ordinary share for the year ended 31 December 2009 was declared payable and approved by the shareholders at the annual general meeting of the Company on 22 June 2010.

On 28 March 2011, the Board resolved to propose a final dividend for the year ended 31 December 2010 of HKD0.17 per ordinary share, subject to the approval by the shareholders at the forthcoming annual general meeting of the Company.

8. EARNINGS PER SHARE

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

	Year ended 31 December 2010	2009
Profit attributable to owners of the parent (RMB thousands)	4,227,092	4,646,679
Weighted average number of ordinary shares in issue (thousands)	6,421,595	6,421,595
Earnings per share basic and diluted (RMB)	0.66	0.72

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 (2009: 6,421,595,000) in issue during the year.

Diluted earnings per share amount is equal to basic earnings per share amount for the years ended 31 December 2010 and 2009, as no diluting events existed during these years.

9. TRADE AND NOTES RECEIVABLES

	2010 RMB'000	2009 RMB'000
Trade receivables	1,394,348	1,012,058
Notes receivable	4,102,187	3,756,933
	5,496,535	4,768,991

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

	2010 RMB'000	2009 RMB'000
Outstanding balances with ages:		
Within 90 days	1,064,682	831,628
91 to 180 days	150,930	146,081
181 to 365 days	141,513	36,593
1 to 2 years	40,640	7,271
2 to 3 years	5,796	6,302
Over 3 years	50,613	50,663
	1,454,174	1,078,538
Less: Provision for impairment of trade receivables	(59,826)	(66,480)
	1,394,348	1,012,058

10. TRADE AND NOTES PAYABLES

	2010 RMB'000	2009 RMB'000
Trade payables	4,440,072	3,539,566
Notes payables	4,177,313	3,322,401
	8,617,385	6,861,967

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:

	2010 RMB'000	2009 RMB'000
Outstanding balances with ages:		
Within 90 days	3,262,713	2,523,171
91 to 180 days	460,137	414,585
181 to 365 days	98,504	181,843
1 to 2 years	375,793	345,306
2 to 3 years	143,341	44,360
Over 3 years	99,584	30,301
	4,440,072	3,539,566

11. EVENTS AFTER THE REPORTING PERIOD

(a) According to the announcement dated 20 January 2011 ("Announcement"), the Company will make a voluntary conditional offer to acquire all of the issued H shares ("H Shares") of Forte (other than those already held by the Company and parties acting in concert with it); and subject to the H Share offer becoming unconditional in all respects, the Company will make a voluntary conditional offer to acquire all of the issued domestic shares of Forte ("Domestic Shares") (other than those already held by the Company and parties acting in concert with it, but including the Domestic Shares held by Dahua (Group) Company Limited). The H Share offer will be made on HKD3.50 in cash for each H share. The equivalent in cash in RMB of the offer price of the H Share offer of HK$3.50 per H Share will be made as offer price of the Domestic Share offer .

As at the date of Announcement, the Group held 1,458,963,765 Domestic Shares and 325,710,000 H Shares, representing in aggregate approximately 70.56% of the Forte shares made up of approximately 99.00% of the total issued Domestic Shares and approximately 30.86% of the total issued H Shares.

Based on the offer price of HKD3.50 per H Share and the equivalent in RMB of the offer price of the H Shares for each Domestic Share, and 729,828,122 H Shares and 14,804,300 Domestic Shares in issue (representing the H Shares and Domestic Shares not already held by the Company and parties acting in concert with it, but including the Domestic Shares held by Dahua (Group) Company Limited) as at the date of Announcement, the maximum value of the H Share offer and Domestic Share offer (assuming the H Share offer and Domestic Share offer is accepted in full and there is no change in the share capital of Forte) is approximately HKD 2,554.4 million and RMB43.8 million, respectively.

11. EVENTS AFTER THE REPORTING PERIOD (continued)

(b) On 27 February 2011, Fosun Pharma, a subsidiary of the Company, announced to offer for subscription and apply for listing of its H shares on the Main Board of the Hong Kong Stock Exchange. The total number of H shares to be offered under the proposed global offering will not exceed 20% of Fosun Pharma's total issued shares after the completion of the proposed global offering, with an over-allotment option to issue no more than 15% of the H shares initially available under the proposed global offering.

CORPORATE GOVERNANCE

During the Reporting Period, the Company has applied the principles of and fully complied with all code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange.

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 2010 annual results of the Company.

ANNUAL GENERAL MEETING

The annual general meeting of the Company ("**AGM**") will be held on Thursday, 23 June 2011. The notice of AGM will be published on the websites of the Company (www.fosun-international.com) and the Stock Exchange (www.hkexnews.hk) and despatched to the shareholders of the Company.

DIVIDEND AND CLOSURE OF REGISTER

The Board has recommended the payment of a final dividend of HKD0.17 per ordinary share for the year ended 31 December 2010 to the shareholders of the Company whose names appear on the register of members of the Company on 23 June 2011. Subject to approval by the shareholders of the Company at the AGM to be held on 23 June 2011, the proposed final dividend is expected to be paid on or around 15 July 2011 to the shareholders of the Company.

The register of members of the Company will be closed from Tuesday, 21 June 2011 to Thursday, 23 June 2011, 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 AGM to be held on 23 June 2011, 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 Monday, 20 June 2011.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

FORWARD-LOOKING STATEMENTS

This announcement 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.

Forward-looking statements involve inherent risks and uncertainties. Please note that numerous factors can cause actual results to differ from any business forecasted or implied by the forward-looking statements. Material differences may even exist under certain circumstances.

ANNUAL REPORT

This results announcement is published on the websites of the Company (www.fosun-international.com) and the Stock Exchange (www.hkexnews.hk). The annual report will be dispatched to the shareholders of the Company and published on both websites on or before 30 April 2011.

By Order of the Board
Fosun International Limited
Guo Guangchang
Chairman

Shanghai, the PRC, 28 March 2011

As at the date of this announcement, the executive directors of the Company are Mr. Guo Guangchang, Mr. Liang Xinjun, Mr. Wang Qunbin, Mr. Fan Wei, Mr. Ding Guoqi, Mr. Qin Xuetang and Mr. Wu Ping; the non-executive director is Mr. Liu Benren; and the independent non-executive directors are Dr. Chen Kaixian, Mr. Zhang Shengman and Mr. Andrew Y. Yan.