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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 2011

FINANCIAL SUMMARY

<i>In RMB million</i>	For the year ended 31 December	
	2011	2010
Revenue	56,816.2	44,643.7
Insurance	-	-
Pharmaceuticals and healthcare	6,432.6	4,459.3
Property	9,742.7	8,846.7
Steel	38,224.0	29,652.2
Mining	3,898.7	3,180.2
Retail, services, finance and other investments	-	-
Asset Management	56.2	-
Eliminations	(1,538.0)	(1,494.7)
Profit attributable to owners of the parent	3,403.6	4,227.1
Insurance	-	-
Pharmaceuticals and healthcare	560.3	302.5
Property	1,619.3	1,271.8
Steel	34.3	410.0
Mining	1,119.8	932.1
Asset Management	6.5	(3.0)
Retail, services, finance and other investments	254.7	1,539.8
Unallocated expenses	(316.2)	(174.8)
Eliminations	124.9	(51.3)
Earnings per share (in RMB)	0.53	0.66
Dividend per share (in HKD)	0.157	0.17

CHAIRMAN'S STATEMENT

Dear shareholders,

As at 31 December 2011 (the “**Reporting Period**”), equity attributable to owners of the parent of Fosun International Limited (the “**Company**”) and its subsidiaries (the “**Group**” or “**Fosun**”) reached RMB31,830.2 million, representing an increase of 6.6% over the same period last year, among which RMB18,542.3 million was the book value of shares of listed companies owned by the Group, worth RMB23,951.2 million by attributable market capitalisation on 31 December 2011. The board of directors of the Company (the “**Board**”) proposed to declare and distribute a final dividend of HKD0.157 per ordinary share for the year ended 31 December 2011.

I am writing this statement to deliver two messages to shareholders. First, I want to have a review of our businesses during the past year of 2011, and, second, to share my expectations for the year ahead. In 2011, the global economy encountered a new wave of challenges. The traditional economic powerhouse United States, hit by the downgrading of its sovereign debt rating, experienced a volatile path on the way to recovery. European debt crisis was intensifying. Influenced by the weakness of these two traditional economies, China was constrained by the exports slow-down, investment slow-down, as well as macro control, where enterprises encountered a number of challenges in their operations. In face of the challenging global macroeconomic situation, Fosun overcame difficulties, proactively responded to the challenges and dedicated to management and operations optimisation. We strengthened the business model driven by three growth engines, namely industrial operations, investment and asset management, which propels Fosun steadily towards its vision of becoming “a premium investment group with a focus on China's growth momentum”.

2011 Review

Industrial operations

In 2011, our industrial operations overall delivered a sound performance, realising a profit of RMB3,169.0 million attributable to owners of the parent, representing a year-on-year increase of 18.9%. In 2011, our pharmaceuticals and healthcare and mining businesses both achieved sound results, and the profit attributable to owners of the parent grew by 85.2% and 5.5% on year-on-year basis respectively. China's property market, under the impact of macro control in 2011, was overall sluggish. Shanghai

Forte Land Co., Ltd. (“**Forte**”), our main subsidiary in property business enjoyed a nice carry-over in 2011, thanks to the adoption of the fast turn-over strategy in the last two years when the property market was good, and posted a satisfactory full-year profit attributable to the owners of the parent of RMB1,617.6 million. At the same time, we extended our geographical presence to the second-tier cities in China, focusing on the development of property projects with high price/performance ratio, and performed well in new attributable contract sales of RMB9,417.0 million throughout the year. On top of this, in 2011, we seized the opportunities arising from the adjustment in property market to increase the investment in land by leveraging on the decline in land price and added a new land reserve of 2.7 million sq.m., representing a year-on-year increase of 25.0%. By the end of 2011, our Bund International Finance Center began construction with a smooth progress, and an expected project completion in 2015. As noted, due to the down-turn in the global economy, the austerity measures on the property market in China, the slow-down in the automotive market growth and the decreasing growth rate in fixed assets investment, the demand from major steel consumption industries in China weakened, which resulted in a drop in the growth rate of steel consumption, and revealed the conflicts related to over-capacity in the steel industry. The profitability of the core business in steel enterprises has been retreated to a very low level. According to the statistics of China Iron and Steel Association, the profit margin of the major large and medium-sized steel enterprises was 2.4%, far below the average of 6.5% for the industrial enterprises at a nationwide scale for the same period. Under the negative impacts, Nanjing Iron & Steel Co., Ltd. (“**Nanjing Iron & Steel**”), our subsidiary, posted a weak performance on its overall sales in 2011, even though it achieved breakthrough in the expansion of product types, in particular high value-added steel products, such as the mass production of 9 Ni steel and it maintained high market share in special steel, like oil tanker plate. The net profit for Nanjing Iron & Steel in 2011 decreased significantly over last year, but still maintained certain profitability. According to the statistics of China Iron and Steel Association, the loss-making steel enterprises in 2011 increased to eight, representing 10.4% of the industry players.

Investment

In 2011, the investment profit of the Group was only RMB1,382.9 million, mainly due to the loss on fair value of stock holdings, among which, the Group shared the profit of RMB451.7 million from the strategic associates, representing an increase of 66.1% over the last year. During the Reporting Period, we successfully helped list seven investment projects domestically, increasing the equity value of shareholders by RMB2,275.6 million as at 31 December 2011. As mentioned above, due to market

volatility, some of our secondary-market investments recorded loss on fair value in 2011, which negatively affected the performance of our investment profit. From our point of view as a determined value investor, neither gain nor loss on the fair value of the stock holdings affects our investment strategies, and we took the view of long-term investment, and have made appropriate investment decisions. For example, when Focus Media Holding Limited (“**Focus Media**”), one of our important strategic investments, was attacked by the report of Muddy Waters Research, we increased our position on a basis of rational analysis at an average price of USD17.18, and the share price of Focus Media now has climbed back to USD24.26 as of 29 February 2012. We would rather regard the irrational volatility of the market as an opportunity for value investment. In 2011, we made a series of investments in the shares of Chinese banks that were significantly undervalued in secondary markets.

In 2011, we increased our investment in consumption and consumption upgrade, financial services and manufacturing upgrade. During the Reporting Period, the Group made an aggregate investment of RMB5.6 billion (including capital increase in the existing projects) in 18 new strategic, private equity investment and other projects.

In 2011, the European debt crisis affected negatively on the global economy, however, it brought us opportunities to “combining China’s growth momentum with global resources”. There are certain branded enterprises, which have Europe as their major market, experienced the bottleneck in growing in their local markets, and have relatively lower valuations; on the other hand, the industries in which these enterprises operate have great potential in the People’s Republic of China (the “**PRC**”) market. Adhering to the investment principle of “combining China’s growth momentum with global resources”, Fosun looked global wise to identify the leading enterprises in the industry, who suffered from a stagnant profit growth in the European and U.S. markets, but would have high growth potential in China, and with the plan to enter into China’s market. We took the advantage of Fosun’s solid industrial and channel base in China, helped them achieve fast growth in China, and ultimately enhance its values in the global market. Following the successful investment in Club Méditerranée SA (“**Club Med**”) in 2010, we have also successfully invested in the Folli Follie S.A. (“**Folli Follie**”) in Greece in May 2011, which was also our first investment into the international fashion brand. In 2011, Club Med's global revenue increased by 5.2% with profitability turn-around. Club Med plans to open its second resort hotel in China during 2012, and will have five altogether in China by 2015. In the future, China will become its second largest market in the world just behind France. In 2011, Folli Follie significantly increased the number of stores in China, its global revenue and net profit increased by 5.1% and 4.7% for the first 3 quarters in 2011 respectively. We are

delighted to see that our esteemed investment model achieved positive results, which fills us with confidence in the investments as Club Med and Folli Follie, and in the future, we will speed up into the practice of “combining China’s growth momentum with global resources”, mainly targeting at consumption upgrade, financial services and manufacturing upgrade.

Asset management

In 2011, we made significant efforts to push forward our asset management business. We believe that Fosun’s core capability lies in our investment capability. In recent years, Fosun’s investment capability has been improving. However, with the growing investment scale year by year, the endogenous capital, which we generated mainly through dividends and profit from direct investments in the way before, can no longer meet the need of our investments. We hope that, by developing asset management, we can more efficiently play the Group’s edge in investment capabilities. While making the full use of the current development opportunities to make good investments, we allow our limited partners (the “LPs”) and our shareholders to share the growth of China’s economy, through Fosun’s investment platform. Our investment capabilities were widely recognised by LPs from domestic and overseas. In 2011, we received support from Prudential Financial, Inc. in the United States, who, by way of making capital contribution of USD500 million, has become Fosun’s first international LP. As at the end of 2011, the scale under management of our asset management business amounted to RMB13.26 billion, of which the self capital contribution of asset management segment of the Group reached RMB2.73 billion. The funds under management included two USD-denominated and a number of RMB-denominated funds. During the Reporting Period, our asset management business collected management fee of RMB56.2 million, and shared investment gain of RMB28.2 million. Moreover, we were ranked No. 8 among top 30 private equity investment institutions of China for 2011 by Zero2IPO in our first participation.

The developing insurance business

In 2011, on the back of the existing industrial businesses, we started to make efforts to develop our insurance business. We think that the profit of insurance company derives mainly from the revenue of undertaking and investments. Through years of industrial operations and investment practices, Fosun has been equipped with qualities for optimising operation and industrial leading investment capabilities. We regard insurance business as a good means to connect Fosun’s investment capability to quality long-term capital. In this way, the insurance business will be the business that

we will make efforts to build up in the future. As at the end of the Reporting Period, our insurance business includes the strategic investment in Yong'an Insurance Co., Ltd. ("**Yong'an Insurance**") and Pramerica Fosun Life Insurance Co., Ltd. ("**Pramerica Fosun Life Insurance**") which is in preparation for the setting up, the latter of which has been approved for set up preparation in 2011, as the first joint venture insurance company in China established by a domestic private enterprise with a foreign investor, by China Insurance Regulatory Commission.

Reviewing Fosun's course of development in history, we have been taking investment as the primary driver of growth, and upon investment operations, we have systematically developed a series of core competences, which include the ability to identify opportunity and risk, accessibility to capital markets, management optimisation, as well as the ability to cooperate with prominent entrepreneurs. As shareholders of Fosun, you all see that value of Fosun's headquarters is more than the sum of its assets. Fosun is an innovative investment platform, full of entrepreneur resources and with an established system to support the growth of our assets.

A Value Creating Headquarters of Fosun

I think the value of the Group's headquarters is our unique competitiveness, and is a very good platform and ties of cooperation. The Group created values for the portfolio companies through our systematical management system and resource synergism. The Group helps companies establish goals for development and its growing paths, allocates resources, and guides them to explore chances of globalisation standing on our own global vision. The Group advises the companies on team building, helps them to establish remuneration incentive mechanisms and push forward the implementation of succession plan. The Group helps companies improve their risk management and internal control systems, optimise their process flow and the operating ability in innovation, branding and cost management. We share our investment experience with the companies, so as to extend our investment decisions making capability, and the ability to decide on other key issues, into our companies.

We hold the concept of the "Fosun Family", and make efforts to create synergies across our invested industries, media and distribution resources. Confronting the increasing challenges on investment decision making, in 2011, we established the advisory board for investment decision, with steersmen from renowned domestic and foreign enterprises as members, and we gathered prominent entrepreneurs from domestic and overseas consumption, manufacturing and financing industries, who

provide us with professional advice and recommendations on our investment decisions, which makes it less likely for us to take wrong paths.

Corporate Social Responsibility Raising Fosun Brand Image

This year marks the 20th anniversary of the speech by Deng Xiaoping during his tour in southern China, and is also the 20th anniversary of Fosun. During these 20 years, while pursuing commercial values, Fosun also actively devoted itself to the improvements on the commercial and natural environments of China, provided impetus to the rejuvenation of China's economy and Chinese culture, and made the world feel more about the vitality of China's enterprises and the charisma of Chinese culture. In 2011, we made donation to the rescue forces in Japan's nuclear crisis due to the earthquake, organised the Shining Star project, a large-scale branding activity in the United States, sponsored cultural activities in cooperation with the Musée du Louvre Museum in France, supported the preservation and promotion of Chinese non-material cultural heritage, including Wuju opera and Dongyang wooden sculptures, and provided assistance to Chinese founding entrepreneurs in cooperation with Youth Business China and Alibaba Small Loans Co., Ltd.. In our 20 years of development, Fosun has had a thanks-giving mind, adhered to the core corporate values of "self-improvement, teamwork, performance and contribution to society" and shared our growth and development with employees and society. In 2011, Fosun's major controlling companies and those with investments provided 89,000 jobs, up 16,600 jobs as compared with 2010 with employees' remuneration of over RMB5.0 billion. Our actions were also recognised by the society. In July, the Company ranked No. 81 among Fortune's top 500 enterprises of China. In November, Fosun received the "Entrepreneurs for the World Award" at the World Entrepreneurship Forum in Singapore. In December, Fosun was awarded "2011 China Overall Ranking of Chinese Non-state Owned Enterprise of Corporate Social Responsibility" by the Southern Weekly. In 2011, we truly reveal ourselves on the worldwide stage to share China's growth opportunities with the world, earmarking a momentous step for Fosun's internationalisation of brand building.

Future Prospects

We see that China is migrating into the world's major consumer and capital giant. The consumption of PRC residents grow rapidly with total consumption ranking the third in the world in 2010 and about to surpass Japan to become the global second largest. In 2010, the percentage of consumption to gross domestic product was only 35% in China with a huge room for increment as compared with 71% for the United States.

The transformation of China's economy not only opened up markets for the growth of companies engaged in the consumption business in China, but also opened up markets for the investments in China's consumer industry. On the other hand, in 2011, there were 356 companies launching initial public offerings (“**IPO**”) in the PRC with total financing amounting to approximately USD61.53 billion, accounting for 41.9% of the global listing and 52.1% of the IPO financing in the world. The prosperous capital market of China will also further attract both the domestic and international capital to seek investment opportunities in China. We believe that the growth of China's consumer market will present huge investment opportunities that are driven by capital, and also make it possible for the sustained operation of our investment strategy of “combining China's growth momentum with global resources”.

For our industrial operations, looking at the key industries where we operate, there are both opportunities and challenges. For the pharmaceuticals and healthcare segment, Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (“**Fosun Pharma**”) will continue to strengthen building up its core competitiveness in research and development, marketing, manufacturing and other areas, accelerate the merger and acquisition as well as integration of premium domestic and overseas enterprises engaging in pharmaceutical manufacturing and research and development, continue to explore the opportunities to enter into the healthcare services, further consolidate and enhance its leading position as a pharmaceuticals and healthcare company in China and eventually develop into a globally competitive pharmaceuticals and healthcare company. For the property segment, against the backdrop of the austerity measures in 2011, uncertainties still exist in China's property industry in 2012. We remain optimistic about the long-term development of China's property market. We will continue to improve the business line and geographical structure of Fosun's property business through platforms including Forte, Shanghai Haizhimen Property Investment Management Co., Ltd. (“**Haizhimen**”), Shanghai Resource Property Consultancy Co., Ltd. (“**Resource Property**”), Shanghai Star Equity Investment L.P. (“**Star Capital**”) and others, based on our own advantage, we explore a unique business model of combining the three lines of property, finance and industries, and engage in the development of residence housing and urban complex, as well as the property distribution services. We take the opportunity of macro control on property industry, to seek to expand our land reserve at a reasonable cost, so as to ensure the long-term sustainable growth of Fosun's property business. For the steel segment, Nanjing Iron & Steel has achieved prolific results in the development and sales of high-tech 9 Ni steel products. In the future, it will stick to the principle of technological innovation, develop high value-added new products, and establish the advantage out of products with a leading edge research and development. For the mining segment, Hainan Mining Co., Ltd. (“**Hainan Mining**”)

will press ahead with the construction of the mining of its underground projects, improve the comprehensive use of small mines, have the newly-built processing plant commenced production and maintain long-term stable growth by continued exploring the projects of iron ore acquisitions and mergers in the future. Going through the business individually, our overall industrial operations still have a relatively higher proportion of cyclical businesses. However, as we group them in an effective way, our industrial portfolio has maintained a stable growth in the past 20 years. For example, over the last seven years, the compound annual growth rate of the contribution from this industrial portfolio to our net profits amounted to 27.0%, demonstrating good resilience against cyclicity. Going forward, we strive to maintain a sustainable growth of our industrial portfolio, and at the same time, we will actively explore opportunities to continue to optimise the asset allocation of our industries portfolio, largely increasing the proportion of non-cyclical assets.

For our investment, we think that it is a good time for investment now. In 2012, we will continue to practice the investment strategy of “combining China’s growth momentum with global resources”, seek the projects that meet the investment target characteristics and our values principles, to explore new opportunities. In the meantime, we will continue to drive the business development of the Club Med and Folli Follie in China, to gradually realise the value of our investment.

For our asset management, we will continue to attract quality LPs, and improve services for and management capabilities of LPs, while expanding the scale of our assets under management; our USD-denominated funds will mainly target at overseas long-term capital, including sovereign funds, pension funds and so on. Our RMB-denominated funds, apart from targeting high net worth populations in China, will make efforts to recruit institutional investors and large corporations to become our LPs. At the same time, we will also continue to strengthen the capabilities of our investment teams, enrich fund products, and seize the investment opportunities arising from the consumption upgrade, financial services, resources and energy as well as upgrading in the manufacturing industry associated with the transformation of China’s economy. In addition, for investees, we will manage them systematically through our headquarters platform and improve their profitability. We will actively press ahead with their IPO, grasp appropriate timing of investment and divestment and increase the efficiency on the use of capital.

In 2012, We will speed up the preparatory work for Pramerica Fosun Life Insurance with an aim to commence operation by the year end. Through nurture, we hope the insurance will become one of our principal businesses in the future. On top of this, we

still have to centralise our supreme resources and continue to seek opportunities to increase our investment in the finance sector, including banking, to obtain a higher investment return in tandem with the development trend of China's financial services industry.

We are confident of China's economic outlook and await the economic recovery in the United States and the recuperation in Europe. On the basis of our global perspective, we will duly capture the opportunity to improve the allocation and distribution of global assets in response to the economic development in China and of the world, and to lay a solid foundation for the long-term sustainable development of Fosun. Meanwhile, we must stick to our strategy, stick to our value principles, and create values to the most extent, maximise and realise them through our platform.

I would like to hereby 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.

Guo Guangchang

27 March 2012

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

As at the end of the Reporting Period, equity attributable to owners of the parent of the Group reached RMB31,830.2 million, representing an increase of 6.6% from the end of 2010. Among that equity equivalent to RMB18,542.3 million were investment in listed companies by the Group, and such investment amounted to RMB23,951.2 million measured by attributable market capitalisation. As at the end of the Reporting Period, profit attributable to owners of the parent of the Group for 2011 amounted to RMB3,403.6 million, representing a decrease of 19.5% over the same period of 2010, primarily due to the loss in fair value of certain investments under the influence of depressed global stock markets.

Asset allocation of the Group

During the Reporting Period, in the backdrop of a relatively harsh external macroeconomic environment, the Group stuck to value investment philosophy,

continued to optimise its asset allocation, and stepped up efforts in investment and divestment to build an investment portfolio that will continuously benefit from China's growth momentum. During the Reporting Period, the Group presented insurance segment separately, and increased investments in consumption upgrade, resources and energy, financial services and manufacturing upgrade.

Asset Allocation

Unit: RMB million

Segment	Total assets in 2011 (as at 31 December 2011)	Total assets in 2010 (as at 31 December 2010)	Change over the same period last year
Insurance	608.1	608.1	—
Pharmaceuticals and healthcare	22,103.1	16,664.4	+32.6%
Property	49,442.8	38,227.3	+29.3%
Steel	35,742.4	37,269.3	-4.1%
Mining	10,691.7	8,501.4	+25.8%
Retail, services, finance and other investments	24,245.8	18,862.2	+28.5%
Asset management	12,296.5	646.0	+1,803.5%
Eliminations	(17,592.8)	(2,403.9)	
Total	137,537.6	118,374.8	+16.2%

Business review and analysis by segment

INSURANCE

In 2011, on top of its existing business, the Group actively developed insurance business. The Group thinks that the profit of insurance company derives mainly from the revenue of undertaking and investments. Through years of industrial operations and investment practices, Fosun has been equipped with qualities for optimising operation and industrial leading investment capabilities. The Group considers that insurance business is an excellent channel for its linking long-term quality capital with investment capacity. As such, insurance will be a key business the group strives to develop in the future.

The Group's insurance segment mainly includes Yong'an Insurance and Pramerica Fosun Life Insurance (under establishment). During the Reporting Period, Yong'an Insurance maintained the good growth rate of the previous year. As at the end of the Reporting Period, Yong'an Insurance's operating revenue and total assets were

RMB6,545 million and RMB10,032 million, representing an increase of 12.9% and 19.0% respectively over 2010; net profit was RMB284 million, representing a decrease of 2.1% compared with the same period of 2010; total underwriting profit was RMB44 million; representing an increase of 1,417.2% compared with the same period of 2010. In August 2011, the establishment of a life insurance joint venture with the Prudential Financial Group of the United States was approved by the China Insurance Regulatory Commission. Pramerica Fosun Life Insurance is the first joint venture insurance company in China established by a domestic private enterprise with a foreign investor. It will start with a planned initial registered capital of RMB500 million and headquartered in Shanghai. Its principal business will include the provision of life insurance, health insurance, accident insurance and all other kinds of personal insurance and annuity products approved by China Insurance Regulatory Commission and related services to individual and group customers in China.

PHARMACEUTICALS AND HEALTHCARE

The Group's pharmaceuticals and healthcare segment mainly includes its subsidiary, Fosun Pharma. During the Reporting Period, Fosun Pharma continuously enhanced competitiveness of its core businesses and profitability through organic growth and external expansion, achieved important breakthrough in international cooperation, and entered into the premium and specialised healthcare services industry through strategic planning. For drug manufacturing business, various drugs from Fosun Pharma for the treatment of diseases in respect of metabolism, digestive tract, cardiovascular system, central nervous system and anti-infection maintained leading positions in their respective domestic markets.

During the Reporting Period, net profit from its core subsidiaries, such as Chongqing Yaoyou Pharmaceuticals Co., Ltd. and Jiangsu Wanbang Biopharmaceutical Company Limited achieved rapid growth and Fosun Pharma completed the acquisition of controlling stake in Dalian Aleph Biomedical Co., Ltd. and Jinzhou Ahon Pharmaceutical Co., Ltd., which further improved and upgraded its drug portfolio. Moreover, Fosun Pharma established a joint venture with Lonza Group of Switzerland for the collaborated development of drugs in urgent need from China's market, with high technological barriers to enter, which will further enhance the competitiveness of Fosun Pharma's drug manufacturing business. In the field of premium and specialised healthcare services sector of huge potential, Fosun Pharma based on its continued close cooperation with Chindex International Inc. actively explored its unique business model for healthcare services with its own characteristics, and invested in Anhui Jimin Cancer Hospital and Yueyang Guangji Hospital. During the Reporting Period, Sinopharm Group Co., Ltd. ("**Sinopharm**"), the main associate of Fosun Pharma has

maintained its leading position in China’s pharmaceutical distribution market, with sales revenue exceeding RMB100 billion for the first time and maintained No. 1 position in terms of market share for eight consecutive years.

Meanwhile, during the Reporting Period, Fosun Pharma had announced and actively pursued its plan of issuing overseas listed foreign shares (H shares). The proposed H-share offering would be expected to allow Fosun Pharma to boost the development of its drug manufacturing business, strengthen research and development (“R&D”) platforms, expand the merger and acquisitions towards both domestic and foreign pharmaceutical firms, so as to further strengthen its leading status in China’s pharmaceuticals and healthcare industry, and make it a globally competitive pharmaceutical enterprise.

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

Unit: RMB million

	2011	2010	Change over the same period last year
Revenue	6,432.6	4,459.3	+44.3%
Profit attributable to owners of the parent	560.3	302.5	+85.2%

During the Reporting Period, the increase in revenue from the pharmaceuticals and healthcare segment reflects the rapid development of Fosun Pharma’s business in areas such as pharmaceuticals R&D, industrial manufacturing, commercial wholesale and retail and investment. The increase in profit attributable to owners of the parent mainly included the steady increase in profit from various business of Fosun Pharma, as well as the gain on deemed disposal of equity interests in Sinopharm as a result of the completion of additional shares issuance on 4 May 2011.

PROPERTY

The Group’s property segment mainly includes its subsidiaries, Forte and Resource Property and associate, Haizhimen. During the Reporting Period, the macro regulation policy in respect of the property sector was increasingly tightened. The Group boosted its sale effort in second-tier cities such as Wuhan, Changchun, Chongqing and Chengdu basing on reasonable pricing, maintained flexible investment and sales strategies, focused on real estate projects that are highly cost effective, took the right pace in investment and land reserve, and basically achieved the sales target for the year. The Group’s project of the Bund International Finance Center has officially

commenced construction in late 2011 with smooth progress. It is expected that the project will be completed in 2015.

During the Reporting Period, the Group successfully completed the general offer to Forte's shareholders and Forte was delisted from The Hong Kong Stock Exchange Limited (the "**Hong Kong Stock Exchange**"). After delisting, Forte remains an important part of the Group's property segment. Through platforms including Forte, Haizhimen, Resource Property, Star Capital and others, based on our own advantage and in addition to residential property development, the Group explores an unique business model of combining the three lines of property, finance and industry, and for development of products including landmark complex and property distribution and services, and gradually build up the product lines of commercial/tourism/culture properties, senior housing, tourism properties, etc.. Meanwhile, the Group strives to enhance interior cooperation by the Group's overall strategic planning and professional division, in order to make the property segment of the Group become a large scale property group in China with the most comprehensive industrial chain.

During the Reporting Period, total attributable contractual sales gross floor area (the "**GFA**") and sales revenue completed by the Group were approximately 927,972 sq.m. and RMB9,417 million, respectively (including projects of joint venture companies and associates in which the Group has equity interests, excluding the development projects of Shanghai Zendai Property Limited, an associate of Forte), representing a decrease of 13.3% and of 31.8% respectively as compared on the same basis with the same period of 2010 (2010: total attributable contractual sales GFA and sales revenue were approximately 1,070,389 sq.m. and RMB13,810 million respectively, which did not include the disposal of the equity interest of Tianjin Forte Puhe Development Co., Ltd. in 2010). During the Reporting Period, the Group's attributable GFA under development amounted to 4,622,738 sq.m., representing an increase of 26 % compared with the same period of 2010; attributable GFA of newly commenced projects amounted to 1,859,640 sq.m., representing an increase of 14.1% compared with the same period of 2010; and attributable GFA of completed projects was 1,292,803 sq.m., representing an increase of 34 %, compared with the same period of in 2010.

As at the end of the Reporting Period, the Group had attributable GFA of 12,463,692 sq.m. for pipeline projects in 17 first, second and third tier provinces and cities including Shanghai, Hainan, Tianjin, Nanjing, Chongqing, Wuhan, Wuxi, Hangzhou, Xi'an, Changchun, Chengdu, Taiyuan, Changsha, Datong, Harbin, Nantong and Dalian among which 3,415,865 sq.m. of GFA were newly added as project reserve during the Reporting Period.

Property project reserves of the Group by city (as at 31 December 2011)

Region	Total GFA (sq.m)	Attributable GFA (sq.m)
Shanghai	2,568,577	1,669,965
Nanjing	1,856,869	1,169,849
Wuxi	671,022	440,121
Wuhan	1,046,000	732,200
Changsha	290,900	290,900
Chongqing	1,726,850	1,119,736
Chengdu	2,625,659	1,276,942
Tianjin	1,019,638	924,157
Xi'an	2,358,054	1,179,027
Changchun	488,511	488,511
Hangzhou	1,353,289	847,976
Hainan	174,187	52,256
Taiyuan	581,000	464,800
Datong	724,564	724,564
Dalian	765,452	491,865
Nantong	429,010	122,337
Harbin	1,785,737	468,486
Total	20,465,319	12,463,692

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

Unit: RMB million

	2011	2010	Change over the same period last year
Revenue	9,742.7	8,846.7	+10.1%
Profit attributable to owners of the parent	1,619.3	1,271.8	+27.3%

During the Reporting Period, the increase in revenue and profit attributable to owners of the parent of property segment was mainly due to the increase in the sales area of Forte's property under development comparing with last year.

STEEL

The Group's steel segment mainly includes its subsidiary Nanjing Iron & Steel and its associate Tianjin Jianlong Iron & Steel Industrial Co., Ltd. ("**Jianlong Group**"). During the Reporting Period, attributed to the reason of depression in global macro-economic situation, macro-control on China property business, and slowdown in increase of vehicle market and fixed asset investment, the demand from industries which are main steel users was weakened as well as the growth of steel consumption was slowed down. This revealed the conflicts related to overcapacity in the steel industry, with the core profitability of steel enterprises remained at a very low level. Furthermore, the price of upstream raw materials of the steel industry remained at a high level, leading to the increase in production cost of Nanjing Iron & Steel. During the Reporting Period, facing the dual pressure from high material prices and depressed steel prices, Nanjing Iron & Steel further enhanced innovation in product development and marketing, production volume of high value added product of steel pipes amounted to 460.7 thousand tonnes, representing an increase of 47.71% as compared to 2010. Large-scale production was implemented for 9 Ni steel. Its market share of steel plates for oil tank was 42%, maintaining its leading position in China, while the market share of T91 alloy steel billet was over 50%, which ranked among the top players. Nevertheless, the overall operation performance as at the end of 2011 showed a weak state.

Main products of Nanjing Iron & Steel	Sales ('000 tonnes)	Market share
	2011	2011
Medium and heavy plates	357.56	5.33%
High strength ship plates	72.39	9.44%
Boiler and pressure vessel plates	30.09	10.10%
Bridge plates	9.51	11.27%
Pipeline steel plates (straight seam)	46.07	29.30%
Bearing steel	25.14	8.42%

Nanjing Iron & Steel also made an equity investment in All Wealthy Capital Ltd. and entered into a supplier contract of iron ores with it. During the Reporting Period, Jianlong Group overcame the impact of a highly volatile raw material market, actively explored the potential in coal and ore blending and comprehensive energy utilisation, and tapping potential and enhancing efficiency with technological innovation. It also extended its industrial chain and focused on R&D advanced product to enhance competitiveness.

Principal operating data of the subsidiary and major associate:

	Nanjing Iron & Steel	Jianlong Group
Output of crude steel in 2011 ('000 tonnes)	764.5	1,235.7
Output of crude steel in 2010 ('000 tonnes)	677.1	885.6
Change over the same period last year	12.9%	39.5%

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

Unit: RMB million

	2011	2010	Change over the same period last year
Revenue	38,224.0	29,652.2	+28.9%
Profit attributable to owners of the parent	34.3	410.0	-91.6%

The increase of revenue of the steel segment was primarily due to the increase in both sales volume and average selling prices of steel products comparing with last year. However, the rise in average price of upstream raw materials comparing with last year far exceeded the rise in average selling prices of steel products, leading to the decrease in gross and net profit of the steel segment.

MINING

The Group's mining segment mainly includes its subsidiary, Hainan Mining and Anhui Jin'an Mining Co. Ltd. ("**Jin'an Mining**") and associates Beijing Huaxia Jianlong Mining Technology Co., Ltd. ("**Huaxia Mining**"), Shanxi Coking Coal Group Wulin Coal Coke Development Co., Ltd. ("**Shanjiaowulin**"). In addition, the Group also holds equity interest in Zhaojin Mining Industry Co., Ltd. ("**Zhaojin Mining**"). During the Reporting Period, the production and sales of Hainan Mining continued to grow, achieving total sales of iron ore products of 3.67 million tonnes, representing an increase of 8.1% as compared with the same period last year. During the Reporting Period, the Group announced its proposed spin-off and separate listing of Hainan Mining independently on the main board of the Shanghai Stock Exchange. The Group will actively pursue such proposal and encourage Hainan Mining to continue its expansion by merger and acquisition.

Principal operating data of major subsidiaries, associates and other investment (as at 31 December 2011):

	Main product	Output in 2011 (’000 tonnes unless otherwise stated)	Change over the same period last year	Reserve volume
Hainan Mining	iron ore	3,761.58	13.03%	253 million tonnes of iron ore ^(note)
Jin’an Mining	iron concentrate	1,000.96	14.26%	80.74 million tonnes of iron ore
Huaxia Mining	iron concentrate	2,552.02	13.39%	1.8 billion tonnes of iron ore
Shanjiaowulin	coking coal	811.10	21.00%	810 million tonnes of prime coking coal, fat coal
Zhaojin Mining	gold production (own mines) (tonne)	15.90	15.60%	Gold resource volume 558 tonnes under the JORC standard

Note: as at 31 December 2010

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

Unit: RMB million

	2011	2010	Change over the same period last year
Revenue	3,898.7	3,180.2	+22.6%
Profit attributable to owners of the parent	1,119.8	932.1	+20.1%

During the Report Period, the increase in revenue and profit attributable to owners of the parent of the mining segment were mainly attributable to the sustaining high price of iron ore, as well as the flexible sales strategy and outstanding operating efficiency against sale increase of the operating enterprises.

RETAIL, SERVICES, FINANCE AND OTHER INVESTMENTS

The Group adheres to the philosophy of value investment, and participates in the rapid development of industries such as retail, services and finance industries benefiting from China’s growth momentum. During 2011, while the European debt crisis has affected the global economy, it also gave rise to opportunities for us to “combining China’s growth momentum with global resources”. Certain brand enterprises which mainly focused in the European market were confronted with bottleneck in growth. Their valuation are relatively low at the moment but some of them are in industries which have great potential in the China market. The Group sticks to its investment model of “combining China’s growth momentum with global resources” and seeks industry leaders that have stagnant profit growth in the Europe and the United States markets but would enjoy a rapid development in China. Among such companies, for

those with the intention to enter the China market, the Group will leverage on its solid industrial and network to assist them to grow in China and raise their global value.

Yuyuan

Shanghai Yuyuan Tourist Co., Ltd. (“**Yuyuan**”) is an associate of the Group. Yuyuan is mainly engaged in retail and gold and jewellery retail and wholesale and it holds part of the stakes in Zhaojin Mining. During the Reporting Period, Yuyuan’s operational revenue in the first three quarters of 2011 was RMB13.45 billion representing a growth of 50.3% over the same period last year, with net profit of RMB700 million. Yuyuan maintained sound sales of gold, with the sales revenue of Shanghai Laomiao Gold Co., Ltd. in 2011 exceeded RMB10 billion for the first time, and the growth of sales revenue of Shanghai First Asia Jewelry Co., Ltd. exceeded 60%. Moreover, Yuyuan continued to expand the nationwide sales network of gold and jewellery with its sales network covering 28 provincial regions as at the end of the Reporting Period. On the other hand, Yuyuan continued to benefit from the growth of the net profit shared from Zhaojin Mining which was brought by the upswing in gold price.

Focus Media

Focus Media is an important investment of the Group in the culture and media industry. The total net operating revenue for the year 2011 was USD790 million. Focus Media has recorded a growth of 54% over the same period last year. According to the financial statements prepared in accordance with US GAAP, the net profit of Focus Media for the year 2011 was USD200 million. In addition, when Focus Media was first doubted by Muddy Waters Research, a short selling organisation, at the end of November 2011, the Group as an active shareholder, assisted in dealing with the situation and increased its shareholding through the market so as to show its support to Focus Media and its management team.

Club Med

Club Med is an important attempt of the Group in “combining China’s growth momentum with global resources” investment model in 2010. During the Reporting Period, the Group continued to increase its shareholdings by way of investment in public market. Club Med achieved remarkable results in the Reporting Period, the business results of its headquarters grew in spite of the downward trend in the turbulent period of Europe’s economy in which the operating profit increased by 42% over the previous fiscal year, and achieved a turnaround to record a net profit. Especially after the Group investing in Club Med and reaching strategic cooperation, Club Med’s development strategy in China has obtained significant result. The mutual cooperative relationship was reinforced and the synergies of the resources of both

parties have been surfaced gradually. There was a 40% year-on-year growth in customers from China. Meanwhile, with the proactive assistance of the Group, the construction of the second resort of Club Med in China is expected to be completed in Guilin and will commence to operate by the summer of 2012. Club Med will have five resorts altogether in China by 2015 and China will be its second largest market after France in the world.

Folli Follie

During the Reporting Period, the Group continued to focus on value and identified global investment opportunities which can benefit from growth in China's domestic consumption. Following its investment in the Club Med, the Group invested in Folli Follie, the globally renowned fashion retail group in May 2011, which was a new strategic investment of the Group. Subsequent to the establishment of this strategic partnership, Folli Follie recorded net profit growth of 4.7% for the first three quarters of 2011 compared with the same period last year. Being affected by the debt crisis in Greece and Europe, there was a substantial plunge in the stock price of Folli Follie during the Reporting Period. The Group and the relevant enterprise seized the opportunity to hold 13.85% shareholding in Folli Follie by participating in its placement and investment in public market. The Group is positive about the brand value of the renowned fashion brands that Folli Follie owns, like Folli Follie and Links of London and its development strategy in the greater China region. In future, the Group will leverage its solid industrial foundation and channels and resources in China to assist Folli Follie's development strategy in China so as to achieve mutual beneficial and win-win results.

Minsheng Bank

China Minsheng Banking Corp., Ltd. ("**Minsheng Bank**") is an important investment of the Group in the financial service sector. During the Reporting Period, the commercial loan business of Minsheng Bank kept rapid development, its non-performing loan ratio maintained stable and net interest margin continued to expand. During the Reporting Period, due to the improved interest margin, the operational revenue of Minsheng Bank for the year 2011 was RMB82,368 million, representing a growth of 50.4% over the same period last year. The net profit of Minsheng Bank for the year 2011 was RMB27,920 million, representing a growth of 58.7% over the same period last year.

The Group also invested in a series of enterprises benefiting from China's growth momentum, which mainly include investment in consumption upgrade, financial services, resources and energy, and manufacturing upgrade sectors, etc.. The Group

had 18 new investment projects through public or private markets, and increased capital in 13 projects out of original investment projects with an aggregate investment of RMB5,597.3 million. During 2011, the Group disposed of 6,516,310 American Depository Shares in Focus Media at a relatively high price. Through the two disposals in 2010 and 2011, the Group has recovered all investment in Focus Media and realised a portion of profit.

During the Reporting Period, the profit attributable to owners of the parent of the Group generated from retail, services, finance and other investments was RMB254.7 million, which mainly included the share of net profit from the associates of RMB262.8 million; the recognised investment gains generated from the disposal of part of the equity interests in the listed investment projects of RMB1,029.4 million with a loss on fair value of certain equity investments held by the Group of RMB740.8 million. As mainly affected by the loss in fair value of stock in 2011, the net profit attributable to owners of the parent of this segment has decreased by 83.5% over 2010.

Meanwhile, the Group actively fostered the listing of the invested enterprises under the background of rapid development of China's capital market. During the Reporting Period, seven investment projects of the Group had completed IPO and been listed on the Small and Medium Enterprise Board and ChiNext of the Shenzhen Stock Exchange and the Main Board of the Shanghai Stock Exchange successfully, multiple of invested capital was 3.7 times based on the market capitalisation as at 31 December 2011. Besides, two additional IPO projects have received approval from the Public Offering Review Committee of the China Security Regulatory Commission. During the Reporting Period, the Group retrieved cash amounted to RMB1,053.7 million through disposal in secondary markets.

ASSET MANAGEMENT

As investment capacity of the Group unremittingly improved by reason of its systematic development, its scale of investment has been increasing year after year, and the funds mainly generated internally from dividends of the investees cannot meet our investment needs. During the reporting period, the Group advanced the third-party asset management business to a great extent, with the aim of giving full play to the advantage of the Group's investment capacity. By strategic partnerships, the Group upheld the investment philosophy of "combining China's growth momentum with global resources" in its asset management business so as to create excellent returns for LPs. As the assets under management of the Group expanded, it will provide the Group with long term growth of management fee revenue and share of investment gains. The asset management business of the Group mainly faced domestic and

international high-end large institutional clients and individual clients. In 2011, Prudential Financial Group committed to contribute USD500 million and became the first international LP of the Group. As at the end of the Reporting Period, the Group managed two US dollar funds which are Pramerica-Fosun China Opportunity Fund, L.P. and Carlyle-Fosun Shanghai Equity Investment Fund, respectively and several RMB funds which include Shanghai Fosun Capital Equity Investment Fund L.P., Fosun Chuanghong Equity Investment Fund L.P., Star Capital, and several real estate funds of Forte, etc. The US dollar funds will mainly focus on long-term overseas capital, including sovereign funds, pension funds, etc., whereas RMB funds will cater for domestic high net worth individuals and actively seek institutional investors and large enterprises to become LPs of the Group. As at the end of the Reporting Period, the scale under management of the asset management business of the Group reached RMB13.26 billion, among which the self capital contribution of asset management segment of the Group amounted to RMB2.73 billion, the revenue from the management fee of asset management business amounted to RMB56.2 million, shares in the investment return realised was RMB28.2 million. In addition, the asset management business of the Group invested in 15 projects with an accumulated total investment of RMB5.16 billion.

Fund	Size of fund (Unit: RMB million)	Time of establishment
Shanghai Fosun Capital Equity Investment Fund L.P.	15.3	2011
Fosun Chuanghong Equity Investment Fund L.P.	15.1	2011
Prameria-Fosun China Opportunity Fund, L.P.	37.8	2011
Carlyle-Fosun Shanghai Equity Investment Fund	6.3	2010
Star Capital	36.8	2011
Real estate funds of Forte etc.	21.3	2011

FINANCIAL REVIEW

INTEREST EXPENSES

Interest expenses net of capitalised amounts of the Group increased to RMB2,328.7 million in 2011 from RMB1,504.7 million in 2010. The increase in interest expenses was mainly attributable to the growth in scale of the total borrowings. The interest rates of borrowings in 2011 were approximately between 1% and 12.18%, as compared with approximately between 0.22% and 12.18% in 2010.

TAX

Tax decreased to RMB1,818.4 million in 2011 from RMB2,506.6 million in 2010. The decrease in tax was mainly resulted from the decrease in taxable profit from the steel segment and the retail, services, finance and other investments segment.

CAPITAL EXPENDITURES

The capital expenditures of the Group mainly include the amounts spent on construction of plant, upgrade and addition of machineries and equipment, and increase in intangible assets and rights. We have been increasing 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 RMB3,006.6 million.

INDEBTEDNESS AND LIQUIDITY OF THE GROUP

As at 31 December 2011, the total debt of the Group was RMB54,057.5 million, representing a relatively large increase over RMB43,935.4 million as at 31 December 2010 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 2011, mid-to-long-term debt of the Group accounted for 56.2% of total debt, as opposed to 49.6% as at 31 December 2010, representing a more optimised debt structure. As at 31 December 2011, cash and bank balances decreased by 21.4% to RMB16,777.8 million as compared with RMB21,335.0 million as at 31 December 2010.

PLEDGED ASSETS

As at 31 December 2011, the Group had pledged assets of RMB17,004.0 million (31 December 2010: RMB14,548.5 million) for bank borrowings.

CONTINGENT LIABILITIES

As at 31 December 2011, contingent liabilities of the Group were RMB3,591.6 million (31 December 2010: RMB4,113.8 million) which were primarily applied to guarantee the mortgage loans of qualified buyers.

INTEREST COVERAGE

In 2011, EBITDA divided by interest expense was 4.9 times as compared with 8.0 times in 2010. Owing to the substantial increase in total debt of the Group in 2011 compared with that in 2010, in addition to the increase in prevailing benchmark interest rate, interest expenses increased by 54.8%.

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
REVENUE	3	56,816,215	44,643,702
Cost of sales		<u>(46,249,903)</u>	<u>(35,277,157)</u>
Gross profit		10,566,312	9,366,545
Other income and gains	3	4,111,783	4,304,874
Selling and distribution costs		(2,122,999)	(1,470,694)
Administrative expenses		(2,871,202)	(2,075,864)
Other expenses		(1,989,955)	(825,750)
Finance costs	4	(2,381,748)	(1,572,100)
Share of profits and losses of:			
Jointly-controlled entities		32,076	(23,156)
Associates		<u>1,538,827</u>	<u>949,437</u>
PROFIT BEFORE TAX	5	6,883,094	8,653,292
Tax	6	<u>(1,818,370)</u>	<u>(2,506,590)</u>
PROFIT FOR THE YEAR		<u>5,064,724</u>	<u>6,146,702</u>
Attributable to:			
Owners of the parent		3,403,605	4,227,092
Non-controlling interests		<u>1,661,119</u>	<u>1,919,610</u>
		<u>5,064,724</u>	<u>6,146,702</u>
EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY			
EQUITY HOLDERS OF			
THE PARENT			
- Basic and diluted (RMB)	8	<u>0.53</u>	<u>0.66</u>

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2011

	2011 RMB'000	2010 RMB'000
PROFIT FOR THE YEAR	<u>5,064,724</u>	<u>6,146,702</u>
OTHER COMPREHENSIVE INCOME		
Available-for-sale investments:		
Changes in fair value	569,121	2,474,233
Reversal of changes in fair value arising from an available-for-sale investment becoming an associate	(58,283)	(152,931)
Reclassification adjustments for gains included in the consolidated income statement - gain on disposal	(835,022)	(7,505)
Income tax effect	<u>(241,808)</u>	<u>(554,046)</u>
	(565,992)	1,759,751
Share of other comprehensive income of jointly-controlled entities	(2,514)	3,740
Share of other comprehensive income of associates	(231,297)	297,700
Exchange differences on translation of foreign operations	<u>(129,948)</u>	<u>(132,355)</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	<u>(929,751)</u>	<u>1,928,836</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>4,134,973</u>	<u>8,075,538</u>
Attributable to:		
Owners of the parent	2,285,644	5,797,609
Non-controlling interests	<u>1,849,329</u>	<u>2,277,929</u>
	<u>4,134,973</u>	<u>8,075,538</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2011

	Note	2011 RMB'000	2010 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		21,513,247	20,553,341
Investment properties		3,026,000	2,551,167
Prepaid land lease payments		1,405,937	1,278,066
Exploration and evaluation assets		456,722	437,762
Mining rights		421,589	717,680
Intangible assets		1,248,872	240,978
Goodwill		1,659,425	376,875
Investments in jointly-controlled entities		1,409,737	1,070,429
Investments in associates		17,275,611	15,238,649
Held-to-maturity investments		-	14,312
Available-for-sale investments		8,437,265	7,327,045
Properties under development		6,885,559	6,931,439
Due from related companies		448,642	413,793
Loans receivables		2,234,432	1,493,432
Prepayments		676,313	756,748
Deferred tax assets		<u>1,521,131</u>	<u>1,005,809</u>
		68,620,482	60,407,525
Non-current asset held for sale		<u>-</u>	<u>148,049</u>
Total non-current assets		<u>68,620,482</u>	<u>60,555,574</u>
CURRENT ASSETS			
Cash and bank balances		16,777,753	21,334,977
Equity investments at fair value through profit or loss		7,406,727	6,478,648
Trade and notes receivables	9	6,506,112	5,496,535
Prepayments, deposits and other receivables		3,853,964	3,990,536
Inventories		7,119,548	6,901,609
Completed properties for sale		2,583,146	2,014,437
Properties under development		22,428,345	9,856,198
Loans receivables		132,250	220,000
Due from related companies		<u>1,856,159</u>	<u>1,526,292</u>
		68,664,004	57,819,232
Assets of a disposal group classified as held for sale		<u>253,132</u>	<u>-</u>
Total current assets		<u>68,917,136</u>	<u>57,819,232</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		23,532,459	22,026,769
Loans from related companies		167,830	26,678
Trade and notes payables	10	11,330,982	8,617,385
Accrued liabilities and other payables		13,035,226	12,860,400
Tax payable		2,737,186	2,531,045
Finance lease payables		43,966	40,116
Derivative financial instruments		9,228	84,566
Due to the holding company		1,431,144	1,092,250
Due to related companies		<u>1,914,420</u>	<u>954,385</u>
		54,202,441	48,233,594
Liabilities directly associated with the assets classified as held for sale		<u>57,048</u>	<u>-</u>
Total current liabilities		<u>54,259,489</u>	<u>48,233,594</u>
NET CURRENT ASSETS		<u>14,657,647</u>	<u>9,585,638</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>83,278,129</u>	<u>70,141,212</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		30,357,179	21,795,074
Loans from a related company		-	86,887
Finance lease payables		119,998	164,178
Deferred income		213,060	144,876
Due to related companies		824,137	-
Other long term payables		334,864	474,466
Deferred tax liabilities		<u>2,942,737</u>	<u>2,476,645</u>
Total non-current liabilities		<u>34,791,975</u>	<u>25,142,126</u>
Net assets		<u>48,486,154</u>	<u>44,999,086</u>
EQUITY			
Equity attributable to owners of the parent			
Issued capital		621,497	621,497
Reserves		30,391,347	28,322,703
Proposed final dividend	7	<u>817,340</u>	<u>928,936</u>
		31,830,184	29,873,136
Non-controlling interests		<u>16,655,970</u>	<u>15,125,950</u>
Total equity		<u>48,486,154</u>	<u>44,999,086</u>

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 Amendment	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters</i>
HKAS 24 (Revised)	<i>Related Party Disclosures</i>
HKAS 32 Amendment	Amendment to HKAS 32 <i>Financial Instruments: Presentation – Classification of Rights Issues</i>
HK (IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 <i>Prepayments of a Minimum Funding Requirement</i>
HK(IFRIC)-Int 19 <i>Improvements to HKFRSs 2010</i>	<i>Extinguishing Financial Liabilities with Equity Instruments</i> Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, 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) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

1.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. 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 has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- *HKFRS 3 Business Combinations*: The amendment clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- *HKAS 1 Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.
- *HKAS 27 Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

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 Amendments	Amendment to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i> ¹
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Transfers of Financial Assets</i> ¹
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i> ⁴
HKFRS 9	<i>Financial Instruments</i> ⁶
HKFRS 10	<i>Consolidated Financial Statements</i> ⁴
HKFRS 11	<i>Joint Arrangements</i> ⁴
HKFRS 12	<i>Disclosure of Interests in Other Entities</i> ⁴
HKFRS 13	<i>Fair Value Measurement</i> ⁴
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i> ³
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes – Deferred Tax: Recovery of Underlying Assets</i> ²
HKAS 19 (2011)	<i>Employee Benefits</i> ⁴
HKAS 27 (2011)	<i>Separate Financial Statements</i> ⁴
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i> ⁴
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> ⁵
HK(IFRIC)-Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i> ⁴

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2013

⁵ Effective for annual periods beginning on or after 1 January 2014

⁶ Effective for annual periods beginning on or after 1 January 2015

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.

1.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs (continued)

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

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2015.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in HK(SIC)-Int 12.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

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

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12 and the consequential amendments to HKAS 27 and HKAS 28 from 1 January 2013.

1.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs (continued)

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

Amendments to HKAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items which will never be reclassified. The Group expects to adopt the amendments from 1 January 2013.

HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value. The amendments introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes - Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. The Group expects to adopt HKAS 12 Amendments from 1 January 2012.

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

2. OPERATING SEGMENT INFORMATION

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

- (i) the pharmaceuticals and healthcare segment engages in the research and development, manufacturing, sale and trading of pharmaceutical and healthcare 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;
- (v) the asset management segment engages in the asset management business through the platform such as corporation funds, partnership funds and trusts;
- (vi) the insurance segment engages in the operation and investment in insurance business; and
- (vii) the retail, services, finance and other investments segment comprises, principally, the management of investments in retail, service, finance and other business investments.

Management monitors the results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. For the year ended 31 December 2011, as the management changes the structure of its internal organisation to match the business development strategy in a manner that causes the composition of its reportable segment to change, the “others” segment was further separated by the management into insurance segment, asset management segment and retail, services, finance and other investment segment.

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 2011

	Pharmaceuticals and healthcare RMB'000	Property RMB'000	Steel RMB'000	Mining RMB'000	Asset management RMB'000	Insurance RMB'000	Retail, services, finance and other investments RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:									
Sales to external customers	6,432,589	9,734,461	38,224,060	2,368,949	56,156	-	-	-	56,816,215
Inter-segment sales	-	8,241	-	1,529,797	-	-	-	(1,538,038)	-
Other income and gains	1,088,599	448,824	349,251	69,725	7,000	-	1,370,798	(47,676)	3,286,521
Total	7,521,188	10,191,526	38,573,311	3,968,471	63,156	-	1,370,798	(1,585,714)	60,102,736
Segment results									
Interest and dividend income	1,220,299	3,073,884	367,337	2,135,752	(82,777)	-	345,087	125,322	7,184,904
Unallocated expenses	97,258	30,770	309,889	30,184	39,995	-	342,613	(25,447)	825,262
Finance costs	(313,978)	(333,031)	(1,041,840)	(35,765)	(15)	-	(682,566)	25,447	(2,381,748)
Share of profits and losses of									
- Jointly-controlled entities	(189)	(2,159)	34,424	-	-	-	-	-	32,076
- Associates	723,846	275,643	159,749	116,760	-	-	262,829	-	1,538,827
Profit/(loss) before tax	1,727,236	3,045,107	(170,441)	2,246,931	(42,797)	-	267,963	125,322	6,883,094
Tax	(341,819)	(1,212,344)	211,024	(459,981)	1,709	-	(14,513)	(2,446)	(1,818,370)
Profit/(loss) for the year	1,385,417	1,832,763	40,583	1,786,950	(41,088)	-	253,450	122,876	5,064,724
Segment and total assets	22,103,136	49,442,806	35,742,397	10,691,725	12,296,508	608,067	24,245,846	(17,592,867)	137,537,618
Segment and total liabilities	10,919,991	37,371,923	27,879,947	1,609,489	9,101,897	-	19,922,289	(17,754,072)	89,051,464
Other segment information:									
Depreciation and amortisation	205,333	33,825	1,720,973	277,927	1,493	-	9,205	-	2,248,756
Impairment loss for non-current assets	148,522	-	-	-	-	-	-	-	148,522
(Reversal of)/provision for impairment of current assets	(12,740)	132,413	217,831	46,240	-	-	-	-	383,744
Research and development costs	189,427	-	110,834	812	-	-	-	-	301,073
Fair value gains on fair value adjustments of investment properties	-	(97,524)	-	-	-	-	-	-	(97,524)
Fair value losses/ (gains) on equity investments at fair value through profit or loss	51,550	(789)	(32,387)	-	-	-	741,509	-	759,883
Investments in jointly-controlled entities	1,954	1,310,851	93,637	-	3,295	-	-	-	1,409,737
Investments in associates	7,391,344	5,285,745	1,705,587	1,312,145	-	-	1,580,790	-	17,275,611
Capital expenditure*	920,530	30,684	1,412,097	621,419	8,328	-	13,576	-	3,006,634

2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2010

	Pharmaceuticals and healthcare RMB'000	Property RMB'000	Steel RMB'000	Mining RMB'000	Asset management RMB'000	Insurance RMB'000	Retail, services, finance and other investments 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	572,641	1,318,171	307,938	92,402	-	-	1,859,574	(173,825)	3,976,901
Total	<u>5,031,973</u>	<u>10,164,860</u>	<u>29,960,118</u>	<u>3,272,573</u>	<u>-</u>	<u>-</u>	<u>1,859,574</u>	<u>(1,668,495)</u>	<u>48,620,603</u>
Segment results									
Interest and dividend income	540,382	3,829,347	1,326,120	1,767,374	(23,095)	-	1,703,904	1,864	9,145,896
Unallocated expenses	35,205	51,149	150,799	36,788	147	-	126,255	(72,370)	327,973
Finance costs	(162,684)	(310,872)	(775,457)	(32,839)	-	-	(290,248)	-	(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/(loss) before tax	967,667	3,638,368	796,806	1,846,898	(22,948)	-	1,671,765	(70,506)	8,653,292
Tax	(201,607)	(1,723,969)	(115,135)	(350,237)	-	-	(134,847)	19,205	(2,506,590)
Profit/(loss) for the year	<u>766,060</u>	<u>1,914,399</u>	<u>681,671</u>	<u>1,496,661</u>	<u>(22,948)</u>	<u>-</u>	<u>1,536,918</u>	<u>(51,301)</u>	<u>6,146,702</u>
Segment and total assets	<u>16,664,358</u>	<u>38,227,264</u>	<u>37,269,303</u>	<u>8,501,445</u>	<u>646,040</u>	<u>608,067</u>	<u>18,862,224</u>	<u>(2,403,895)</u>	<u>118,374,806</u>
Segment and total liabilities	<u>7,426,886</u>	<u>24,703,688</u>	<u>26,953,370</u>	<u>1,733,971</u>	<u>2,579</u>	<u>-</u>	<u>14,738,917</u>	<u>(2,183,691)</u>	<u>73,375,720</u>
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 gains on fair value adjustments of investment properties	-	(264,578)	-	-	-	-	-	-	(264,578)
Fair value gains 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	5,115,405	1,688,692	1,174,191	-	-	1,202,502	-	15,238,649
Capital expenditure*	<u>430,946</u>	<u>124,706</u>	<u>3,873,577</u>	<u>322,674</u>	<u>2,806</u>	<u>-</u>	<u>37,237</u>	<u>-</u>	<u>4,791,946</u>

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

	2011 RMB'000	2010 RMB'000
Mainland China	56,100,117	44,015,731
Other countries	<u>716,098</u>	<u>627,971</u>
	<u>56,816,215</u>	<u>44,643,702</u>

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

(b) Non-current assets

	2011 RMB'000	2010 RMB'000
Mainland China	54,961,975	49,186,718
Hong Kong	<u>1,017,037</u>	<u>1,114,465</u>
	<u>55,979,012</u>	<u>50,301,183</u>

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 2011 and 2010.

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 during the year, 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:

	2011 RMB'000	2010 RMB'000
<u>Revenue</u>		
Sale of goods:		
Pharmaceutical and healthcare products	6,404,858	4,455,640
Properties	9,805,303	8,912,367
Iron and steel products	38,291,473	29,712,287
Iron concentrates	<u>2,524,921</u>	<u>1,809,771</u>
	57,026,555	44,890,065
Rendering of services:		
Property agency	235,452	234,826
Property management	54,790	53,162
Rental	234,765	153,762
Asset management fee	60,511	-
Others	<u>77,538</u>	<u>45,088</u>
	<u>663,056</u>	<u>486,838</u>
Subtotal	57,689,611	45,376,903
Less: Government surcharges	<u>(873,396)</u>	<u>(733,201)</u>
	<u>56,816,215</u>	<u>44,643,702</u>

3. REVENUE, OTHER INCOME AND GAINS (continued)

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

	2011 RMB'000	2010 RMB'000
<u>Other income</u>		
Interest income	380,574	244,513
Dividends from available-for-sale investments	284,434	77,509
Dividends from equity investments at fair value through profit or loss	160,254	5,951
Gross rental income	52,890	46,755
Sale of scrap materials	17,037	16,545
Government grants	132,978	111,414
Consultancy and other service income	71,465	117,444
Exchange gains, net	163,480	116,529
Others	<u>107,626</u>	<u>83,435</u>
	<u>1,370,738</u>	<u>820,095</u>
<u>Gains</u>		
Gain on disposal of subsidiaries	59,304	964,164
Gain on bargain purchase	33,337	-
Gain on disposal jointly-controlled entities	169,416	-
Gain on disposal of partial interests in associates	34,696	194,681
Gain on deemed disposal of interests in associates	910,864	97,849
Gain on disposal of items of property, plant and equipment	13,710	6,628
Gain on disposal of available-for-sale investments	843,588	95,890
Gain on disposal of equity investments at fair value through profit or loss	578,606	917,594
Gain on fair value adjustment of investment properties	97,524	264,578
Gain on fair value adjustment of equity investments at fair value through profit or loss	-	912,920
Gain on settlement of derivative financial instruments	<u>-</u>	<u>30,475</u>
	<u>2,741,045</u>	<u>3,484,779</u>
Other income and gains	<u>4,111,783</u>	<u>4,304,874</u>
Total revenue, other income and gains	<u>60,927,998</u>	<u>48,948,576</u>

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2011 RMB'000	2010 RMB'000
Interest on bank and other borrowings wholly repayable within five years	2,775,396	1,821,138
Interest on bank and other borrowings not wholly repayable within five years	50,805	67,739
Incremental interest on other long term payables	<u>24,926</u>	<u>22,891</u>
	2,851,127	1,911,768
Less: Interest capitalised, in respect of bank and other borrowings	<u>(577,350)</u>	<u>(445,859)</u>
Interest expenses, net	2,273,777	1,465,909
Interest on discounted bills	42,089	37,890
Interest on finance leases	12,818	894
Bank charges and other financial costs	<u>53,064</u>	<u>67,407</u>
Total finance costs	<u>2,381,748</u>	<u>1,572,100</u>

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2011 RMB'000	2010 RMB'000
Cost of sales	46,249,903	35,277,157
Staff costs (including Directors' emoluments):		
Wages and salaries	2,287,193	1,864,740
Accommodation benefits:		
Defined contribution fund	120,102	111,505
Retirement costs:		
Defined contribution fund	371,758	342,937
Equity-settled share-based payment	<u>7,712</u>	<u>-</u>
Total staff costs	<u>2,786,765</u>	<u>2,319,182</u>

5. PROFIT BEFORE TAX (continued)

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

	2011 RMB'000	2010 RMB'000
Research and development costs	301,073	199,201
Auditors' remuneration	13,750	14,500
Depreciation of items of property, plant and equipment	2,088,457	1,734,183
Amortisation of prepaid land lease payments	33,400	27,324
Amortisation of mining rights	100,468	89,743
Amortisation of intangible assets	26,431	5,266
Provision for impairment of receivables	45,019	12,655
Provision for inventories	222,016	39,720
Provision for impairment of completed property for sale	116,709	-
Provision for impairment of items of property, plant and equipment	473	6,500
Provision for impairment of available-for-sale investments	-	723
Provision for impairment of goodwill	-	64,983
Provision for impairment of non-current assets held for sale	148,049	81,298
Operating lease rentals	92,903	63,590
Loss on disposal of items of property, plant and equipment	18,655	38,856
Loss of fair value change on equity investment at fair value through profit or loss	759,883	-
Loss of fair value change on derivative financial instruments	9,228	84,566
Loss on the settlement of derivative financial instruments	52,555	-
Provision for indemnity of LAT	<u>51</u>	<u>32,638</u>

6. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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% (2010: 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 taxed at preferential rates of 12.5% to 24%.

The major components of tax expenses for the years ended 31 December 2011 and 2010 are as follows:

	2011 RMB'000	2010 RMB'000
Group:		
Current – Hong Kong	21,594	47,808
Current – Mainland China		
- Income tax in Mainland China for the year	1,762,162	1,570,876
- LAT in Mainland China for the year	587,825	708,366
Deferred tax	<u>(553,211)</u>	<u>179,540</u>
Tax expenses for the year	<u>1,818,370</u>	<u>2,506,590</u>

7. DIVIDENDS

	2011 RMB'000	2010 RMB'000
Proposed final – HKD0.157 (2010: HKD0.17) per ordinary share	<u>817,340</u>	<u>928,936</u>

The proposed final dividend of HKD0.17 per ordinary share for the year ended 31 December 2010 was declared payable and approved by the shareholders at the annual general meeting of the Company on 23 June 2011.

On 27 March 2012, the board of directors of the Company resolved to propose a final dividend for the year ended 31 December 2011 of HKD0.157 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	
	2011	2010
Profit attributable to owners of the parent (RMB thousands)	3,403,605	4,227,092
Weighted average number of ordinary shares in issue (thousands)	6,421,595	6,421,595
Earnings per share basic and diluted (RMB)	<u>0.53</u>	<u>0.66</u>

The calculation of basic earnings per share amount is based on the profit for the year attributable to owners of the parent, and the weighted average number of shares of 6,421,595,000 (2010: 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 2011 and 2010, as there were no diluting events existed during these years.

9. TRADE AND NOTES RECEIVABLES

	2011	2010
	RMB'000	RMB'000
Trade receivables	1,959,313	1,394,348
Notes receivable	<u>4,546,799</u>	<u>4,102,187</u>
	<u>6,506,112</u>	<u>5,496,535</u>

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

	2011	2010
	RMB'000	RMB'000
Outstanding balances with ages:		
Within 90 days	1,721,241	1,064,682
91 to 180 days	94,314	150,930
181 to 365 days	163,317	141,513
1 to 2 years	17,718	40,640
2 to 3 years	4,885	5,796
Over 3 years	<u>32,173</u>	<u>50,613</u>
	2,033,648	1,454,174
Less: Provision for impairment of trade receivables	<u>(74,335)</u>	<u>(59,826)</u>
	<u>1,959,313</u>	<u>1,394,348</u>

10. TRADE AND NOTES PAYABLES

	2011 RMB'000	2010 RMB'000
Trade payables	9,276,590	4,440,072
Notes payable	<u>2,054,392</u>	<u>4,177,313</u>
	<u>11,330,982</u>	<u>8,617,385</u>

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

	2011 RMB'000	2010 RMB'000
Outstanding balances with ages:		
Within 90 days	7,843,926	3,262,713
91 to 180 days	416,198	460,137
181 to 365 days	264,919	98,504
1 to 2 years	624,690	375,793
2 to 3 years	48,344	143,341
Over 3 years	<u>78,513</u>	<u>99,584</u>
	<u>9,276,590</u>	<u>4,440,072</u>

11. EVENTS AFTER THE REPORTING PERIOD

- (i) On 21 February 2012, the Group, through its subsidiaries Spread Grand Limited and Shanghai Star Capital Co., Ltd., participated in a bid ("Bid") for a land use right of a parcel of land located at Putuo District, Shanghai, the PRC at a bid price of RMB1,700,000,000. The Group succeeded in the Bid on 23 February 2012, and received a confirmation thereof.
- (ii) On 25 March 2012, the board of directors of a non-wholly owned subsidiary of the Group, Nanjing Iron & Steel Co., Ltd approved a resolution regarding to the accounting estimation change to extend the previously estimated useful lives of its property, plant and equipment. Such change is a result of technical innovations and maintenance effort on its property, plant and equipment by the management of Nanjing Iron & Steel Co., Ltd in the past few years and substantial extension of the remaining useful lives of its property, plant and equipment. It will be applied prospectively which will decrease the depreciation charges and increase the profit of Nanjing Iron & Steel Co., Ltd for the year ended 31 December 2012.

The directors of Nanjing Iron & Steel Co., Ltd has made a preliminary assessment of the impact of the above estimation change on the depreciation charges and profit of Nanjing Iron & Steel Co., Ltd for the year ended 31 December 2012 and the relevant resolution will be subject to the approval of the annual general meeting of Nanjing Iron & Steel Co., Ltd on 20 April 2012.

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 Hong Kong 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 2011 annual results of the Company.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (“AGM”) will be held on Thursday, 21 June 2012. The notice of AGM will be published on the websites of the Company (www.fosun.com) and the Hong Kong 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 HKD0.157 per ordinary share for the year ended 31 December 2011 to the shareholders of the Company whose names appear on the register of members of the Company on 29 June 2012. Subject to approval by the shareholders of the Company at the AGM to be held on 21 June 2012, the proposed final dividend is expected to be paid on or around 16 July 2012 to the shareholders of the Company.

The register of members of the Company will be closed from Tuesday, 19 June 2012 to Thursday, 21 June 2012, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM to be held on 21 June 2012, all transfer documents accompanied by the relevant share certificates and other relevant documents, if any, must be lodged with Computershare Hong Kong Investor Services Limited, the share registrar of the Company (the “**Share Registrar**”), at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai,

Hong Kong (the “**Registrar Address**”), for registration no later than 4:30 p.m. on Monday, 18 June 2012.

The register of members of the Company will also be closed from Wednesday, 27 June 2012 to Friday, 29 June 2012, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend to be proposed at the AGM, all transfer documents accompanied by the relevant share certificates and other relevant documents, if any, must be lodged with the Share Registrar at the Registrar Address for registration no later than 4:30 p.m. on Tuesday, 26 June 2012.

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.com) and the Hong Kong Stock Exchange (www.hkexnews.hk). The annual report will be despatched to the shareholders of the Company and published on both websites on or before 30 April 2012.

By Order of the Board
Fosun International Limited
Guo Guangchang
Chairman

Shanghai, the PRC, 27 March 2012

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 Mr. Chen Kaixian, Mr. Zhang Shengman and Mr. Andrew Y. Yan.