FOSUN 复星

Fosun International Limited

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

Stock Code:00656

Annual Report 2013

China Expertise Global Capacity

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

5,518.9 RMB MILLION

Making a major stride towards becoming a world-class investment group underpinned by the twin drivers of “insurance-oriented comprehensive financial capability” and “profound industrial foothold based investment capability”

Note to the Cover Design

During 2013, Fosun took a solid stride towards implementing the Warren Buffett model of development. Pursuant to the completion of the Fosun Insurance Portugal project, Fosun’s “twin-driver” development model becomes more distinctively defined. On one hand, Fosun will leverage its “insurance-oriented comprehensive financial capability” driver as a major financing tool to connect the Group to long-term high quality capital. On the other hand, Fosun will continue to pursue and implement its “profound industrial foothold based investment capability” driver, adhering to the value investment principle of Fosun, seeking to deliver more successful investment cases of “Combining China’s Growth Momentum with Global Resources”.

Led by a spiritual courage of “Reinitiating two decades of entrepreneurship”, Fosun will continue to take its roots in China and actively implement the investment model of “Combining China’s Growth Momentum with Global Resources”, while focusing on large-scale projects, embracing the mobile Internet and actively facilitating the launch of more Hive City (Community) products under the new model of urbanization. It will also systematically mitigate investment risk by constructing an open platform.

To achieve coherence, we need to enable constant communication and exchanges, whereas integration represents combination, synchronization and harmonization. “Coherence & Integration” are fundamentals for the beginning and growth of life. Looking forward, Fosun aims at adopting “Coherence & Integration” as our ideology. Through integrated and seamlessly connected cross-platform investment, operation and management, this allows resources flow without boundaries and enables Fosun to become a vital entity with sustaining growth.

CONTENTS

FINANCIAL SUMMARY

In RMB million	2013	2012
		For the year ended 31 December
Revenue	***51,016.9***	*51,764.7*
Insurance	***276.8***	—
Industrial Operations	***50,362.8***	*51,625.0*
Investment	***399.8***	*242.1*
Asset Management	***443.5***	*310.8*
Eliminations	***(466.0)***	*(413.2)*
Profit attributable to owners of the parent	***5,518.9***	*3,707.2*
Insurance	***523.6***	*(54.9)*
Industrial Operations	***3,836.0***	*2,419.0*
Investment	***1,781.6***	*2,005.8*
Asset Management	***51.0***	*61.0*
Unallocated expenses	***(525.4)***	*(468.2)*
Eliminations	***(147.9)***	*(255.5)*
Earnings per share – basic (in RMB)	***0.86***	*0.58*
Earnings per share – diluted (in RMB)	***0.86***	*0.58*
Dividend per share (in HKD)	***0.15***	*0.17*

BUSINESS OVERVIEW

Fosun has been persistently taking roots in China and investing in China's growth fundamentals. It has been actively implementing its investment model of "Combining China's Growth Momentum with Global Resources", with a view to making a major stride towards becoming a world-class investment group underpinned by the twin drivers of "insurance-oriented comprehensive financial capability" and "profound industrial foothold based investment capability". Today, Fosun's businesses include insurance, industrial operations, investment and asset management.

INSURANCE

The Group's insurance segment mainly includes Yong'an P&C Insurance (an insurance company headquartered in Xi'an with a nationwide presence, which operates all kinds of non-life insurance business); Pramerica Fosun Life Insurance, which focused on insurance businesses such as life insurance, health insurance, casualty insurance and reinsurance of the above-mentioned insurance; and Peak Reinsurance, which focused on providing reinsurance services for non-life insurance and investing its investable assets.

INDUSTRIAL OPERATIONS

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

FOSUN PHARMA

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

FORTE

We operate property business principally through a subsidiary, Forte. Forte's property development projects are located in Shanghai, Beijing, Tianjin, Nanjing, Chongqing, Chengdu, Xi'an, Wuhan, Datong, Wuxi, Hangzhou, Taiyuan, Changsha and Changchun, etc. Forte holds a 16.34% equity interest in Zendai, a company listed on the Hong Kong Stock Exchange (00755. HK).

INSURANCE

INDUSTRIAL OPERATIONS

NANJING NANGANG

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

HAINAN MINING

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

INVESTMENT

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

ASSET MANAGEMENT

Under assets management business, the Group engages in raising & managing funds from third parties and collects management fee and shares investment gains. We act as a general partner of the funds that we manage. At present, we mainly manage (i) US dollar fund, namely, Pramerica-Fosun China Opportunity Fund, (ii) Qualified Foreign Limited Partner ("QFLP") Fund, namely Carlyle-Fosun, (iii) RMB Private Equity Fund, (iv) Star Capital, and (v) real estate series funds of Forte.

INVESTMENT

ASSET MANAGEMENT

2013
Fosun's Achievements

Operating Results Rose Significantly

Profit attributable to owners of the parent of the Group reached RMB 5,518.9 million in 2013, representing an increase of 48.9% from 2012.

An insurance-oriented investment group took shape

Acquired the insurance arm under Caixa Seguros e Saúde (abbreviated as "Fosun Insurance Portugal") from Portugal, for a consideration of Euro 1 billion, set to boost Fosun's insurance assets significantly.

Results from the insurance segment beat forecasts, with profit attributable to owners of the parent of RMB523.6 million in 2013.

The "Combining China's Growth Momentum with Global Resources" strategy achieved respectable results

Multiple successful investments: The US——St. John, Saladax Biomedical, Inc., One Chase Manhattan Plaza of New York; Italy——Caruso; Israel——Alma Lasers Ltd.; The UK——Lloyds Chambers.

Precisely focused on middle-class lifestyles

Multiple successful investments in areas related to consumption upgrade, experience-driven consumption and personal finance.

The "Embracing the Mobile Internet Strategy" yielded excellent results

Multiple successful investments in the Internet industry, high-growth industries ancillary to the Internet, O2O and Internet financial industry.

HIVE CITY (COMMUNITY)

Hive City (Community) is a product under the new model of urbanization pioneered by Fosun, integrating its global resources to participate in the construction of core urban functions through a public-private partnership ("PPP") model, featuring "Urban-Industry integration with urban development underpinned by industrial operations". The Hive City (Community) products developed by Fosun tap Fosun's existing resources in its industrial investments, combining with national and global resources to construct core functions urgently required by urban upgrading and industrial upgrading, including the direct financing function, the healthcare & medical function, the culture & experience & travel function, and the trade & logistics function, etc., seeking to pioneer innovative planning concepts through establishing a 3-in-1 community for work, living and consumption, vibrant communities with 24-hour active passenger traffic. Through industries providing core service functions, ancillary services and supporting living and consumption services industries, these communities provide adequate and diverse job opportunities. These Hive City (Community) will also lower the barriers of entry to provide room for innovative entrepreneurial start-ups, seeking to constitute functional communities that are self-sufficient, environmentally friendly with active dispersal of peripheral services. While serving the cities, these functions will gradually form community-style cities through seamless homogeneous connections of Hive City (Community) of different functions.

HIVE CITY (COMMUNITY)

CAN BE FURTHER CLASSIFIED INTO 5 BUSINESS MODELS:

FINANCIAL SERVICES HIVE

- Fosun integrates various financial functions to establish urban and regional financial centres. With the Group's global investment network in insurance, banking, securities, equity investment and asset management, Fosun Property Holdings operates in 3 business lines, namely financial building, financial centre and financial city.

HEALTHCARE HIVE

- Fosun brings together urban healthcare services to establish a healthcare landmark for the city. With Fosun Pharma's capability throughout the entire industrial chain from research and development and manufacturing, retailing and sales, equipment for diagnosis, hospital services to senior healthcare, Fosun Property Holdings joins hands with Fosun Pharma to closely cooperate with a number of international outstanding enterprises including Fortress Investment Group LLC, a leading senior care investment group in USA; United Family Healthcare, the number one medical brand in China serving foreigners; and Alma Lasers Ltd., the world's leading high-end medical and aesthetic device manufacturer originated in Israel; with a view to working together to proactively develop the two core projects, namely Fosun urban healthcare complex and Fosun healthcare city.

CULTURE AND ENTERTAINMENT HIVE

- Fosun strives to explore distinctive urban culture on its three categories of business lines namely urban complex, commercial/tourism/culture complex and urban culture district, which bring together under one roof a variety of different functions including offices, commercial, hotels, entertainment, leisure and residential.

TRAVEL AND LEISURE HIVE

- Fosun focuses on the travel and leisure demand upon urban upgrades. With Fosun's capability of exploring natural and cultural resources, the endowed city shall perfectly fulfill modern consumption demand. Since 2010, the Group has invested in Club Med, the French premium leisure resort hotel chain, CITS and also kicked off the development of the world's third ultimate high-end hotel and ocean theme park Atlantis Resort in Sanya, Hainan. These allow Fosun Property Holdings to become the preferred partner in urban tourism resources development. Given the ever increasing consumers' demand for high quality life in China, Fosun Property Holdings started operating its "tourist town" business around key cities and scenic areas.

LOGISTICS AND TRADE HIVE

- Fosun gathers urban logistics and trade features for facilitating close interactions using internet e-commerce. As the strategic partner of Alibaba, Fosun accurately seizes the trend of increasing Internet consumption in China and optimizes Internet networking in its property development. As such, Fosun currently operates 3 lines namely Zhihui City, Tianmao City and Meihao Plaza.

CHAIRMAN'S STATEMENT

Making a major stride towards becoming a world-class investment group underpinned by the twin drivers of "insurance-oriented comprehensive financial capability" and "profound industrial foothold based investment capability"

GUO GUANGCHANG

Fosun International Limited
Chairman

Dear shareholders,

As at the end of the Reporting Period, net assets attributable to owners of the parent of the Group reached RMB39,628.2 million, representing an increase of 12.6% from the end of 2012. Of which, equity equivalent to RMB12,875.7 million was net assets in listed subsidiaries and associates attributable to the Group , and such equity interests amounted to RMB24,747.3 million measured by attributable market capitalization . The Board has resolved to recommend payment of a final dividend of HKD0.15 per ordinary share for the year ended 31 December 2013.

This report aims to review the businesses of the Group in 2013 and to share my projections for Fosun's development in 2014.

REVIEW OF BUSINESSES IN 2013

2013 was a year of changes, opportunities and challenges in the macroeconomic landscape. Led by a spiritual courage of "reinitiating two decades of entrepreneurship", all business segments and key member enterprises persevered and progressed against a backdrop of generally unfavorable market conditions and managed to accomplish encouraging results amidst the volatile economic landscape, helping Fosun make a major stride towards becoming a world-class investment group underpinned by the twin drivers of "insurance-oriented comprehensive financial capability" and "profound industrial foothold based investment capability" .

Industrial Operations

In 2013, our industrial operations as a whole performed satisfactorily, profit attributable to owners of the parent reached RMB3,836.0 million. **Fosun Pharma** accelerated its consolidation pace within the pharmaceutical industry in China, while proactively expanding its presence in the international market. Despite the austerity measures still being imposed on China's property market, **Forte** delivered excellent results for the year by reorienting its business strategies timely in response to changes in the market, speeding up its asset turnover cycles and developing sales strategies customized to the needs of different cities. In light of the unfavorable environment surrounding the steel industry, **Nanjing Nangang** actively explored market potentials and accomplished achievements in improving its own operation capabilities and internal efficiency with significant reductions in costs, while making some inroads in setting up production plants in overseas markets. **Hainan Mining** managed to weather the downturn in the domestic steel industry and the volatile downtrend of iron ore prices by leveraging its own advantages, intensifying efforts in marketing and proactively adjusting its sales strategy. Hainan Mining achieved record high levels of production and sales of iron ore.

Investment

In 2013, Fosun made achievements in focusing on large-scale projects, actively implementing the investment model of "Combining China's Growth Momentum with Global Resources", embracing the internet and covering entire stages of investments.

- Focusing on large-scale projects
  In December 2013, we acquired One Chase Manhattan Plaza which is located on Liberty Street, New York, for a consideration of USD725 million from JPMorgan Chase & Co.. In January 2014, we won a tender to acquire an 80% equity interest in Fosun Insurance Portugal for a consideration of Euro1 billion.

- "Combining China's Growth Momentum with Global Resources"
  Fosun Pharma invested in Saladax Biomedical, Inc., a US-based provider of state-of-the-art medical diagnostic products. Fosun Pharma joined forces with Pramerica-Fosun China Opportunity Fund to acquire Alma Lasers Ltd. in Israel, a world-leading high-end manufacturer of medical and aesthetic devices. The Group and Pramerica-Fosun China Opportunity Fund invested in St. John, a high-end female apparel brand in the US, and Caruso, a high-end Italian brand of men's tailored clothing.

  We established our Japan Investment Department and India Investment Department in 2013 and our Southeast Asia Department in February 2014. Taking root in China, Fosun possesses the capabilities of integrating global resources and is advancing towards its goal of establishing comprehensive footholds in key areas around the world.

- Embracing the internet
  During the Reporting Period, Fosun achieved remarkable results in "Embrace the Internet Strategy", including successful investments in internet enterprises such as Perfect World, etc., participating in the completion of the privatization of Focus Media; in the high growth industry associated with the internet, we successfully invested in China Smart Logistics Network - Cainiao; In Online To Offline and internet finance industries,

Fosun successfully invested and participated in the growth of Ali-Small Loan, etc. In addition, Fosun established Kunzhong Capital (昆仲資本), a professional venture capital investment platform, thus further enhancing Fosun's capability of investing in both the internet and the mobile internet areas.

- Covering and investing in the whole industrial chain
  In 2013, we attracted several excellent teams to join the Fosun family, including the Kinzon Capital team, which is responsible for venture capital investments; the Sunvision Capital (星景資本) team, an investment fund focusing on the landscape industry; the Stater (星泓) team, which focuses on logistics, commerce and trade businesses and the Chuangfu Shenzhen M&A Fund (創富深圳併購基金) team. As such, Fosun has covered the whole industrial chain of investments from venture capital investments to buy-out investment.

  In addition, in 2013, we established a Financial Innovation Institute, a Real Estate Institute and an Innovation Investment Institute, conducted in-depth studies in areas including internet finance and wealth management, "Hive City (Community)" products and cross-border investments, built an unique model of Fosun combining various industries and owned the investment capabilities of operating and combining experience, in order to identify the next major investment opportunity. Furthermore, we set up an Internet Development Department and a Major Project Investment Development Department to focus on strategic opportunities brought about by the mobile internet and state-owned enterprise reforms, respectively.

Financing

Our financing and fund management function covers the whole investment business cycle, providing vital support to our major projects. Meanwhile, we also made remarkable progress in the asset management business.

- Innovations in major project-specific financing
  In 2013, we completed a loan for the One Chase Manhattan Plaza project in New York, a Euro bridging loan for the privatization of Club Med, a US dollar bridging loan for the acquisition of Alma Lasers Ltd.; a pound-sterling overseas insurance institutional loan for the Lloyds Chambers of London project, rendering tremendous support to the Group's investments in major projects.

- Increased direct financing in the open market
  In 2013, we raised additional funds from the open market aggregating approximately RMB8 billion. The Company's wholly-owned subsidiary Sparkle Assets Limited completed a USD400 million senior note issue in January; Fosun Group announced the issuance of RMB2 billion bonds via private placing in the inter-bank market in June and the Company's wholly-owned subsidiary Logo Star Limited completed a HKD3,875 million guaranteed convertible bond issue in Hong Kong in November.

- Exploring innovations in indirect financing to reduce funding costs
  The Group worked actively with financial institutions such as banks on innovative financing, explored the fund raising channels such as enterprise annuities and insurance funds. Meanwhile, the cost of capital has been reduced.

- Taking the scale of fund-raising for asset management and restructuring of limited partnerships ("LPs") to the next level
  In 2013, we newly raised management funds of approximately RMB8 billion for our asset management business. Meanwhile, an initial restructuring of the LP constituents of our asset management has been made towards large-scale institutions and insurance companies as our major clients.

Insurance

Fosun has been endeavoring determined efforts in establishing insurance as its core business. The Group has been regarding the development of insurance business as a good means to connect its investment capabilities with long-term high quality capital. Excluding the investment in Fosun Insurance Portugal, the insurance segment of Fosun currently includes three companies, namely Yong'an P&C Insurance, Pramerica Fosun Life Insurance and Peak Reinsurance, which constitute an insurance industry platform of Fosun driven by three growth drivers consisting of property and casualty insurance (P&C), life insurance and reinsurance. On the basis of taking the advantage of the investment capabilities of Fosun, the insurance segment has realized profit in an overall manner for the first year and has achieved results that beat projections. Peak Reinsurance, which was established at the end of 2012, achieved outstanding investment returns. Yong'an P&C Insurance ranked 11th among China's P&C companies in terms of original premium income. Pramerica Fosun Life Insurance also constantly spent greater efforts in product innovation and has obtained licences for discretionary investment in financial products and bonds, equities, and approval for offshore US dollar investments from China Insurance Regulatory Commission.

In January 2014, Fosun acquired by tender an 80% equity interest in Fosun Insurance Portugal for a consideration of Euro1 billion, and entered into a formal agreement in February 2014.

DEVELOPMENT PROSPECTS FOR 2014

Development Opportunities for Fosun

With a strong rebound of the US economy and the gradual recovery of the economy in Europe, the global economy is recovering from the downturn seen in the past three years, progressing towards a new stage of weak recovery and growth. Taking into account all these factors, various research institutions raised their growth forecasts for the global economy in 2014 slightly, but their outlooks are still on the conservative end.

With a good macroeconomic environment in China, fixed asset investments resumed growth and consumption will grow steadily. Imports and exports will exhibit a steady trend. In 2014, with a better external environment, the inauguration of comprehensive reforms, the implementation of the new model of urbanization and the recovery growth in consumption, the economy in China will continue to "perform well while maintaining stability". The macroeconomic policies will remain stable. The fiscal policies will focus on ensuring and improving people's livelihood, increasing the cost-effectiveness in the deployment of financial resources, improving tax reductions on a structural scale, and speeding up the financial and tax system reforms. The monetary policy will transform towards a more market-oriented model. The deposit-reserve ratio might be lowered. The risks that require vigilance and precautions include "economic and and financial fluctuations" that may be brought about by the US withdrawal of its quantitative easing policy, the adjustments in the real estate market, the severe indebtedness issue among local governments, the increasingly stringent regulatory policies, shadow banking and etc.

The middle class will play an increasingly important role in China's economic development. Personal finance is experiencing rapid growth. The internet helps to reduce information asymmetry and introduces revolutionary changes to the models of production in traditional industries. The aging population, the new model of urbanization and the state-owned enterprise reforms will bring about new investment opportunities in China. The long-term inflation worldwide and the rapid development of China's economy will bring about new investment opportunities to the world.

Accordingly, while accelerating development in key areas including financing, real estates, health, culture and tourism, logistics and commerce, Fosun also attaches importance to new opportunities arising from changes in the mode of China's economic development and pays close attention to investment opportunities arising from the global economic landscape, and in particular, focuses on the growth of personal experience-driven consumption and investment opportunities brought about by the slow growth of the branded luxury industry worldwide. More importantly, the society puts more emphasis on environmental protection and pays more attention on food safety issues. From 2014, Fosun will start investing in the broad environmental protection sector.

The Development Direction of Fosun

For insurance business, based on the foundation of rapid growth in this segment in 2013, on one hand, supported by the investment capability of Fosun, Yong'an P&C Insurance, Pramerica Fosun Life Insurance and Peak Reinsurance will endeavor in ongoing product innovation through resources sharing with all business segments of Fosun and introducing the concept of mobile internet in 2014 and will strengthen and expand their existing insurance business; on the other hand, leveraging on Fosun Insurance Portugal, Fosun will spend extra efforts to explore the investment opportunities in overseas insurance companies.

For industrial operations, Fosun Pharma, as the core platform for pharmaceuticals and healthcare development of the Group, will strive to become a leading local enterprise with international visions, with bio-pharmaceutical innovation capabilities and an advantageous position in the healthcare sector in China through persistent deepening of business restructuring efforts. Forte will adhere strictly to a rapid asset turnover model, enhancing its systemic development capabilities, and further enhancing its capacity as a full-licensed real estate developer, so as to maximize shareholder returns. In the area of product strategy, Hive City (Community) is a product under the new model of urbanization pioneered by Fosun, integrating its global resources to participate in the construction of core urban functions through a public-private partnership ("PPP") model, featuring "Urban-Industry integration with urban development underpinned by industrial operations". The Hive City (Community) products developed by Fosun tap Fosun's existing resources in its industrial investments, combining with national and global resources to construct core functions urgently required by urban upgrading and industrial upgrading, including the direct financing function, the healthcare & medical function, the culture & experience & travel function, and the trade & logistics function, etc., seeking to pioneer innovative planning concepts through establishing a 3-in-1 community for work, living and consumption, vibrant communities with 24-hour active passenger traffic. Through industries providing core service functions, ancillary services and supporting living and consumption services industries, these communities provide adequate and diverse job opportunities. These Hive City (Community) will also lower the barriers of entry to provide room for innovative entrepreneurial start-ups, seeking to constitute functional communities that are self-sufficient, environmentally friendly with active dispersal of peripheral services. While serving the cities, these functions will gradually form community-style cities through seamless homogeneous connections of Hive City (Community) of different functions. For city strategies, it will deepen its foothold in first and second-tier cities and strives to replenish its land bank. It will also strengthen its cost management and enhance its marketing efforts. Taking "innovation and reforms" as the driving force, Nanjing Nangang will fully implement the internationalization strategy, persistently deepen the internal reform and proactively grasp the potential opportunities arising from the rebound of the iron and steel industry while strengthening the reform of technology and importance of operation management upgrade to meet annual production and operation targets and bring itself on a fast track of transformation and upgrading. In addition to continuously optimizing production and operations at its headquarters, Hainan Mining will continue to enhance its operation, management and investment capabilities to groom itself into a leading domestic large-scale mining enterprise that enjoys a worldwide reputation, and will further improve its production and sales capabilities, strive for steady growth in iron ore annual output, sales volume, sales revenue and net profit. Hainan Mining will also further proceed with its listing plan, and will strive to complete its initial public offering of shares in 2014.

For investments, in light of the major economic trends outlined above, we will adhere to our value investing philosophy and stay concentrated on the major projects, actively implement our investment model of "Combining China's Growth Momentum with Global Resources", identify and capture better and more precise investment opportunities in China and other markets with international perspectives and the mobile internet concept. In particular, after the completion of the tender for an 80% equity interest in Fosun Insurance Portugal, Fosun will strengthen its investments, especially its fixed income investments, in EU and OECD member states. Meanwhile, Fosun will continue to take root in China, and accelerate investments with a focus on China's growth momentum, promote overseas investment with our investment model of "Combining China's Growth Momentum with Global Resources". We will also introduce more outstanding partners into China and share the growth momentum arising from economic transformation and development in China.

For asset management, we will put more emphasis on facilitating the establishment of an integrated financing platform for LPs based on our existing foundation. Leveraging improvements in our investment capabilities, we will enhance product innovation. Meanwhile, we will have access to high quality capital such as insurance capital through various channels and will vigorously promote rapid growth in scale of our asset management operations.

Therefore, Fosun will make a major stride towards becoming a world-class investment group underpinned by the twin drivers of "insurance-oriented comprehensive financial capability" and "profound industrial foothold based investment capability".

MISSION, VISION AND OBJECTIVES OF FOSUN

Our mission: to drive the healthy development of the natural and commercial environments, and actively support the two "rejuvenation" of the Chinese economy and culture.

Our vision: to become a world-class investment group underpinned by the twin drivers of "insurance-oriented comprehensive financial capability" and "profound industrial foothold based investment capability". Our visionary objectives include two parts: firstly, we hope that with the help from Fosun, each enterprise in which Fosun invested will grow into a domestic or global top-notch enterprise in their respective industries. Secondly, the Group, through serving high-caliber global investors and entrepreneurial teams, will become a premium investment group. We shall establish investment platforms through various methods (such as by attracting talents and teams, through investments, mergers and acquisitions, etc.) on a global basis, across different industries, throughout the whole industry chain and all business models, so as to deliver more high-return investments and accelerate the pursuit of our strategic development objective of becoming a premium investment group.

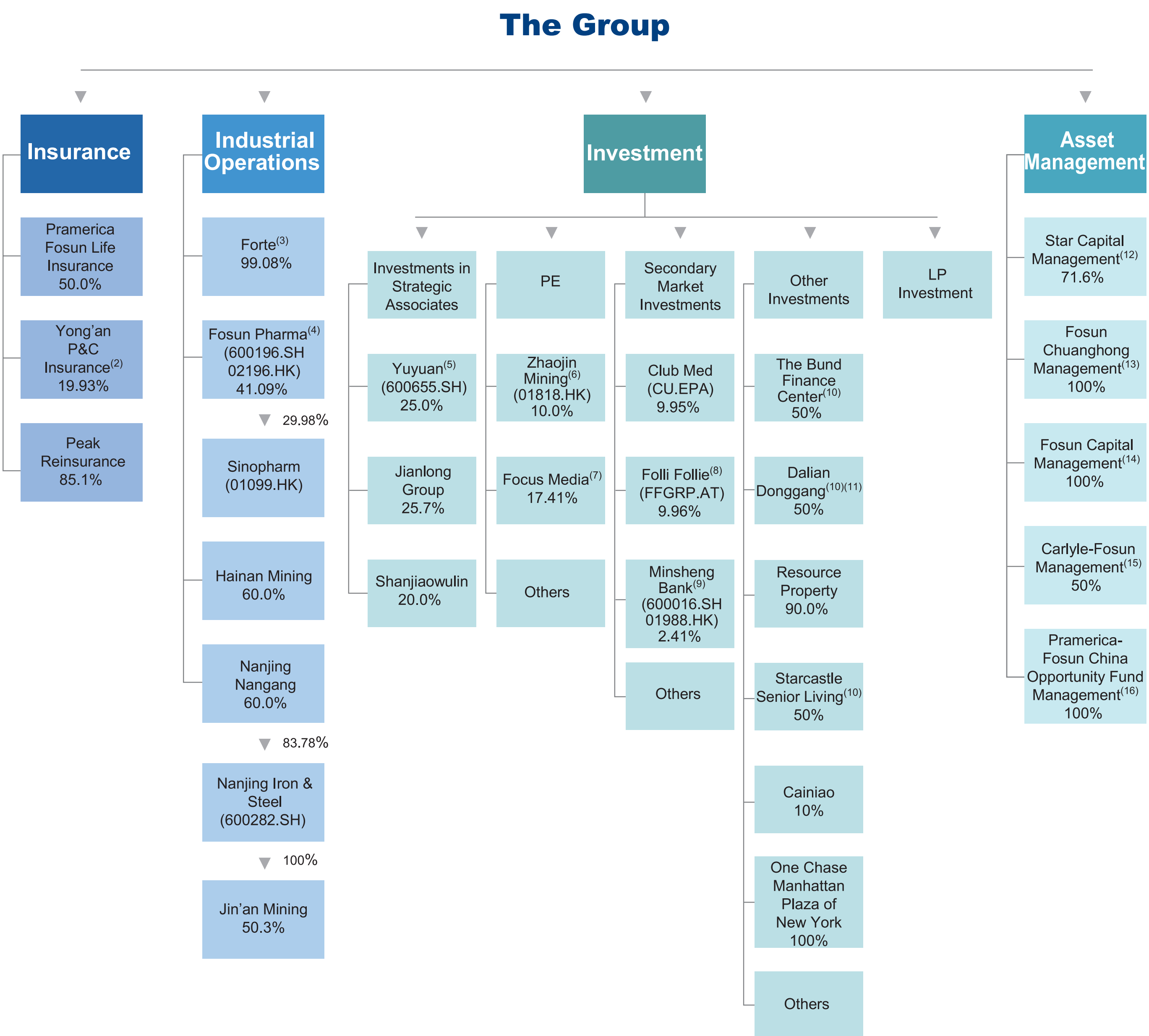
Our performance in the past depended largely on the support and help from all sectors of the society and positive efforts made by all staff of Fosun. I would like to take this opportunity to express my heartfelt gratitude to members of the Board, all staff of the Group, the teams of entrepreneurs the Group invested in and cooperation partners for your confidence in and support for Fosun.

Looking ahead, we should remember by heart our missions, visions and responsibilities. We will continue to adhere to our development principle of "Together We Make a Difference", insist on our core values of "self-improvement, teamwork, performance and contribution to society", conform to our corporate culture of frank exchange of views, staying legally compliant and highly transparent, embracing openness and harmony, learning and innovation and gratitude, adhering to entrepreneurial mindsets, focusing on entrepreneurs and unrelenting pursuit of excellence and perfection.

In 2014, we continue to move on.

Guo Guangchang
25 March 2014

CORPORATE STRUCTURE(1)



1. Shareholding held percentages represent effective equity interests as at 31 December 2013.
2. The Group held the equity interests in Yong'an P&C Insurance through the subsidiaries, Shanghai Fosun Industrial Technology Development Co., Ltd. ("Fosun Industrial Development") and Shanghai Fosun Industrial Investment Co., Ltd. ("Fosun Industrial Investment"), as to 16.18% and 3.75% respectively.
3. Results of Forte real estate series fund are included.
4. After the Reporting Period, the share incentive scheme and placing of H shares of Fosun Pharma were completed. As at 3 April 2014, the Group held 39.83% equity interests in Fosun Pharma.
5. After the Reporting Period, the Group acquired additional shares in Yuyuan through its wholly-owned subsidiary. As at 21 February 2014, the Group held 28.06% equity interests in Yuyuan.
6. The Group held 3.6% equity interests in Zhaojin Mining via its subsidiary Fosun Industrial Investment. As Yuyuan, 25% owned associate of the Group, also held 25.69% equity interests in Zhaojin Mining, the Group held totally 10.0% effective equity interests in Zhaojin Mining. As the Group holds 28.06% equity interests in Yuyuan through acquiring additional shares after the Reporting Period, the effective equity interests in Zhaojin Mining held by the Group as at 21 February 2014 was 10.8%.
7. The Group held 17.41% shares of Giovanna Group Holdings Limited while Giovanna Group Holdings Limited indirectly wholly owns Focus Media.
8. The Group held 9.96% equity interests in Folli Follie. In addition, Pramerica-Fosun China Opportunity Fund held 3.89% equity interests through its wholly-owned subsidiary.
9. The Group held its A shares through its subsidiary, Nanjing Iron & Steel, and its wholly-owned subsidiary, Fosun Industrial Development, representing 0.66% and 0.35% of its total number of A shares respectively; the Company and its wholly-owned subsidiary Topper Link Limited held its H shares representing 9.15% of its total number of H shares. In addition, Pramerica-Fosun Opportunity Fund held its H shares representing 0.51% of its total number of H shares.
10. The names of the Group's investment projects.
11. The Group directly held 50% equity interests while the other 50% were held by Star Capital. As a result the Group held its effective equity interests of 64%.
12. Shanghai Star Capital Investment Management Co., Ltd., general partner ("GP") of Star Capital.
13. Tibet Fosun Investment Management Co., Ltd., GP of Fosun Chuanghong.
14. Shanghai Fosun Capital Investment Management Co., Ltd., GP of Fosun Capital.
15. Carlyle-Fosun (Shanghai) Equity Investment Management Co., Ltd., GP of Carlyle-Fosun.
16. Fosun Equity Investment Ltd., GP of Pramerica-Fosun China Opportunity Fund.

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

As at the end of the Reporting Period, net asset attributable to owners of the parent of the Group reached RMB39,628.2 million, representing an increase of 12.6% from the end of 2012. During the Reporting Period, profit attributable to owners of the parent of the Group amounted to RMB5,518.9 million, representing an increase of 48.9% over the same period of 2012, primarily due to the sound operating results of the Group's insurance and industrial operations segments.

ASSET ALLOCATION OF THE GROUP

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

Unit: RMB million

	Total assets in 2013 (As at 31 December 2013)	Total assets in 2012 (As at 31 December 2012)	Change over the same period last year
Insurance	**5,448.1**	4,336.4	+25.6%
Industrial Operations	**136,061.8**	121,388.4	+12.09%
Including:			
– Fosun Pharma	**29,418.3**	25,420.8	+15.7%
– Forte	**63,816.8**	53,965.0	+18.3%
– Nanjing Nangang	**38,014.7**	37,288.8	+1.9%
– Hainan Mining	**4,812.0**	4,713.8	+2.1%
Investment	**44,410.9**	41,297.9	+7.5%
Asset Management	**3,139.7**	13,987.7	-77.6%
Eliminations	**(5,936.6)**	(18,812.0)	-68.4%
Total	**183,123.9**	162,198.4	+12.9%

INSURANCE

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

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

INSURANCE

Yong'an P&C Insurance

During the Reporting Period, the marine insurance operation center in Shanghai of Yong'an P&C Insurance was officially opened in July 2013 which greatly enhanced its operational strengths in marine insurance business; meanwhile the qualifications for sale of automobile insurance by telephone was duly approved which facilitated the steady launch of the sale-by-telephone business; Yong'an P&C Insurance's own insurance sales company also set up 15 branches at the provincial level through which production capacities were gradually formed. In July 2013, Yong'an P&C Insurance was qualified to invest in real estate which enhanced its investment capabilities. As of the end of 2013, Yong'an P&C Insurance had investable assets of RMB8.9 billion and an investment yield rate of 6.44% which was among the forefront in the property insurance industry; annual premium income of RMB7,478.9 million, representing an increase of 6.5% as compared with the same period of 2012; and net profit of RMB87 million, representing a decrease of 52% as compared with the same period of 2012. Due to a sharp increase in compensation costs, price competition for domestic insurance is intensifying with a high expense ratio, leading to underwriting losses.

In 2013, Pramerica Fosun Life Insurance launched the trilogy "Aviation Safety (藍天守護)", "Car-owner's Partner (車主伴侶)" and "Health Manager (健康管家)" to attract customers and developed lump-sum universal bank insurance in the fourth quarter. At present, Pramerica Fosun Life Insurance possessed a relatively complete set of product lines including life insurance, accident insurance, serious disease insurance, universal insurance and medical insurance. For investment, Pramerica Fosun Life Insurance was qualified to invest in bonds, stocks and other financial products in an entrusted manner and obtained the approvals from China Insurance Regulatory Commission for overseas investment.

Pramerica Fosun Life Insurance

In 2013, as a newly established life insurance joint venture, Pramerica Fosun Life Insurance made outstanding achievements in building its business base, developing operational model and business systems, broadening investment channels and promoting the innovation of products and sales model. In 2013, it had annualized premium income from underwriting new insurance policies of RMB16.7 million and total premium income of RMB16.5 million. Investment yield rate for 2013 was 2.29% (including working capital), and investable assets was RMB328 million as of the end of 2013.

Pramerica Fosun Life Insurance adhered to a multi-channel development strategy. Apart from the traditional channels through agents and banks, workplace marketing channel benefiting from its shareholders resources provided enterprises with solutions in respect of staff welfare; diversified sales channels by developing an innovative model of sales through part-time agents; and sales cooperation successfully established with securities institutions.

In 2013, Pramerica Fosun Life Insurance won "The Best Channel Innovative Life Insurance Company (最佳渠道創新人壽保險公司獎)" by CBN (第一財經), "The Innovative Service Insurance Company (創新服務保險公司獎)" by Jiefang Daily, "Warming Finance 'Annual Potential' (溫暖金融"年度潛力獎")" by CBN for teenager community volunteer award projects, and "The Most Popular Product (最受歡迎產品獎)" by Jiefang Daily for Baodefu (保得福) product.

Peak Reinsurance

Peak Reinsurance obtained its certificate of authorization in respect of the reinsurance business from the Office of the Commissioner of Insurance in Hong Kong in December 2012. During the Reporting Period, Peak Reinsurance has served over 90 customers in 19 Asian Pacific markets. In 2013, Peak Reinsurance had an annual non-life premium income of USD103.2 million with an investment yield rate of approximately 27% and a net profit before tax of USD104.4 million. The Group owns 85.1% interest in Peak Reinsurance, while International Finance Corporation owns the remaining 14.9% interest. As of the end of 2013, Peak Reinsurance's investable assets were USD679 million. The total investment returns for bonds, equities and bank time deposits were 6.8%, 67.3% and 0.2% respectively. Peak Reinsurance would continue to establish prudent and responsible investment strategies for its investable assets to maintain its financial soundness.

INDUSTRIAL OPERATIONS

INDUSTRIAL OPERATIONS

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

Fosun Pharma

In 2013, Fosun Pharma adhered to its business philosophy of “Innovation for Good Health”, focused on its core pharmaceutical and healthcare businesses, persisted in product innovation and management improvement, and promoted the strategies of organic growth, external expansion and integrated development. It continued to enhance its core drug manufacturing business with on-going improvement in key business indicators such as income, net profit and operating cash flow of the principal business. In therapeutic areas such as cardiovascular system, central nervous system, blood system, metabolism and alimentary canal and anti-infection, all core products of Fosun Pharma maintained good momentum of development with a number of products staying ahead in their respective market segments. During the Reporting Period, 15 formulation items and series of Fosun Pharma have recorded sales revenue of over RMB100 million. Fosun Pharma continued to increase its investment in research and development. During the Reporting Period, the new product You Li Tong 優立通 (febuxostat tablets) was approved for launch to the market, which is expected to become a new business growth driver.

In 2013, Fosun Pharma continued to increase investment in the area of medical services, and has successively invested in Guangzhou Nanyang Tumor Hospital, a hospital for treating cancers with a combination of Chinese and Western medicines, and Foshan Chancheng Central Hospital Company Limited, a 3A class hospital, basically forming the strategic layout of medical services business combining high-end medical services in coastal developed cities with specialist and general hospitals in second and third tier cities. As of the end of 2013, Anhui Jimin Cancer Hospital, Yueyang Guangji Hospital, Suqian Zhongwu Hospital and Central Hospital of Foshan Chancheng Central Hospital controlled by Fosun Pharma had a total of 2,090 approved beds.

During the Reporting Period, Sinopharm, in which Fosun Pharma having interests, completed placing of 165,668,190 H shares, raising net proceeds of approximately HKD4 billion. Continuous efforts were also made in accelerating industry consolidation, expanding the distribution network of pharmaceutical products and maintaining a rapid growth in business. In 2013, Sinopharm realized revenue of RMB166.866 billion, net profit of RMB3.58 billion and net profits attributable to owners of the parent of RMB2.25 billion, representing an increase of 22.24%, 16.01 % and 13.67% respectively compared with 2012.

Fosun Pharma followed a path towards global development, and actively sought opportunities for overseas business expansion and international mergers and acquisitions. During the Reporting Period, Fosun Pharma invested in Alma Lasers Ltd., a world-leading supplier of medical and aesthetic laser equipment, and continued to maintain its leadership position in the global market segments.

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

Unit: RMB million

	2013	2012	Change over the same period last year
Revenue	**9,921.5**	7,278.3	+36.3%
Profit attributable to owners of the parent	**828.8**	723.4	+14.6%

During the Reporting Period, the increase in the revenue and profit attributable to owners of the parent of Fosun Pharma was mainly due to the rapid development of businesses in the aspects of drug manufacturing and development and research, pharmaceutical business, investment, etc..

Forte

In 2013, austerity measures remained imposed on China's property market, but the main regulatory priority was changing gradually from sweeping control to long term mechanism and differentiation of control direction in various cities. In 2013, the property market recovered substantially and transaction volume in the first and second-tier cities rose significantly to a record high for the corresponding period in recent four years. Throughout the year, a total of RMB8.6 trillion was invested in property development across the country, representing an increase of approximately 19.8% as compared to 2012, while the total sales of commercial housing in China reached RMB8.1 trillion, representing an increase of approximately 26.3% over 2012.

In 2013, Forte adhered to the policy of "coordinated development of residential and commercial property, fast turnaround, deep presence in selected regions, quality branding", and under the concept of "regaining entrepreneurial spirit", continued to deepen its nationwide strategies by keeping up with the pace of a new round of urbanization and strengthened its business expansion capabilities in established cities by penetrating into the first and second-tier cities. Under the background of regulation and control, Forte responded promptly to changes in the market to reorient operation strategy and speeded up its turnaround, and drew up specific sales plans according to the actual conditions in different cities. Forte finally reaped satisfactory results in the whole year.

Looking ahead, Forte would build "Hive City (Community)" centered on the integration of industries and cities by inheriting the Group's development direction of "finance, real estate, health, culture and tourism, logistics and commerce", with a focus on broader international development platform. In 2014, Forte will actively carry out reforms together with its parent company Fosun Group , through consistent innovations and combining more global resources and various product lines to become a solution provider during a new round of urbanization and deliver a colorful and convenient life style for more customers.

Project Development

During the Reporting Period, Forte's GFA under development was approximately 7,935,282 sq.m., and attributable GFA amounted to approximately 4,873,054 sq.m., representing a decrease of approximately 6.6% compared with the same period of last year (2012: attributable GFA of approximately 5,216,618 sq.m.).

During the Reporting Period, the GFA of newly commenced projects was approximately 2,428,336 sq.m., and attributable GFA amounted to approximately 1,255,549 sq.m., representing a decrease of approximately 48.1% compared with the same period of last year (2012: attributable GFA of approximately 2,417,522 sq.m.).

During the Reporting Period, the GFA of completed projects was approximately 2,181,685 sq.m., and attributable GFA amounted to approximately 1,727,468 sq.m., representing an increase of approximately 11.9% compared with the same period of last year (2012: attributable GFA of approximately 1,543,510 sq.m.).

Development projects in 2013

City	GFA (sq.m.) Total	Attributable
Shanghai	870,523	535,443
Nanjing	951,677	655,806
Wuxi	431,984	320,808
Hangzhou	929,355	508,479
Cixi	446,200	312,340
Tianjin	62,600	43,820
Datong	122,746	122,746
Taiyuan	149,661	119,729
Changchun	210,635	210,635
Chengdu	1,389,033	596,087
Chongqing	565,000	462,825
Changsha	171,200	143,825
Wuhan	704,997	448,270
Hainan	210,003	63,001
Xi'an	262,778	131,389
Fuyang	199,405	99,702
Ningbo	68,312	45,086
Dongyang	189,173	53,063
Total	**7,935,282**	**4,873,054**

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

Project Reserves

During the Reporting Period, Forte obtained 10 projects as additional project reserves with planned GFA of approximately 2,357,300 sq.m. and attributable GFA was approximately 1,439,252 sq.m., representing an increase of approximately 0.7% compared with the same period of last year (2012: attributable GFA of approximately 1,428,882 sq.m.).

Newly added project reserves in 2013

Unite: sq.m.

City	Project name	Planned GFA	Attributable GFA	Equity	Usage
Ningbo	Wantou II	68,312	45,086	66%	Residence
Nanjing	Kazimen	303,600	200,376	66%	Residence, business
Chongqing	Jiefangbei	101,000	80,800	80%	Business, office
Wuhan	Xingang Yangtze River City	308,000	308,000	100%	Residence, business
Hangzhou	Phoenix	171,700	171,700	100%	Business, office
Chongqing	Huangjueping III	214,100	214,100	100%	Residence, business
Cixi	Jinlun Dongrui	8,000	5,600	70%	Residence
Shanghai	Villa Espana III	55,986	30,792	55%	Residence
Shanghai	Xingguang Yu	304,264	152,132	50%	Residence, business
Dongyang	Woodcarving City II	822,338	230,666	28%	Business, office
Total		**2,357,300**	**1,439,252**		

Note: Chongqing Huangjueping Project III and Xingguang Yu were acquired through equity transfer intra the Group.

As at the end of the Reporting Period, Forte owned project reserves with planned GFA of approximately 16,674,460 sq.m. in aggregate, and attributable GFA was approximately 10,161,074 sq.m., representing a decrease of approximately 6.1% compared with the same period of last year (2012: attributable GFA of approximately 10,823,475 sq.m.).

Project reserves (as at 31 December 2013) Unit: sq.m.

	Undeveloped		Under development		Total	
City	**Total**	**Attributable**	**Total**	**Attributable**	**Total**	**Attributable**
Shanghai	1,233,838	710,673	472,957	299,125	1,706,795	1,009,798
Nanjing	787,251	529,580	568,163	350,834	1,355,414	880,414
Wuxi	168,401	84,201	322,341	233,093	490,742	317,294
Hangzhou	203,568	195,601	753,429	376,535	956,997	572,136
Cixi	83,000	58,100	446,200	312,340	529,200	370,440
Tianjin	701,368	701,368	62,600	43,820	763,968	745,188
Datong	257,051	257,051	122,746	122,746	379,797	379,797
Taiyuan	455,400	364,320	97,755	78,204	553,155	442,524
Changchun	—	—	68,809	68,809	68,809	68,809
Chengdu	2,573,853	1,444,316	63,904	31,952	2,637,757	1,476,268
Chongqing	1,344,436	859,696	269,975	189,188	1,614,411	1,048,884
Changsha	128,892	108,282	87,989	73,920	216,881	182,202
Wuhan	1,029,203	659,760	704,997	448,270	1,734,200	1,108,030
Hainan	307,917	92,375	210,003	63,001	517,920	155,376
Xi'an	1,898,642	949,321	204,530	102,265	2,103,172	1,051,586
Fuyang	—	—	151,313	75,656	151,313	75,656
Ningbo	—	—	68,312	45,086	68,312	45,086
Dongyang	636,444	178,523	189,173	53,063	825,617	231,586
Total	**11,809,264**	**7,193,167**	**4,865,196**	**2,967,907**	**16,674,460**	**10,161,074**

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

Property Sales

During the Reporting Period, Forte realized property contract sales area and contract sales revenue of approximately 1,473,915 sq.m. and RMB19,976.1 million, and attributable contract sales area and contract sales revenue amounted to approximately 997,974 sq.m. and RMB12,837.6 million, representing a decrease of approximately 9.4% and an increase of approximately 5.7% respectively, compared with the same period of last year (2012: attributable contract sales area and contract sales revenue of approximately 1,100,954 sq.m. and RMB12,144.0 million).

Area and revenue contracted for sale in 2013

Project name	City	Attributable Area (Sq.m.)	Attributable Revenue (RMB/million)	Total Area (Sq.m.)	Total Revenue (RMB/million)	Equity
Xirongxian 26	Beijing	571	34.6	571	34.6	100%
Peking House	Beijing	828	22.2	828	22.2	100%
Natural City	Changchun	146,463	1,000.3	146,463	1,000.3	100%
Great Seal of the Lord(1)	Changsha	32,241	508.9	45,429	704.0	84%
Taiyue Bay	Chengdu	15,850	191.3	79,248	956.4	20%
Forte Kingdom Fragrance	Chengdu	15,667	143.2	30,720	280.8	51%
Forte Times	Chengdu	37,174	396.0	37,174	396.0	100%
Gorgeous Lakeside(2)	Chengdu	9,459	49.7	10,933	59.5	100%
Unusual Luxury	Chengdu	1,849	22.1	3,698	44.2	50%
Heraldry of Power	Datong	20,005	187.7	20,005	187.7	100%
Woodcarving City	Dongyang	4,116	32.3	14,675	115.2	28%
Forte Times	Fuyang	4,644	86.1	9,288	172.3	50%
Invaluable City	Hangzhou	40,721	418.7	54,294	558.3	75%
Forte Uptown	Hangzhou	28,908	282.8	48,180	471.3	60%
Glorious Time(3)	Nanjing	49,457	820.9	53,885	890.5	100%
Graceful Oasis	Nanjing	36,898	382.7	90,105	934.6	41%
Palais Luxueux(4)	Nanjing	40,714	899.6	49,042	1,086.2	90%
Ronchamp Villa	Nanjing	12,317	181.1	12,317	181.1	100%
Royal Mansion	Cixi	30,125	364.1	43,035	520.1	70%
Golden City	Shanghai	37,361	1,150.9	93,403	2,877.3	40%
Yi He Hua Cheng	Shanghai	8,368	305.0	16,735	610.0	50%
Gubei New City	Shanghai	2,977	103.6	5,954	207.1	50%
Forte Zhonghuan Community	Shanghai	8,620	159.5	12,314	227.9	70%
Aromatic Villa	Shanghai	12,922	503.7	16,153	629.6	80%
Shanghai Corporate Campus	Shanghai	7,589	121.1	11,456	182.8	66%
Leading Mansion	Shanghai	9,512	96.4	19,023	192.9	50%
Forte Glorious Time	Shanghai	1,805	20.9	1,805	20.9	100%
Jinshan Chempark	Shanghai	7,730	58.2	7,730	58.2	100%
Villa Espana	Shanghai	417	6.0	759	10.9	55%
All New Shanghai	Shanghai	1,486	9.4	1,486	9.4	100%
Xingguang Yu	Shanghai	11,837	506.1	23,674	1,012.2	50%
Forte Dongshan International	Taiyuan	33,776	315.5	42,220	394.3	80%
Windsor Villa	Tianjin	34,605	380.4	49,436	543.5	70%
Joy Town Residence	Wuxi	29,098	240.2	36,373	300.3	80%
Australian Garden	Wuxi	14,722	103.0	29,445	206.0	50%
Forte International East Lake	Wuhan	140,745	1,844.7	201,064	2,635.2	70%
Joy Town Residence	Wuhan	14,921	105.4	42,630	301.3	35%
Chief Park City	Xi'an	12,474	77.2	24,948	154.4	50%
Yotown	Xi'an	821	12.7	864	13.4	95%
The Villa in the Flower Island	Chongqing	60,254	585.9	60,254	585.9	100%
Forte Mountain	Chongqing	8,372	79.7	16,744	159.5	50%
Forte Uptown	Chongqing	7,525	19.2	7,525	19.2	100%
Forte Times	Chongqing	2,030	8.6	2,030	8.6	100%
Total		**997,974**	**12,837.6**	**1,473,915**	**19,976.1**	

Notes:

(1) In December 2013, the equity interest increased from 68% to 84% and the contract sales area and contract sales revenue were calculated by weighted average method.

(2) In December 2013, the equity interest increased from 82% to 100% and the contract sales area and contract sales revenue were calculated by weighted average method.

(3) In December 2013, the equity interest increased from 91% to 100% and the contract sales area and contract sales revenue were calculated by weighted average method.

(4) In December 2013, the equity interest increased from 81% to 90% and the contract sales area and contract sales revenue were calculated by weighted average method.

(5) including the projects of jointly-controlled entities and associates in which the Group owns equity interests but excluding the projects developed by the associate Zendai.

Property Booked

During the Reporting Period, the property area (booked area) and property amount (booked amount) booked by Forte were approximately 1,541,230 sq.m. and RMB18,032.8 million (including the projects of jointly-controlled entities and associates owned by Forte but excluding the projects developed by the associate Zendai) respectively. Attributable area and amount booked amounted to approximately 1,137,754 sq.m. and RMB12,554.5 million, representing an increase of approximately 16.9% and 26.3% respectively, compared with the same period of last year (2012: attributable area and amount booked of approximately 973,412 sq.m. and RMB9,939.9 million).

As at the end of the Reporting Period, the area and amount sold but not booked were approximately 1,218,435 sq.m. and RMB17,758.1 million respectively, and attributable area and amount sold but not booked amounted to approximately 751,310 sq.m. and RMB11,217.1 million, representing a decrease of approximately 15.7% and an increase of 2.6% respectively, compared with the same period of last year (2012: attributable area and amount sold but not booked of approximately 891,090 sq.m. and RMB10,934.0 million) (including the projects of jointly-controlled entities and associates owned by Forte but excluding the projects developed by the associate Zendai).

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

Unit: RMB million

	2013	2012	Change over the same period last year
Revenue	**11,361.6**	10,478.0	+8.4%
Profit attributable to owners of the parent	**2,035.9**	1,522.2	+33.7%

During the Reporting Period, the increase in the revenue of Forte was mainly attributable to the increase in booked area of completed properties as compared with last year, while the increase in profit attributable to owners of the parent was due to the growth of revenue and the appreciation of investment property.

Nanjing Nangang

In 2013, the operational environment in the steel industry further deteriorated which put a number of enterprises in an unprecedented crisis of survival. Against such severe situation, Nanjing Nangang further promoted “great marketing strategy”, deepened “refined management” and made overall arrangement of various tasks related to enterprise transformation and upgrade through in-depth activities of “exploring potential and increasing gains”, particularly by systematic planning and overall promotion in construction of key projects, promotion of great marketing, international positioning, deepening internal reform, diversified industrial development and other aspects. In the second half of 2013, transformation and upgrading projects were completed and put into operation in succession which set a solid foundation for future development. At present, eight major industrial segments have been initially formed such as informationization, extended processing, trade, comprehensive utilization of resources and operation of finance and investment, which have revealed good prospects with accelerated growth.

In the major economic indicator rankings of large iron and steel enterprises with more than 5.0 million tonnes of annual steel production published by the China Iron and Steel Association, net asset return of Nanjing Nangang ranked second, profit per tonne of steel ranked third, per capita profit, per capita profit tax and sales profit margin ranked fourth, and the most important overall economic efficiency index ranked third in 2013.

Main products of Nanjing Iron & Steel:

	Output in 2013 ('000 tonnes)
Medium and heavy plates	**3,309.6**
High strength ship plates	**391.1**
Boiler and pressure vessel plates	**341.6**
Pipeline steel plates (straight seam)	**266.3**
Bearing steel	**188.8**

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

	Output of iron concentrate ('000 tonnes)	**Reserve volume Note**
2013	958.0	73.6 million tonnes iron ore
2012	909.9	78.4 million tonnes iron ore
Change over the same period last year	5.3%	

Note: Based on the standards of Solid Mineral Geology Exploration of China, the figure for 2013 was an estimated value.

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

Unit: RMB million

	2013	2012	Change over the same period last year
Revenue	**26,425.3**	31,717.2	-16.7%
Profit/(loss) attributable to owners of the parent	**368.9**	(289.4)	Not applicable

During the Reporting Period, the declined revenue of Nanjing Nangang was primarily due to a decrease in both average selling prices and sales volume of products. The substantial increase in the profit attributable to owners of the parent was mainly due to the gain on the disposal of an available-for-sale investment of Huatai Securities Co., Ltd..

Hainan Mining

During the Reporting Period, price of iron ore experienced a sharp decline due to a depression in the domestic steel industry. Leveraging on its advantages, Hainan Mining strengthened the expansion of marketing channels and actively adjusted its sales strategy. Its annual output of iron ore reached 4,077.0 thousand tonnes, representing an increase of 5.1% as compared with the same period of last year. Meanwhile, Hainan Mining actively pursued its listing process.

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

	Output of iron ore ('000 tonnes)	**Reserve volume[Note]**
2013	4,077.0	275 million tonnes iron ore
2012	3,878.3	252 million tonnes iron ore
Change over the same period last year	5.1%	

Note: Based on the standards of Solid Mineral Geology Exploration of China, the figure for 2013 was an estimated value.

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

Unit: RMB million

	2013	2012	Change over the same period last year
Revenue	**2,654.4**	2,151.5	+23.4%
Profit attributable to owners of the parent	**602.4**	462.8	+30.2%

During the Reporting Period, the increase in both the revenue and profit attributable to owners of the parent of Hainan Mining was mainly attributable to an increase in production, sales and price of iron ore.

INVESTMENT

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

INVESTMENTS IN STRATEGIC ASSOCIATES

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

Yuyuan

Yuyuan is mainly engaged in commercial retail and gold and jewellery wholesale and retail, and it holds shares in Zhaojin Mining. During the Reporting Period, the principal operations of Yuyuan maintained rapid development, continued to expand and strengthen the sales of gold and jewellery. In 2013, Yuyuan established Shanghai Yuyuan Gold and Jewellery Group Co., Limited (上海豫園黃金珠寶集團有限公司) ("Yuyuan Gold and Jewellery Group") by merging two gold and jewellery brands, namely "Laomiao Gold" and "Yayi Gold" and implemented a model of operating two brands in parallel under the same group to streamline its main businesses and realize the transformation and development. During the Reporting Period, Yuyuan Gold and Jewellery Group utilized its integrated advantages and accumulative effects in concentrated resources, unified allocation, specialization of work and intensive operation and better capitalized on the opportunities arising from the decline in gold price during the year. These efforts contributed to a relatively large rise in sale results and profitability. Meanwhile, Yuyuan also increased its investments in commercial properties.

During the Reporting Period, Yuyuan's operating revenue reached RMB22,522.8 million, representing a growth of 10.96% over the same period of last year, with net profit attributable to shareholders of the listed company of RMB980.8 million, representing a growth of 1.3% over the same period of last year. Regarding the gold and jewellery sector, Yuyuan re-classified and established the differentiated positions, regional market and objectives under "Laomiao Gold" and "Yayi Gold", two well-known trademarks in China. During the Reporting Period, Yuyuan made full use of brand advantages and increased its efforts in the construction of retail chain channels of gold and jewellery. While expanding the retail chain, it emphasized not only on quantities but to a greater extent on operational quality of outlets. As at the end of the Reporting Period, the total network reached 1,689 through selective process.

Jianlong Group

Jianlong Group is a steel manufacturer in North China and Northeast China, with its major steel production facilities located in Tangshan and Chengde of Hebei Province, Fushun of Liaoning Province, Shuangyashan of Heilongjiang Province and Panshi of Jilin Province. The crude steel production scale of Jianlong Group exceeded 14.0 million tonnes in 2013. Its principal products include hot rolling medium wide strips, cold rolling medium wide strips, hot rolling narrow strips, cold rolling narrow strips, hot rolling coils, reinforcing bars and wire rods and sectional materials.

In 2013, Jianlong Group achieved a steel output of 14.37 million tonnes and an iron concentrate output of 3.73 million tonnes. Revenue from its principal business activities reached RMB73 billion, and total profit amounted to RMB597 million. Tax contribution accounted for RMB2,045 million.

All subsidiaries of Jianlong Group engaged in iron & steel business made steady progress in category structure and quality of product to form some new profit growth drivers. Meanwhile, Jianlong Group also owns a controlling stake in Huaxia Mining, whose main product is iron concentrate. Huaxia Mining has been maintaining a sound level of profitability by actively responding to the changes in the market, with an iron concentrate output of 2.72 million tonnes, representing an increase of 8.92% as compared to the same period of last year, a phosphor concentrate output of 62.8 thousand tonnes, a sulfur concentrate output of 129.1 thousand tonnes and total profit of RMB367.0 million during the Reporting Period.

The main product of Huaxia Mining is iron concentrate. Its principal production data was as follows:

	Output of iron concentrate ('000 tonnes)	Reserve volume[Note]
2013	2,719.1	4.18 billion tonnes iron ore
2012	2,496.4	4.20 billion tonnes iron ore
Change over the same period last year	8.92%	

Note: Based on the standards of Solid Mineral Geology Exploration of China, the figure for 2013 was an estimated value.

Shanjiaowulin

Shanjiaowulin is an associate between the Group and Xishan Coal Electricity Group Co., Ltd.. with coal and charcoal resources such as prime coking coal. After years of construction, Shanjiaowulin has initially formed a complete industrial chain covering from coal production and special rails to coke processing and manufacture of methanol with coking gas and other deep processing.

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

	Output of coke ('000 tonnes)	Reserve volume[Note]
2013	892.1	722.3 million tonnes of prime coking coal, fat coal
2012	835.4	767.6 million tonnes of prime coking coal, fat coal
Change over the same period last year	6.8%	

Note: Based on the standards of Solid Mineral Geology Exploration of China, the figure for 2013 was an estimated value.

PE

The Group's investments in the PE include enterprises such as Zhaojin Mining, St. John and Caruso.

Zhaojin Mining

Zhaojin Mining is a large conglomerate with exploration, mining, processing and smelting operations focusing on the gold production business. In 2013, Zhaojin Mining was committed to getting over negative circumstances of a substantial decline in international gold price and taking advantage of its resources and management to achieve a year-on-year growth of 11.05% in mine-produced gold output.

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

	Output of mine-produced gold (tonnes)	Gold ore resources reserve[Note] (tonnes)
2013	20.1	687.7
2012	18.1	690.2
Change over the same period last year	11.05%	

Note: Measured according to the Code of the Joint Ore Reserves Committee in Australia (JORC).

St. John

St. John, a renowned US luxury womenswear brand, was the first investment project in the US by the Group in 2013. As of 30 October 2013 (the financial year of St. John), the Company held 6.7% equity interest in St. John indirectly, together with 27.2% equity interest held by Pramerica-Fosun China Opportunity Fund managed by the Group.

As of 30 October 2013, the sales revenue of St. John was USD249 million, representing a decrease of 2% over the same period of last year, and the EBITDA was USD29 million, representing a growth of 4.2% over the same period of last year. The adjusted EBITDA, net of investment transaction cost and one-off management recruitment cost of the Group, was USD33 million, representing a growth of 16% over the same period of last year.

In August 2013, the Group helped to introduce Bernd Beetz as the Global Executive Chairman and Geoffroy van Raemdonck as the Chief Executive Office of St. John. Led by the new management, St. John is expecting a significant growth in brand construction, product design and retail operations in future.

Caruso

Caruso, an Italian luxury menswear manufacturer, was an overseas investment by the Group in September 2013 and also an important investment of the Group in the European luxury goods industry. The Company indirectly holds 5.95% equity interest in Caruso, while Pramerica-Fosun China Opportunity Fund managed by the Group holds 29.05% of its equity interest.

As a leading luxury menswear manufacturer in Italy, Caruso has over 600 employees with an annual production of over 100,000 pieces of premium clothes, 10% of which are customized apparels for private clients. Caruso's self-owned branded products are sold worldwide through over 300 points of sale in multi-brand boutiques and department stores. Apart from selling self-owned branded products, Caruso also provides quality apparel original equipment manufacturer services for various international luxury brands. Caruso is the only company in the Italian fashion and luxury goods industry which obtained ISO9001 certification.

SECONDARY MARKET INVESTMENTS

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

Club Med

Club Med was an important investment of the Group in “combining China’s growth momentum with global resources” investment model in 2010. During the Reporting Period, the Group worked with La présidente d’Ardian (formerly named Axa Private Equity) in France and top managers of Club Med to initiate an offer to buy all Club Med shares and OCEANEs (bonds convertible into or exchangeable for new or existing shares of Club Med) in the open market by way of tender, with the intention of acquiring at least 50% of Club Med shares. L’association de défense des actionnaires minoritaires (ADAM) has brought a lawsuit against the offer, and the French regulatory authority suspended this offer accordingly. The hearing for the lawsuit was held on 27 February 2014 and the court will pronounce a judgment on 29 April 2014. If the judgment is made in favor of the offeror, the offer is expected to be completed in the middle of 2014. As for financial results, despite the political volatility in North Africa during the summer of 2013 and the sharp fall in the travel market of France, Club Med recorded an operating profit of Euro55 million, and its business indicators (including income per bed and visitors’ duration of stay) increased. Club Med recorded a net loss of Euro9 million after other non-operating expenses. Especially after the Group invested in Club Med and entered into strategic cooperation, Club Med’s development strategy in China has achieved remarkable results. The mutual cooperative relationship was reinforced and the synergies of the resources of both parties have emerged gradually. According to Club Med’s development plan, China will be its second largest market after France in the world by 2015.

Folli Follie

Folli Follie, a globally renowned fashion retail group, was an overseas strategic investment of the Group in 2011. As at the end of 2013, the Group held 9.96% equity interest, and Pramerica-Fosun China Opportunity Fund managed by the Group held 3.89% equity interest in Folli Follie, amounting to 13.85% equity interest in total.

During the Reporting Period, the sales revenue for the first three quarters of 2013 of Folli Follie was Euro638.1 million (exclusive of sales revenue from tourism retail operations, which ceased to be consolidated into financial statements of Folli Follie since 11 April 2013), representing a growth of 6.2% over the same period of last year, with profit before tax of Euro285.8 million (inclusive of cash of Euro200.5 million received from disposal of 51% equity interest in tourism retail operations in Greece to Dufry AG of Switzerland) and net profit attributable to shareholders of the listed company of Euro280.0 million.

On 12 December 2013, Folli Follie announced that it has disposed the remaining 49% equity interest of its tourism retail operations in Greece to Dufry AG in Switzerland. Dufry AG have paid a total consideration of Euro328 million, of which Euro175 million was paid in cash, the remaining Euro153 million was paid by way of issuing additional shares. After the completion of the transaction, Folli Follie will hold 1,231,233 Dufry AG shares, representing 4% of Dufry AG’s total shares on a diluted basis, and will become its significant shareholder. Meanwhile, Folli Follie will gain a board seat in Dufry AG.

Due to the double positive stimuli of the outstanding performance of the company and the entering into of the above-mentioned agreement, the share price of Folli Follie in the secondary market performed strongly soaring 81% throughout 2013, which was much better than the overall performance of the Athens stock market.

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

Minsheng Bank

Minsheng Bank is an important investment of the Group in the financial service sector. According to the 2013 third quarterly financial report of Minsheng Bank, the operating revenue of Minsheng Bank for the first three quarters of 2013 was RMB85,975 million, representing a growth of 10.70% over the first three quarters of 2012. The net profit attributable to owners of the parent was RMB33,314 million, representing a growth of 15.63% over the first three quarters of 2012. The annualized weighted average return on equity for the first three quarters of 2013 was 24.75%, representing a decrease of 1.57 percentage points over the annualized weighted average return on equity for the first three quarters of 2012. The non-performing loan ratio as at the end of the third quarter of 2013 was 0.78%, representing a growth of 0.02 percentage point over the end of 2012. The balance of loans for small enterprises amounted to RMB404,912 million as at the end of the third quarter of 2013, representing a growth of RMB87,961 million or 27.75% over the end of 2012.

CITS

In July 2013, the Group subscribed 19,250,000 shares in the private placing of CITS. The total subscription amount was RMB512 million. Upon the completion of the subscription, the Group held 1.97% equity interest and became the third largest shareholder of CITS.

During the Reporting Period, the revenue for the first three quarters of 2013 of CITS was RMB12,649 million, representing a growth of 10.2% over the same period of last year, and the net profit attributable to owners of the parent was RMB1,125 million, representing a growth of 44.49% over the same period of last year. As for the third quarter, the revenue of CITS was RMB4,800 million , representing a growth of 5.0% over the same period of last year, and the net profit attributable to owners of the parent was RMB321 million, representing a growth of 52.5% over the same period of last year.

China International Travel Service Limited, Head Office under CITS is the largest travel agency in China. According to the statistics of the National Tourism Administration, CITS ranked first in China for both outbound and inbound travel markets. China Duty Free Group Co., Ltd. under CITS is a nationwide qualified duty-free retailer, and its duty-free shop with an area of 119,000 square meters in Haitang Bay, Sanya, Hainan, the largest one in the world, will open in August 2014.

Perfect World

The Group has invested in Perfect World since 2012. As at the end of the Reporting Period, the Group totally held 12.02% equity interest in Perfect World. According to the US Generally Accepted Accounting Principles, Perfect World recorded net operating revenue of USD504.3 million for 2013, representing an increase of 10.2% over the same period of last year, with a net profit of USD89.6 million, representing an increase of 0.3% over the same period of last year.

LP INVESTMENTS

The Group made investment through capital contribution as a limited partner, while proactively developing its asset management business. As of 31 December 2013, the Group committed to contribute a total of RMB4,035.4 million (RMB249.0 million was committed to contribute by Forte), of which RMB2,713.6 million was actually contributed (RMB249.0 million was contributed by Forte to real estate series funds of Forte).

OTHER INVESTMENTS

The Group's other investments included The Bund Finance Center, Dalian Donggang, Resource Property, Starcastle Senior Living, Atlantis, Cainiao, One Chase Manhattan Plaza of New York and Lloyds Chambers of London, etc.. The equity interest of the Shanghai Zhenru and Chongqing Jinling projects owned by the Group has been transferred to Forte in October 2013.

The Bund Finance Center

The Bund Finance Center is a high-end complex project located in the core zone of the Bund in Shanghai, which made good progress in 2013 and is expected to be completed in 2015.

Dalian Donggang

Dalian Donggang is a high-end urban complex project located in the central business district of Donggang district of Dalian, which was launched for sale at the end of 2012, achieving contracted sales of RMB994 million in 2013, and the first phase of which is expected to be completed in 2014 and the whole project is expected to be completed in 2015.

The land reserve of project:

Name of project	Usage	Land area (sq.m.)	GFA (sq.m.)	Ownership of interests	Land costs (in RMB million)	Development progress	Expected completion time
The Bund Finance Center	Office, Business, Hotel	45,472	426,073	50%	9,450	Under development	2015
Dalian Donggang	Residence, Office, Hotel	141,600	763,003	64%	4,021	Under development	2015
Total		187,072	1,189,076		13,471		

Resource Property

Resource Property is an integrated service provider in the property circulation sector of the Group. In 2013, it overcame the adverse effects brought by the policy of restricting housing purchases in main cities, and maintained a continuous rising trend in its new business development.

Starcastle Senior Living

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

Atlantis

The Group has entered into a management agreement and a technology service agreement with Kerzner Group to jointly develop the Atlantis hotel project in Haitang Bay, Sanya. The project is expected to be completed by the end of 2016.

Cainiao

Shanghai Xinghong Investment Co., Ltd., a subsidiary of the Company, contributed RMB500 million to Cainiao for its 10% equity interest in May 2013.

In September 2013, the logistics business unit of Alibaba Group has been formally merged into Cainiao. Cainiao is expected to promote the development of the whole logistics industry by digital platform, to accelerate the construction of "China Smart Logistics Network". Cainiao has outlined its preliminary business plan: ground network operation plus air network operation. Ground network operation includes the construction of national physical storage network and reduction of warehouse renting and sorting costs. Air network operation, based on information and platform systems, is to build up an information sharing channel between business and logistics operators, so as to improve customer experience and logistics efficiency while reducing logistics costs. The air network operation and ground network operation support each other by way of information exchanging, in order to help e-commerce operators to improve efficiency and reduce costs, and pull down the entry barrier for traditional business to enter the e-commerce sector.

Lloyds Chambers of London

In October 2013, the Group purchased Lloyds Chambers of London with its partner at a purchase price of GBP64.5 million. Lloyds Chambers of London, located in the core financial district of London, is a 9-storey building with a gross floor area of 193,450 square feet.

One Chase Manhattan Plaza of New York

In December 2013, the Group completed the acquisition of One Chase Manhattan Plaza of New York, freehold for investment purposes at a purchase price of USD725 million. One Chase Manhattan Plaza, located in the downtown Manhattan financial district of North New York, is a 60-storey Grade A office building landmark with a leasable area of 2,215,000 square feet.

Chuangfu Finance Leasing

In August 2013, Fosun Great China Finance Company Limited, a subsidiary of the Company, acquired a 35.4% stake in Chuangfu Finance Leasing.

Chuangfu Finance Leasing is principally engaged in automobile finance leasing for corporate and individuals clients who need medium-to -high end automobile related financial service. A market leader in its field, the company maintains strategic collaborations with a number of high end automobile manufacturers and dealers such as BMW Automobile Finance, Audi and Mercedes.

ASSET MANAGEMENT

During the Reporting Period, despite the strong recovery of the US economy, the external economic environment challenges were still severe. The Group continuously expanded the asset management business by upholding the investment philosophy of value investment and "combining China's growth momentum with global resources" and consistently generated long term and stable returns for limited partners. During the Reporting Period, the PE industry was faced with general reshuffling and it was very difficult to raise funds. As at the end of December 2013, the Weishi Fund launched by the Group completed first closing with RMB2.41 billion.

The funds currently managed by the Group mainly include various RMB funds and USD funds, covering various types of assets portfolio, such as growth fund and property development fund, i.e. Weishi Fund, Fosun Capital, Fosun Chuanghong, Star Capital, Pramerica-Fosun China Opportunity Fund, Carlyle-Fosun, real estate series funds of Forte and others. The asset management business of the Group mainly targeted domestic and international high-end large institutional clients and high net worth individual clients and continued to actively seek institutional investors and large enterprises to become limited partners of the Group for long term cooperation.

As at the end of the Reporting Period, the scale of the asset management business of the Group reached RMB24,655.6 million[note 1], of which RMB339.8 million was contributed by the Group through its commitment as a general partner and RMB4,035.4 million was contributed by the Group through its commitment as a limited partner[note 2]. The management fee derived from the asset management business amounted to RMB475.2 million[note 3]. In addition, during the Reporting Period, the asset management business of the Group invested in 16 new projects, and increased investments in 7 existing projects, with an accumulated investment of RMB4,087.4 million.

Note 1: The size of real estate series funds of Forte was RMB3,931.0 million.

Note 2: Forte committed to contribute RMB177.9 million as a general partner and RMB249.0 million as a limited partner.

Note 3: The management fee generated from real estate series funds of Forte was RMB31.76 million which was accounted for in Forte's financial statements.

RECENT DEVELOPMENT

Acquisition of Portuguese Insurance Companies

During the Reporting Period, the Company submitted a legally binding bid proposal to acquire 80% of the equity interest of Fosun Insurance Portugal. In January 2014, the Company won the bid and signed the formal agreement in February. Fosun Insurance Portugal forms the largest insurance group in Portugal, with the largest market shares in both life and non-life insurance, and across most individual products. Fosun Insurance Portugal also has a portfolio of highly recognized brands and a diversified distribution platform. As of 31 December 2013, Fosun Insurance Portugal had approximately Euro12 billion investable assets. The acquisition strengthens the Group's capability to access long-term high-quality capital, and also enables the Group to increase investment returns of Fosun Insurance Portugal by leveraging on its unique investment capacity. The acquisition is another milestone of the Company in its course of globalization, and will provide a good platform for the Group to expand insurance and other businesses in the EU countries and Portuguese-speaking countries. The project is pending for completion and is estimated to be consolidated into the financial statements of the Group in the second half of 2014.

Subscription of Sanyuan Shares

In February 2014, the Company's subsidiary Pingrun Investment and Fosun Chuanghong, a fund managed by the Group, entered into a share subscription agreement with Sanyuan (whose A shares are listed on the Shanghai Stock Exchange, stock code: 600429) regarding a private placement by Sanyuan of A shares. Sanyuan has offered 306,278,713 ordinary A shares of Sanyuan (the "A Shares") to Pingrun Investment and Fosun Chuanghong at a subscription price of RMB6.53 per A share. Pingrun Investment subscribed for 249,617,151 A Shares at a consideration of RMB1.63 billion and Fosun Chuanghong subscribed for 56,661,562 A Shares at a consideration of RMB0.37 billion. Upon the completion of the subscription, Pingrun Investment and Fosun Chuanghong will hold a total of approximately 16.67% and 3.78% respectively of the enlarged number of issued shares of Sanyuan.

FINANCIAL REVIEW

NET INTEREST EXPENDITURES

Net interest expenditures, net of capitalized amounts of the Group, decreased to RMB2,661.0 million in 2013 from RMB2,727.8 million in 2012. The decrease in net interest expenditures was mainly attributable to the declining average interest rates of bank borrowings in 2013. The interest rates of borrowings in 2013 were between approximately 0.96% and 11%, as compared with between approximately 1.44% and 15% in 2012.

TAX

Tax increased to RMB1,908.5 million in 2013 from RMB1,334.1 million in 2012. The increase in tax was mainly resulted from the increase in taxable profit from the industrial operations.

BASIC EARNINGS PER SHARE OF ORDINARY SHARES

Basic earnings per share attributable to ordinary equity holders of ordinary shares of the parent was RMB0.86 in 2013, representing an increase of 48.3% from RMB0.58 per share in 2012. Diluted earnings per share attributable to ordinary equity holders of ordinary shares of the parent was RMB0.86 in 2013. The weighted average number of shares was 6,421.6 million shares for 2013, which was same as that for 2012.

EQUITY PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

As at 31 December 2013, equity per share attributable to owners of the parent was RMB6.17, representing an increase of RMB0.69 per share from RMB5.48 per share as at 31 December 2012. The increase in equity per share attributable to owners of the parent was primarily due to the difference between RMB5,041.2 million and RMB885.2 million, which were the total comprehensive income attributable to owners of the parent in 2013 and the dividend distributed on 16 July 2013, respectively.

PROPOSED FINAL DIVIDEND

The Board has recommended the payment of a proposed final dividend of HKD0.15 per ordinary share for the year ended 31 December 2013. Subject to the approval of the Company's shareholders at the Company's annual general meeting to be held on 28 May 2014, the proposed final dividend will be paid to the Company's shareholders on or around 16 July 2014. There is no arrangement under which a shareholder of the Company has waived or agreed to waive any dividends.

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 our 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 optimization of product mix, we have properly increased the investment in the steel segment. With an aim to further strengthen our leading role in the mining industry, we have made extra efforts in the mining segment. The amount of capital expenditures of the Group during the Reporting Period were RMB7,371.6 million. Details of capital expenditures of each business segment are set out in note 5 to financial statements.

As at 31 December 2013, the Group's capital commitment contracted but not provided for was RMB6,366.6 million, these were mainly committed for property development, addition of plant and machinery and investments. Details of capital commitment are set out in note 50 to financial statements.

INDEBTEDNESS AND LIQUIDITY OF THE GROUP

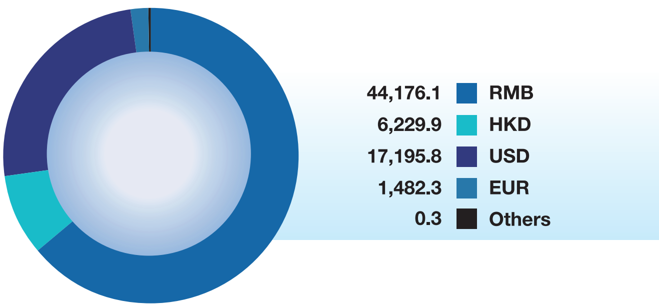
As at 31 December 2013, the total debt of the Group was RMB69,084.4 million, representing a relatively large increase over RMB56,902.6 million as at 31 December 2012, which was mainly due to the increase in borrowings as a result of business expansion of all segments of the Group. As at 31 December 2013, mid-to-long-term debt of the Group accounted for 54.1% of total debt, as opposed to 52.5% as at 31 December 2012. As at 31 December 2013, cash and bank balances decreased by 25.8% to RMB16,387.2 million as compared with RMB22,088.5 million as at 31 December 2012.

Unit: RMB million

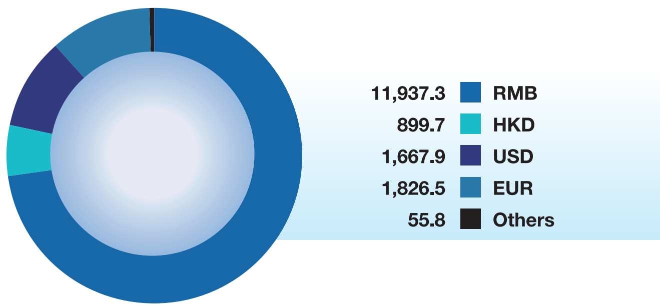
	31 December 2013	31 December 2012
Total debt	**69,084.4**	56,902.6
Cash and bank balances	**16,387.2**	22,088.5

The original denomination of the Group's debt as well as cash and bank balances by currencies, equivalent in RMB, as at 31 December 2013 is summarized as follows:

Total Debt



Cash and Bank Balances



TOTAL DEBT TO TOTAL CAPITALISATION RATIO

As at 31 December 2013, the ratio of total debt to total capitalisation was 53.0%, which was 49.9% as at 31 December 2012. Following the business expansion of the Group, the ratio of total debt to total capitalisation was maintained within a reasonable range while the financing channels were continually broadened.

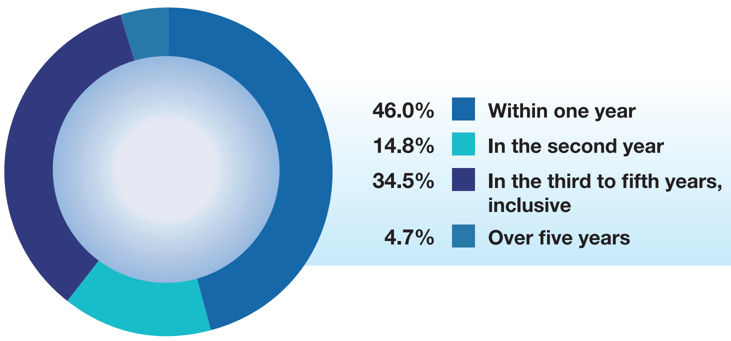
BASIS OF CALCULATING INTEREST RATE

To stabilize interest expenses, the Group endeavoured to maintain appropriate borrowings at fixed interest rates and floating interest rates. The Group made timely adjustment to the debt structure under the market circumstances. As at 31 December 2013, 53.8% of the Group's total borrowings bore interest at a floating interest rate.

THE MATURITY PROFILE OF OUTSTANDING BORROWINGS

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

Below is the outstanding borrowings classified by year of maturity as at 31 December 2013:



AVAILABLE FACILITIES

As at 31 December 2013, save for cash and bank balances of RMB16,387.2 million, the Group had unutilized banking facilities of RMB77,641.6 million. The Group has entered into cooperation agreements with various major banks in China. According to these agreements, the banks granted the Group general banking facilities to support its capital needs. Prior approval of individual projects from banks in accordance with bank regulations of China must be obtained before the use of these banking facilities. As at 31 December 2013, available banking facilities under these arrangements totaled RMB127,161.2 million, of which RMB49,519.6 million was allocated to various projects.

CASH FLOW

In 2013, net cash flow generated from operating activities was RMB155.7 million. Profit before tax for the year was RMB9,761.3 million. After making aggregate adjustment for the items such as investment gain and loss and financing costs included in profit before tax and offsetting the total amount of depreciation and amortisation which did not result in cash outflow, cash flow generated from operating activities decreased by RMB4,419.7 million. However, owing to the increase in properties under development of RMB2,961.1 million and completed properties held for sale of RMB4,368.8 million, the increase in prepayments, deposits and other receivables of RMB4,012.2 million, interest payment of RMB1,073.4 million and income tax payment of RMB2,200.5 million, cash flow generated from operating activities decreased. The decrease in trade and notes receivables of RMB1,131.4 million and the increase in accrued liabilities and other payables of RMB6,850.3 million contributed to an increase in the cash flow from operating activities. The increase in both properties under development and completed properties held for sale were mainly due to the increase in the investment in property development projects; the increase in prepayments, deposits and other receivables was mainly due to the increase in prepaid taxes and levies in connection with the growth of property pre-sales as well as the increase of funding provided to third parties for property development and the increase in reinsurance receivables; the decrease in trade and notes receivables was mainly due to the decrease in Nanjing Nangang's accounts receivable with the decline in sales revenue and its increasing bill discount activities; the increase in accrued liabilities and other payables was mainly due to the increase in prepayments by customers of Forte, as well as the increase of reinsurance contract liabilities of the insurance segment.

In 2013, net cash flow used in investing activities was RMB19,919.8 million, mainly used for the purchase of property, plant and equipment, purchase of available-for-sale investments and equity investments at fair value through profit and loss, acquisition of subsidiaries, associates and jointly-controlled entities, which was partly offset by proceeds from disposal of available-for-sale investments and equity investments at fair value through profit and loss, disposal of associates and disposal of partial interests in associates.

In 2013, net cash flow from financing activities was RMB13,068.6 million, mainly generated from the new bank and other borrowings, as well as the issuance of convertible bonds, which was partly offset by the repayment of bank and other loans, interest payment of bank loans and payment of dividends.

PLEDGED ASSETS

As at 31 December 2013, the Group had pledged assets of RMB25,738.5 million (31 December 2012: RMB23,939.2 million) for bank borrowings.

CONTINGENT LIABILITIES

As at 31 December 2013, contingent liabilities of the Group were RMB3,166.4 million (31 December 2012: RMB4,265.0 million) which were primarily applied to guarantee the mortgage loans of qualified buyers.

INTEREST COVERAGE

In 2013, EBITDA divided by net interest expenditures was 5.3 times as compared with 3.9 times in 2012. The increase in interest coverage was mainly attributed to the increase in EBITDA by 31.8% resulting from the increase in operating results of the Group in 2013.

FINANCIAL POLICIES AND RISK MANAGEMENT

General policy

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

Foreign currency exposure

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

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

Interest rate exposure

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

Application of derivatives

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

FORWARD-LOOKING STATEMENTS

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

FIVE-YEAR STATISTICS

Unit: RMB million

Year	2009	2010	2011	2012	**2013**
Total equity	36,372.3	44,999.1	48,486.2	57,218.4	**61,299.8**
Equity attributable to owners of the parent	24,484.3	29,873.1	31,830.2	35,197.3	**39,628.2**
Equity per share attributable to owners of the parent (in RMB)	3.81	4.65	4.96	5.48	**6.17**
Indebtedness					
Total debt	28,812.0	43,935.4	54,057.5	56,902.6	**69,084.4**
Total debt/Total capitalization (%)	44.2%	49.4%	52.7%	49.9%	**53.0%**
Interest coverage (times)	10.4	8.0	4.9	3.9	**5.3**
Capital employed	53,296.3	73,808.5	85,887.7	92,099.9	**108,712.6**
Cash and bank balances	15,947.6	21,335.0	16,777.8	22,088.5	**16,387.2**
Property, plant and equipment	17,767.2	20,553.3	21,513.2	24,295.9	**30,215.7**
Investment property	2,057.4	2,551.2	3,026.0	3,985.0	**9,896.3**
Property under development	11,957.6	16,787.6	29,313.9	35,300.9	**30,859.9**
Prepaid land lease payments	1,162.7	1,278.1	1,405.9	1,801.2	**1,994.0**
Mining rights	733.6	717.7	421.6	821.6	**794.6**
Interest in associates	9,621.4	15,238.6	17,275.6	15,258.7	**20,369.7**
Available-for-sale investments	2,943.5	7,327.0	8,437.3	7,382.9	**10,050.3**
Equity investments at fair value through profit or loss	4,922.3	6,478.6	7,406.7	10,656.1	**13,466.0**
Profit attributable to owners of the parent	4,646.7	4,227.1	3,403.6	3,707.2	**5,518.9**
Basic earnings per share (in RMB)	0.72	0.66	0.53	0.58	**0.86**
Diluted earnings per share (in RMB)	0.72	0.66	0.53	0.58	**0.86**
Profit contribution by each business segment					
Insurance	—	—	—	(54.9)	**523.6**
Industrial Operations	2,816.6	2,916.4	3,182.4	2,419.0	**3,836.0**
Investment	2,073.7	1,539.8	517.1	2,005.8	**1,781.6**
Asset management	—	(3.0)	6.4	61.0	**51.0**
EBITDA	11,204.9	12,014.5	11,460.5	10,748.9	**14,163.2**
Proposed dividend per share (in HKD)	0.164	0.170	0.157	0.170	**0.150**

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Group for the year ended 31 December 2013.

CORPOARTE GOVERNANCE PRACTICES OF THE COMPANY

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

During the Reporting Period, the Company applied the principles of and fully complied with all code provisions as set out in the CG Code. The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

A. THE BOARD

a) Responsibilities

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

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

b) Delegation of Management Function

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

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

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

c) Board Composition

The Board for the year ended 31 December 2013 comprised the following Directors:

Executive Directors

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

Non-executive Director

Mr. Fan Wei

Independent Non-executive Directors

Mr. Zhang Shengman
Mr. Andrew Y. Yan
Mr. Zhang Huaqiao
Mr. David T. Zhang

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

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

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

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

d) Appointment and Re-election of Directors

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

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

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

During the Reporting Period, the Board adopted a board diversity policy setting out the approach to diversity of members of the Board. The Company recognizes the benefits of diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

e) Continuous Professional Development of Directors

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

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

During the Reporting Period, the Company arranged a training session conducted by Herbert Smith Freehills on corporate governance and update on Listing Rules amendments and offered relevant reading materials including legal and regulatory update to the Board of Directors of the Company.

f) Board Meetings

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

g) Practice and Conduct of Board Meetings

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

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

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

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

B. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

C. BOARD COMMITTEES

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

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

Remuneration Committee

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

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

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

Audit Committee

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

The main duties of the Audit Committee include the following:

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

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

The Company's annual results for the year ended 31 December 2013 have been reviewed by the Audit Committee.

Nomination Committee

The Nomination Committee comprises four Directors, namely Mr. Zhang Huaqiao (Chairman), Mr. Wang Qunbin, Mr. Zhang Shengman and Mr. Andrew Y. Yan and the majority of them are independent non-executive Directors.

The main duties of the Nomination Committee include the following:

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

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

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

D. ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board committee meetings, and annual general meeting of the Company held for the year of 2013 is set out in the table below:

	Attendance/Number of Meetings				
Name of Director	**Board**	**Remuneration Committee**	**Audit Committee**	**Nomination Committee**	**Annual General Meeting**
Guo Guangchang	4/4				1/1
Liang Xinjun	4/4	1/1			1/1
Wang Qunbin	4/4			1/1	1/1
Ding Guoqi	4/4				1/1
Qin Xuetang	4/4				1/1
Wu Ping	4/4				1/1
Fan Wei	4/4				1/1
Zhang Shengman	4/4	1/1	2/2	1/1	1/1
Andrew Y. Yan	4/4	1/1	2/2	1/1	1/1
Zhang Huaqiao	4/4		2/2	1/1	1/1
David T. Zhang	4/4	1/1	2/2		1/1

E. MODEL CODE FOR SECURITIES TRANSACTIONS

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

F. DIRECTORS' RESPONSIBILITES FOR FINANCIAL REPORTING

The Board is responsible for presenting a balanced and clear assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2013. The senior management has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company put to the Board for approval.

G. EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of Ernst & Young, the external auditors of the Company, about their reporting responsibilities for the financial statements is set out in the "Independent Auditors' Report" on page 77.

During the Reporting Period, the remuneration paid to Ernst & Young, the external auditors of the Company, in respect of professional audit services, amounted to RMB8.85 million and no significant non-audit services were provided by Ernst & Young to the Company.

H. INTERNAL CONTROLS

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

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

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

During the reporting period, the Anti-Corruption and Supervision Department of the Company continued to strengthen the formation of an Anti-Corruption Team by establishing the "One Fosun" system, which included the establishment of a joint conference mechanism between disciplinary inspectors and supervisors and anti-corruption supervisors, as well as the establishment of a vertical line leadership mechanism for anti-corruption supervisors. Through internally and externally reported information collected from the anti-corruption supervision hotline and mailbox and conducting relevant investigations, the probity of managers in performing their duties was supervised. The anti-corruption system was continuously improved through exploring the feasibility of establishing a concurrent anti-corruption supervision system for material property projects and implementing the requirements under the "Personal Matters Reporting System for Key Position Cadres of Fosun Group" to build a working mechanism combining self-discipline and supervision. Meanwhile, anti-corruption inspections on subsidiaries continued to increase. Inspection opinions of supervisors were issued in the course of inspection on aspects of material risks, such as project management, financial income and expenses, and reported directly to the Board and the management. Non-compliances with legal and disciplinary requirements were supervised by the management for rectifications. The rectification result was reported to the Board and attained the expected effects.

I. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

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

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

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

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

J. SHAREHOLDER RIGHTS

Shareholders holding not less than one-twentieth of the paid-up capital of the Company may request the Board to convene an extraordinary general meeting of the Company ("EGM") subject to Sections 566 to 580 of the Companies Ordinance (Chapter 622) and Article 56 of the Articles of Association. The objects of the meeting must be stated in the related requisition which must be signed by the requisitionist(s) and deposited at the registered office of the Company.

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

Subject to Sections 580 to 583 of the Companies Ordinance (Chapter 622), qualified shareholder(s) may put forward any proposals for discussion at the next annual general meeting of the Company by making requisition to the Board using contact details below in the section "Contact Details".

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholder meetings are contained in the Articles of Association and the Companies Ordinance (Chapter 622). Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Poll results announcement will be posted on the websites of the Company and the Hong Kong Stock Exchange in the manner prescribed by the Listing Rules.

Putting Forward Enquiry/Requisition to the Board

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

Contact Details

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

Name: Fosun International Limited
Address: Room 808, ICBC Tower, 3 Garden Road, Central, Hong Kong

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Guo Guangchang Liang Xinjun Wang Qunbin

Guo Guangchang, aged 46, is an Executive Director and Chairman of the Company. Mr. Guo was one of the founders of the Group and has been chairman of Fosun Group since its establishment in November 1994. Mr. Guo is also vice chairman of Nanjing Nangang, a director of Forte, Peak Reinsurance and Club Med and a non-executive director of Fosun Pharma and Minsheng Bank. Mr. Guo was a non-executive director of Sinopharm. Mr. Guo is also a member of the 12th National Committee of the Chinese People's Political Consultative Conference, a member of the 11th standing committee of All-China Federation of Industry & Commerce, a member of the 11th standing committee of All-China Youth Federation, honorary chairman of The Zhejiang Chamber of Commerce in Shanghai, vice council chairman of China Foundation for Glory Society and vice council chairman of Youth Business China. Mr. Guo was a deputy to the 10th and 11th National People's Congress of the PRC and a member of the 9th National Committee of the Chinese People's Political Consultative Conference, and was appointed policy consultant to the Shanghai municipal government from 2001 to 2002. Mr. Guo was awarded among others, "Top Ten Leaders in Future Economy of China", "Top Ten New Private Entrepreneurs in 2003", "CCTV People of Financial Year 2004", the nationwide "Outstanding Entrepreneur in Private Sector on Staff Caring", "Industry & Commerce Category Winner" of "Ernst & Young Entrepreneur of the Year", "Award of Outstanding Contribution to Guangcai Program" issued by China Society for Promotion of the Guangcai Program, the Awardee for Directors of the Year Awards 2010 (Non Hang Seng Index Constituents) issued by The Hong Kong Institute of Directors, "Outstanding Zhejiang Entrepreneur Award" at "The First World Zhejiang Entrepreneurs Convention", "Top 25 Most Influential Enterprise Leaders" at "China Entrepreneur Summit" for seven consecutive years and "25 Chinese to Watch" issued by Financial Times. Mr. Guo received a bachelor's degree in philosophy in 1989 and a master's degree in business administration in 1999, both from Fudan University.

Liang Xinjun, aged 45, is an Executive Director, Vice Chairman and Chief Executive Officer of the Company. Mr. Liang was one of the founders of the Group. Mr. Liang has been vice chairman of Fosun Group since its establishment in November 1994. Mr. Liang is also a non-executive director and vice chairman of Zhaojin Mining. Mr. Liang was a director of Yuyuan and an independent director of Shanghai Oriental Pearl (Group) Co., Ltd. (listed on the Shanghai Stock Exchange with stock code: 600832). Mr. Liang is a member of the 12th Shanghai Committee of the Chinese People's Political Consultative Conference, vice chairman of the China Young Entrepreneurs Association, executive vice council chairman of China Science and Technology Private Entrepreneurs Association, chairman of the Taizhou Chamber of Commerce in Shanghai, executive chairman of the Shanghai Fudan University Alumni Association, executive vice council chairman of Cheung Kong Graduate School of Business Alumni Association, a member of China Industrial and Commerce Council and management committee of Asia-Pacific Economic Cooperation (APEC) and vice chairman of the 11th committee of Shanghai Youth Federation. Mr. Liang was awarded, among others, "Management Innovation Award for Young Entrepreneur in China", "Top Ten Outstanding Youth of Shanghai", "Chinese Business Leader of the

Fan Wei | Ding Guoqi | Qin Xuetang | Wu Ping

Year" at the 7th Horasis Global China Business Meeting in Spain in 2011, "Bauhinia Cup Outstanding Entrepreneur Award" of The Hong Kong Polytechnic University in February 2012, "Top Ten PE Capitalists in China" in 2012 by Zero2IPO Group and "Top Ten Financial Industry Leaders in Shanghai" issued by Shanghai Finance Services Office in 2012, "Outstanding Zhejiang Entrepreneurs Award" by the 2nd World Zhejiang Entrepreneurs Convention, the Awardee for "Directors of the Year Awards 2013 (Non Hang Seng Index Constituents)" issued by The Hong Kong Institute of Directors, "2013 Chinese Business Leaders" issued by Grand Ceremony for Chinese Business Leaders Annual Award 2013. Mr. Liang received a bachelor's degree in genetic engineering in 1991 from Fudan University and a master's degree in business administration in 2007 from Cheung Kong Graduate School of Business.

Wang Qunbin, aged 44, is an Executive Director and President of the Company. Mr. Wang was one of the founders of the Group. Mr. Wang has been a director of Fosun Group since its establishment in November 1994. Mr. Wang is also a director of Nanjing Nangang and Henan Lingrui Pharmaceutical Co., Ltd. (listed on the Shanghai Stock Exchange with stock code: 600285), chairman of Forte and Peak Reinsurance, a non-executive director of Sinopharm and Fosun Pharma. Mr. Wang was a director of Shanghai Friendship Group Incorporated Company (listed on the Shanghai Stock Exchange with stock code: 600827). Prior to joining Fosun Group, Mr. Wang was a lecturer at the Genetic Research Institute of Fudan University. Mr. Wang holds various positions including honorary chairman of the Shanghai BioPharmaceutics Industry Association, chairman of The Huzhou Chamber of Commerce in Shanghai and vice chairman of China Chamber of International Commerce. Mr. Wang was named one of "The Best-Performing CEOs in the World" by Harvard Business Review, "Young Global Leader Honoree 2009" of World Economic Forum, Chinese Pharmaceutical "60 Years, 60 People", "Top Ten Professional Managers in China Pharmaceutical Industry in 2004", "The Fourth Session Technology Innovation Prize of China Outstanding Youth" and "Outstanding Technical Experts Allowance by State Council". Mr. Wang received a bachelor's degree in genetic engineering from Fudan University in 1991.

Ding Guoqi, aged 44, is an Executive Director, Senior Vice President and Chief Financial Officer of the Company. Mr. Ding is also a director and chief financial officer of Fosun Group, and a director of Nanjing Nangang, Forte and Shanghai Ganglian E-Commerce Holdings Co., Ltd. (listed on the Shenzhen Stock Exchange with stock code: 300226). Prior to joining the Group in 1995, Mr. Ding worked in the accounting department of Shanghai Jinshan Petrochemical Construction Company. Mr. Ding received a bachelor's degree in accounting from Shanghai University of Finance and Economics in 1991.

Qin Xuetang, aged 50, is an Executive Director and Senior Vice President of the Company. Mr. Qin is also a director of Fosun Group and a supervisor of Forte. Mr. Qin was a director of Nanjing Nangang and the secretary of the board of directors of Fosun Pharma. Before joining in Fosun Group in 1995, Mr. Qin was a lecturer at the law department of Fudan University. Mr. Qin received a bachelor's degree in laws in 1985 from the Southwest University of Political Science and Law and was admitted to practice law in the PRC in 1990.

Wu Ping, aged 49, is an Executive Director and Senior Vice President of the Company. Mr. Wu joined the Group in 1995, and is also a director of Fosun Group, Shanghai Friendship Group Incorporated Company (listed on the Shanghai Stock Exchange with stock code: 600827), Shanghai Friendship Fosun (Holding) Co., Ltd. and Yuyuan. Mr. Wu was a non-executive director of Zhaojin Mining. Mr. Wu is a committee member of Huangpu District Shanghai of National Committee of the Chinese People's Political Consultative Conference. Mr. Wu was named one of "The Best-Performing CEOs in the World" by Harvard Business Review. Mr. Wu received a bachelor's degree in enterprise management from Shanghai Second Polytechnic University in 1990.

Zhang Shengman Andrew Y. Yan Zhang Huaqiao David T. Zhang

NON-EXECUTIVE DIRECTOR

Fan Wei, aged 44, is a Non-Executive Director of the Company. On 22 May 2013, Mr. Fan resigned as Executive Director and Co-President of the Company and was appointed as Non-Executive Director of the Company. Mr. Fan was one of the founders of the Group. Mr. Fan has been a director of Fosun Group since its establishment in November 1994. Mr. Fan was a director of Forte since 1998 and resigned on 17 June 2013. Mr. Fan is vice council chairman of the Institute of Real Estate Shanghai Academy of Social Sciences, and was chairman of the Housing Industry Association of Shanghai Federation of Industry and Commerce and vice chairman of the Shanghai Real Estate Trade Association. Mr. Fan was awarded the "Top 100 Property Entrepreneur in China in 2005" and "the First Session of Outstanding Young Entrepreneur of Shanghai in Property Sector". Mr. Fan received a bachelor's degree in genetic engineering from Fudan University in 1991.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Zhang Shengman, aged 56, has been an Independent Non-Executive Director of the Company since December 2006. Mr. Zhang is chairman of Asia Pacific of Citigroup (listed on the New York Stock Exchange with stock code: C), before that he was president of Asia Pacific of Citigroup. Mr. Zhang joined Citigroup in February 2006 as chairman of the Public Sector Group. Mr. Zhang worked in the PRC Ministry of Finance as deputy director and vice secretary from 1994 to 1995. From 1994 to 1995, Mr. Zhang was an executive director for China at the World Bank. From 1995 to 1997, Mr. Zhang was vice president and chief secretary of the World Bank. From 1997 to 2001, Mr. Zhang was senior vice director of the World Bank. Mr. Zhang was a managing director of the World Bank and chairman of World Bank's operations committee, the sanctions committee and the corporate committee on fraud and corruption policy from 2001 to 2005. Mr. Zhang received a bachelor's degree in English literature in 1978 from Fudan University and a master's degree in public administration in 1985 from University of the District of Columbia. Mr. Zhang completed the Harvard Advanced Management Program in 1997.

Andrew Y. Yan, aged 56, has been an Independent Non-Executive Director of the Company since March 2007. He is currently the Founding Managing Partner of SAIF Partners. Prior to joining SAIF Partners, he was the managing director and head of Hong Kong office of Emerging Markets Partnership (Principal adviser to the AIG Asian Infrastructure Funds), responsible for investment in Northeast Asia and Greater China from 1994 to 2001. From 1989 to 1994, he worked in the World Bank, the Hudson Institute (a famous American think tank) and the US Sprint International Corporation as an economist, research fellow and director of Strategic Planning and Business Development for Asia Pacific Region, respectively in Washington, DC. From 1982 to 1984, he was the chief engineer at the Jianghuai Airplane Corp.. Mr. Yan received a bachelor's degree in engineering from Nanjing Aeronautic Institute in 1982. He studied in the Master Program in Department of Sociology of Peking University from 1984 to 1986 and received a Master of Arts' degree from Princeton University in International Political Economy in 1989. He also studied advanced finance and accounting courses at the Wharton Business School in 1995.

Currently, Mr. Yan is also an independent non-executive director of China Resources Land Limited (stock code: 01109), China Petroleum & Chemical Corporation (stock code: 00386) and China Mengniu Dairy Company Limited (stock code: 02319); a non-executive director of Digital China Holdings Limited (stock code: 00861), China Huiyuan Juice Group Limited (stock code: 01886), eSun Holdings Limited (stock code: 00571) and Guodian Technology & Environment Group Corporation Limited (stock code: 01296), all of which are listed on the Main Board of the Hong Kong Stock Exchange. Other than that China Petroleum & Chemical Corporation is also listed on the Shanghai Stock Exchange (stock code: 600028), London Stock Exchange (stock code: SNP) and New York Stock Exchange (stock code: SNP). He is also an independent director of Giant Interactive Group Inc. (listed on the New York Stock Exchange with stock code: GA); director of Acorn International Inc. (listed on the New York Stock Exchange with stock code: ATV), China Digital TV Holding Co., Ltd. (listed on the New York Stock Exchange with stock code: STV) and ATA Inc. (listed on the Nasdaq with stock code: ATAI). In addition, Mr. Yan was a director of Global Education & Technology Group Limited (the shares of which were withdrawn from listing on the Nasdaq, USA in December 2011) from March 2007 to December 2011; he was also a non-executive director (from October 2006 to April 2013) and chairman (from May 2012 to April 2013) of NVC Lighting Holding Limited (listed on the Hong Kong Stock Exchange with stock code: 02222); a director of Eternal Asia Supply Chain Management Ltd. (listed on the Small and Medium Enterprise Board of the Shenzhen Stock Exchange with stock code: 002183) from October 2006 to June 2013; and a non-executive director of MOBI Development Co., Ltd. (listed on the Hong Kong Stock Exchange with stock code: 00947) from January 2003 to August 2013.

Zhang Huaqiao, aged 50, has been an Independent Non-Executive Director of the Company since March 2012. Mr. Zhang is also a non-executive director of Boer Power Holdings Ltd. (stock code: 01685) and Oriental City Group Holdings Limited (stock code: 08325), an independent non-executive director of Zhong An Real Estate Limited (stock code: 00672) and China Huirong Financial Holdings Limited (stock code: 01290), Fuguiniao Co., Ltd. (stock code: 01819) and Logan Property Holdings Company Limited (stock code: 03380), all of which are listed on the Hong Kong Stock Exchange, and director of Nanjing Central Emporium (Group) Stocks Co., Ltd. (listed on the Shanghai Stock Exchange with stock code: 600280). From July 1986 to January 1989, Mr. Zhang was employed at the People's Bank of China in Beijing and from June 1999 to April 2006, Mr. Zhang worked at the Equities Department of UBS AG, Hong Kong Branch at which he first served as the head of the China research team and later became the co-head of the China research team. Mr. Zhang was the chief operating officer from March 2006 to September 2008 and an executive director from May 2006 to September 2008 of Shenzhen Investment Limited (listed on the Hong Kong Stock Exchange with stock code: 00604). From September 2008 to June 2011, he was deputy head of China Investment Banking at UBS Securities Asia Limited. Mr. Zhang was an executive director and chief executive officer of Man Sang International Limited (listed on the Hong Kong Stock Exchange with stock code: 00938) from September 2011 to April 2012. Mr. Zhang graduated from the Graduate School of the People's Bank of China with a master's degree in economics in 1986; and from the Australian National University with a master's degree in economics in January 1991.

David T. Zhang, aged 51, has been an Independent Non-Executive Director of the Company since June 2012. Mr. Zhang is also a partner of Kirkland & Ellis LLP, a leading international law firm. Admitted to the practice of law in the State of New York, USA and based in Hong Kong, Mr. Zhang specializes in securities offerings and M&A transactions. He has extensive experience representing Chinese issuers and leading investment banks in US initial public offerings, Hong Kong initial public offerings and other Rule 144A and Regulation S offerings of equity, debt and convertible securities. Additionally, Mr. Zhang has represented a number of leading private equity funds, multinational corporations and sovereign wealth funds in connection with their investments and M&A transactions in the Greater China region and Southeast Asia. Mr. Zhang has been rated as a top capital markets attorney by Chambers Global, Legal 500 Asia Pacific, IFLR1000 and Chambers Asia Pacific. Prior to joining Kirkland & Ellis LLP in August 2011, Mr. Zhang was a partner of Latham & Watkins LLP, another leading international law firm, for eight years. Mr. Zhang graduated from Beijing Foreign Studies University in 1981 and received his J.D. degree from Tulane University Law School in 1991.

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

The Company

Chen Qiyu, aged 41, is Vice President of the Company, an executive director and chairman of Fosun Pharma. Mr. Chen is also a non-executive director and vice chairman of Sinopharm and a director of Zhejiang D.A. Diagnostic Company Limited (a company listed on the Growth Enterprise Board of the Shenzhen Stock Exchange with stock code: 300244). Mr. Chen was a non-executive director of Forte. Mr. Chen joined Fosun Pharma in April 1994 and was appointed a director in May 2005. Prior to joining the Group, Mr. Chen worked in Shanghai RAAS Blood Product Corporation, now known as Shanghai RAAS Blood Product Company Limited (listed on the Growth Enterprise Board of the Shenzhen Stock Exchange with stock code: 002252). Mr. Chen is vice president of China Pharmaceutical Industry

Research and Development Association, vice council chairman of China Medicinal Biotechnology Association, vice president of China Pharmaceutical Industry Association, chairman of the Shanghai Biopharmaceutical Industry Association and council member of the Shanghai Society of Genetics. Mr. Chen received a bachelor's degree in genetics in 1993 from Fudan University and an EMBA degree in 2005 from China Europe International Business School.

Pan Donghui, aged 44, is Vice President of the Company, President of Fosun TMT & Entertainment Group and Chief Representative of Hong Kong Office of the Company. Mr. Pan joined Fosun Group in 1994. For the past twenty years, he served as project manager, general manager of Investor Relations Department. Mr. Pan has helped the Group achieve exponential growth and high turnarounds by managing investment in telecom, media and technology, venture capital and hedge fund, directing investor relations affairs, and leading several large real estate development projects as well as pharmaceutical projects. Mr. Pan has rich experience in effective execution and value creation in respect of LBO and IPOs. Mr. Pan received a bachelor's degree in 1991 from Shanghai Jiao Tong University and graduated from University of Southern California with a master's degree in business administration in 2009.

Fosun Pharma

Chen Qiyu, aged 41, is an executive director and chairman of Fosun Pharma. Details of Mr. Chen's biography are set out in the biographical details of senior management of the Company.

Yao Fang, aged 44, is an executive director, vice chairman and president (chief executive officer) of Fosun Pharma. Mr. Yao is also a chief supervisor of Sinopharm and a non-executive director of BioSino Bio-Technology and Science Incorporation (listed on the Hong Kong Stock Exchange with stock code: 08247). Mr. Yao joined Fosun Pharma in April 2010 and was appointed a director in June 2010. Prior to joining Fosun Pharma, from 1993 to 2009, Mr. Yao served successively as assistant general manager of the International Business Department of Shanghai Wanguo Securities Company Limited, now known as Shenyin & Wanguo Securities Company Limited , general manager of Shanghai Industrial Assets Management Company Limited, general manager of Shanghai Industrial Management (Shanghai) Company Limited, managing director of Shanghai Industrial Pharmaceutical Investment Company Limited, chairman of Shanghai Overseas Company, a non-executive director of Lianhua Supermarket Holdings Co., Ltd. (listed on the Hong Kong Stock Exchange with stock code: 00980), and an executive director of Shanghai Industrial Holdings Limited (listed on the Hong Kong Stock Exchange with stock code: 00363). Mr. Yao is a vice chairman of the Shanghai Pharmaceutical Industry Association since 2010. Mr. Yao received a bachelor's degree in economics from Fudan University in 1989 and a master's degree in business administration from The Chinese University of Hong Kong in 1993.

Hongfei Jia, aged 46, is senior vice president and chief financial officer of Fosun Pharma. Prior to joining Fosun Pharma in June 2013, Mr. Jia worked in Gillette from September 1989 to December 1993; worked in audit department of NCH Corporation in the United States from October 1994 to October 1996; was a financial budgeting & planning manager of Tianjin Smith Kline & French Laboratories Ltd. and then a financial manager of Glaxo Wellcome (China) Co., Ltd. from November 1996 to May 1999; financial manager of SAMTACK COMPUTER INC. from November 1999 to October 2002; financial director of Achieve Global Consulting from January 2003 to November 2003; deputy general manager and finance director of Simon Electric (China) Co. Ltd. from December 2003 to June 2007; chief financial officer of Jingrui Properties (Group) Co. Ltd. from September 2007 to May 2010; and group director of finance of Goodbaby International Holdings Limited (listed on the Hong Kong Stock Exchange with stock code: 01086) from July 2011 to October 2012. Mr. Jia received a bachelor's degree in management science from Fudan University in July 1989 and a master's degree in business administration from the University of Dallas of the United States in December 2005.

Forte

Wang Qunbin, aged 44, is chairman of Forte. Details of Mr. Wang's biography are set out in the biographical details of executive directors of the Company.

Chen Zhihua, aged 47, is president of Forte. Mr. Chen joined Forte in December 2011 as executive vice president and was appointed president of Forte in June 2012. Mr. Chen was previously employed by Tongji University, Shanghai Nuclear Engineering Research and Design Institute, Shanghai New Changning (Group) Co., Ltd.. In March 2008, he joined Greenland Group as a general manager of Beijing and Tianjin real estate business division and an assistant to the president. Mr. Chen received a bachelor's degree in engineering from Tongji University in 1988.

Ye Jiansheng, aged 39, is senior vice president and chief financial officer of Forte. Mr. Ye joined Forte in April 2012. Mr. Ye previously worked for China Guangfa Bank Co., Ltd., Hopson Development Holdings Limited, Zhuoyue Property Holdings Co., Ltd. and Kaisa Group Holdings Ltd. (listed on the Hong Kong Stock Exchange with stock code: 01638). Mr. Ye received a master's degree in business administration from Hong Kong University of Science and Technology in 2004.

Nanjing Nangang

Yang Siming, aged 60, is chairman and chief executive officer of Nanjing Nangang. Mr. Yang is also chairman of Nanjing Steel United, Nanjing Iron & Steel Group Co., Ltd. and Nanjing Iron & Steel. Since June 1991, Mr. Yang held several positions in Nanjing Iron & Steel Group Co., Ltd., as vice general manager, director, general manager and party deputy secretary, director and general manager of Nanjing Steel United, etc.. Mr. Yang was named researcher level senior engineer by the government's department of personnel in September 2002. Mr. Yang received a doctorate in management from Nanjing University in June 2007.

Huang Yixin, aged 48, is the general manager of Nanjing Nangang. Mr. Huang is also a general manager of Nanjing Steel United and director of Nanjing Iron & Steel. Since December 1994, Mr. Huang held several positions, including manager of new product R&D department of Nanjing Iron & Steel Group Co., Ltd., vice manager of technology and quality department, director of new product R&D and promotion centre, assistant to general manager and vice general manager of Nanjing Steel United, vice general manager and vice executive general manager of Nanjing Iron & Steel. Mr. Huang graduated from University of Science and Technology Beijing in 1988 and received a master's degree in business administration from Nanjing University in 2009.

Qian Shunjiang, aged 49, is vice general manager and chief accountant of Nanjing Nangang. Mr. Qian is also vice general manager and chief accountant of Nanjing Steel United and a director of Nanjing Iron & Steel. Mr. Qian was accounting manager of SC Johnson Co., Ltd. from September 1989 to January 1996, manager of finance department of Orient Overseas Container Line (China) Co., Ltd. from February 1996 to January 1998, financial manager and chief financial officer of Johnson & Johnson (China) Investment Co., Ltd. and Johnson & Johnson Vision Care Department from February 1998 to April 2004, group deputy chief accountant and manager of the financial department of China Worldbest Group Co., Ltd. from May 2004 to October 2006, vice president and chief financial officer of Lianlian Pay Inc. from November 2006 to January 2009. Mr. Qian joined the Group in 2009 and had held the position of vice general manager and chief financial officer of Fosun Pharma. Mr. Qian graduated from Shanghai University of Finance and Economics in 1986 and received a master's degree in business administration from the same university in 1995.

Hainan Mining

Chen Guoping, aged 56, is the chairman and party deputy secretary of Hainan Mining. Mr. Chen is also senior assistant to the president of Fosun Group. Mr. Chen was a non-executive director of Zhaojin Mining. Mr. Chen joined Fosun Group in September 2003 and held various positions such as chief technology officer, vice general manager of the iron and steel division, general manager of the mineral resources division of Fosun Group. Prior to joining Fosun Group, Mr. Chen held various positions in Shanghai Pudong Iron and Steel Company from June 1983 to July 1998. He was the project manager and technology marketing manager of Shanghai Krupp Stainless Co., Ltd. from July 1998 to September 2003. Mr. Chen is a deputy to the 4th and 5th People's Congress of Hainan Province and a member of 5th Standing Committee of the People's Congress of Hainan Province. Mr. Chen received a bachelor's degree in engineering from Shanghai University of Technology in 1988 and qualified as a senior engineer in 1997.

Liu Mingdong, aged 46, is a director, general manager and party deputy secretary of Hainan Mining. Mr. Liu held various positions such as head of planning department, head of financial planning department, assistant to general manager, vice general manager in Hainan Iron & Steel Company from August 2000 to July 2007. He was appointed the general manager and party deputy secretary of Hainan Mining in August 2007. Mr. Liu received a master's degree in engineering from University of Science & Technology Beijing in 1996 and qualified as a senior economist in February 2001.

Feng Yilin, aged 55, is the vice general manager and chief financial officer of Hainan Mining. Mr. Feng joined Fosun Group in May 2003 and worked as an investment director of Fosun Group and then the supervisor of Hainan Mining, and was appointed the vice general manager and chief financial officer of Hainan Mining in May 2008. Before joining Fosun Group, Mr. Feng had worked in Shanggong Co., Ltd. for over 20 years. He was also the chief financial officer of the medical appliances department of Fosun Pharma, the vice general manager and chief financial officer of Shanghai Forever Co., Ltd. and the general manager of Shanghai Fortune ACT Medical Appliance Co., Ltd. from January 1999 to April 2003. Mr. Feng obtained a bachelor's degree in industrial accounting from Shanghai University of Finance and Economics in September 1986 and qualified as an accountant in April 1997.

Company Secretary

Sze Mei Ming, aged 36, was appointed Company Secretary of the Company in March 2009. Ms. Sze joined the Company in November 2007. Ms. Sze holds a bachelor's degree in Arts from the University of Hong Kong, a bachelor's degree in laws from the University of London and a master's degree in Chinese and Comparative Law from the City University of Hong Kong. Ms. Sze has experience in the company secretarial industry for years and is a fellow member of the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

DIRECTORS' REPORT

The Board is pleased to present its report and the audited financial statements of the Group for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The core businesses of the Group consist of (i) insurance; (ii) industrial operations; (iii) investment; and (iv) asset management.

RESULTS AND DIVIDEND

The Group's profit for the year ended 31 December 2013 and the state of affairs of the Group at that date are set out in the financial statements and the accompanying notes on pages 78 to 204.

The Board has recommended the payment of a final dividend of HKD0.15 per ordinary share for the year ended 31 December 2013 to the shareholders of the Company whose names appear on the register of members of the Company on 6 June 2014. Subject to approval by the shareholders of the Company at the annual general meeting of the Company to be held on 28 May 2014 (the "AGM"), the proposed final dividend is expected to be paid on or around 16 July 2014 to the shareholders of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Saturday, 24 May 2014 to Wednesday, 28 May 2014, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all share 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 Friday, 23 May 2014.

The register of members of the Company will also be closed from Wednesday, 4 June 2014 to Friday, 6 June 2014, 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 share 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, 3 June 2014.

SUMMARY FINANCIAL INFORMATION

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

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

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

ISSUED SHARES

Details of movements in the Company's share during the Reporting Period are set out in note 45 to financial statements.

SUBSIDIARIES

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

BORROWINGS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CONVERTIBLE BONDS

On 22 November 2013, the guaranteed convertible bonds due 2018 in an aggregate principal amount of HKD3,875,000,000, bearing interest at the rate of 1.50% per annum were issued by Logo Star Limited, an indirect wholly-owned subsidiary of the Company, and guaranteed by the Company ("Convertible Bonds"). The Convertible Bonds may be convertible into a maximum of 387,500,000 Shares at the initial conversion price of HKD10.00 per share (subject to adjustment) at any time after the 41st day after 22 November 2013 up to the close of business on the 7th day prior to 22 November 2018 or if such Convertible Bonds shall have been called for redemption by Logo Star Limited before 22 November 2018, then up to the close of business on a date no later than seven business days prior to the date fixed for redemption thereof or if notice requiring redemption has been given by the holder of such Convertible Bonds, then up to the close of business on the day prior to the giving of such notice ("Conversion").

The issue of the Convertible Bonds provided strong capital support for the development of the Company's key businesses, enhanced the Company's market presence and competitiveness, and is expected to strengthen the Company's capital basis effectively after the full conversion of the Convertible Bonds.

The net proceeds from issue of Convertible Bonds, after deduction of commission and expenses, amounted to approximately HKD3,830,000,000, which has been used for working capital, re-financing, and investment.

During the Reporting Period, no Conversion was exercised under Convertible Bonds.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in equity on pages 82 to 83 of this annual report and details of movements in the reserves of the Company during the Reporting Period and the Company's distributable reserves as at 31 December 2013 are set out in note 46 to financial statements.

CHARITABLE CONTRIBUTIONS

During the Reporting Period, the Group made charitable contributions totalling approximately RMB20.0 million.

MAJOR CUSTOMERS AND SUPPLIERS

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

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

SHARE OPTION SCHEME

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

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

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

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

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

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

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

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

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

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

DIRECTORS

The Directors during the Reporting Period were:

Executive Directors

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

Non-Executive Director

Mr. Fan Wei

Independent Non-Executive Directors

Mr. Zhang Shengman
Mr. Andrew Y. Yan
Mr. Zhang Huaqiao
Mr. David T. Zhang

According to Articles 106 and 107 of the Articles of Association, Mr. Liang Xinjun, Mr. Fan Wei, Mr. Qin Xuetang and Mr. Wu Ping shall retire by rotation at the AGM. All of the above four retiring Directors, being eligible, will offer themselves for re-election at the same meeting.

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

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 52 to 57 of this annual report.

DIRECTORS' SERVICE CONTRACTS

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

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

DIRECTORS AND SENIOR MANAGEMENT REMUNERATION

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

Details of the Directors and senior management remuneration are set out in note 9 to financial statements.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B of the Listing Rules, the changes in the information of the Directors subsequent to the date of 2013 interim report are set out below:

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

Name of Director	Date of changes	Original position	Current position
Wang Qunbin	5 December 2013	director of Forte	chairman of Forte
Fan Wei	17 June 2013	director of Forte	—

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

Name of Director	Date of changes	Original position	Current position
Liang Xinjun	24 August 2013	independent director of Shanghai Oriental Pearl (Group) Co., Ltd. (Stock Code: 600832.SH)	—
Wang Qunbin	8 November 2013	non-executive director and vice chairman of Sinopharm (Stock Code: 01099.HK)	non-executive director of Sinopharm
Wu Ping	30 December 2013	vice chairman of Yuyuan	director of Yuyuan
Andrew Y. Yan	2 August 2013	non-executive director of MOBI Development Co., Ltd. (Stock Code: 00947.HK)	—
	13 November 2013	—	director of China Digital TV Holding Co., Ltd. (Stock Code: STV. NYSE)
Zhang Huaqiao	12 May 2013	—	independent non-executive director of Fuguiniao Co., Ltd. (Stock Code: 01819.HK)
	6 October 2013	—	independent non-executive director of China Huirong Financial Holdings Limited (Stock Code: 01290.HK)
	18 November 2013	—	independent non-executive director of Logan Property Holdings Company Limited (Stock Code: 03380.HK)

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2013, none of the Directors nor their respective Associates had an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

As set out in the announcement of the Company dated 13 December 2011, on 21 November 2011, a number of subsidiaries of the Company, including Tibet Fosun Investment Management Co., Ltd. ("Tibet Fosun"), entered into a limited partnership agreement with Tibet Xingye Investment Management Co., Ltd. ("Tibet Xingye") and other investors (the "LPA") in respect of the formation of Fosun Chuanghong. Fosun Chuanghong's principal business is to engage in equity and debt investments in the enterprises of industries other than the property, pharmaceuticals, steel and mining industries.

Under the LPA, the general partner of Fosun Chuanghong is Tibet Fosun, and is responsible for the day to day management and the making of all investment decisions of Fosun Chuanghong. The limited partners of Fosun Chuanghong are passive investors and have very limited rights under the LPA. Tibet Xingye, which is indirectly owned as to 58% by Mr. Guo Guangchang, a director of the Company, is interested in 31.23% of Fosun Chuanghong as a limited partner.

As (i) Fosun Chuanghong is managed by Tibet Fosun, a wholly-owned subsidiary of the Group; and (ii) Mr. Guo Guangchang is only interested in Fosun Chuanghong as a limited partner, the Directors of the Company consider that the passive investment of Mr. Guo Guangchang in Fosun Chuanghong through Tibet Xingye does not compete, nor is it likely to compete, with the interests of the Group.

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

As at 31 December 2013, the interests or short positions of the Directors or chief executive of the Company in the Shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

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

Name of Director/chief executive	Class of Shares	Number of Shares	Type of interests	Approximate percentage of Shares in issue
Guo Guangchang	Ordinary	5,074,698,000(1)	Corporate	79.03%
Ding Guoqi	Ordinary	12,940,000	Individual	0.20%
Qin Xuetang	Ordinary	3,880,000	Individual	0.06%
Wu Ping	Ordinary	7,760,000	Individual	0.12%

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

Name of Director/ chief executive	Name of associated corporation	Class of shares	Number of shares	Type of interests	Approximate percentage of shares in issue
Guo Guangchang	Fosun Holdings	Ordinary	1	Corporate	100.00%
	Fosun International Holdings	Ordinary	29,000	Individual	58.00%
	Fosun Pharma	A Shares(2)	114,075	Individual	0.01%(3)
			920,641,314	Corporate	48.34%(3)
Liang Xinjun	Fosun International Holdings	Ordinary	11,000	Individual	22.00%
Wang Qunbin	Fosun International Holdings	Ordinary	5,000	Individual	10.00%
	Fosun Pharma	A Shares(2)	114,075	Individual	0.01%(3)
Fan Wei	Fosun International Holdings	Ordinary	5,000	Individual	10.00%
Qin Xuetang	Fosun Pharma	A Shares(2)	114,075	Individual	0.01%(3)

Notes:

(1) Pursuant to Division 7 of Part XV of the SFO, 5,074,698,000 Shares held by Mr. Guo Guangchang are deemed corporate interests held through Fosun Holdings and Fosun International Holdings.

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

(3) Pursuant to the Restricted A share incentive scheme adopted by Fosun Pharma on 20 December 2013, a total of 3,935,000 new A Shares has been issued to relevant participants on 20 January 2014. Upon the completion of new A shares issuance, the number of A shares of Fosun Pharma has been increased from 1,904,392,364 shares to 1,908,327,364 shares.

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

As at 31 December 2013, so far as was known to the Directors, the persons or entities, other than a Director or chief executive of the Company, who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of the substantial shareholder	Number of Shares directly or indirectly held	Approximate percentage of Shares in issue
Fosun Holdings	5,074,698,000[2]	79.03%
Fosun International Holdings[1]	5,074,698,000[2]	79.03%

Notes:

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

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

(3) Mr. Guo Guangchang is the sole director of Fosun Holdings and Fosun International Holdings. Mr. Guo, by virtue of his ownership of shares in Fosun International Holdings as to 58%, is deemed or taken to be interested in the Shares owned by Fosun Holdings for the purpose of the SFO.

Save as disclosed above, so far as was known to the Directors, as at 31 December 2013, the Company has not been notified by any persons (other than a Director or chief executive of the Company) who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

SUFFICIENCY OF PUBLIC FLOAT

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

CONNECTED TRANSACTION

No transaction which had constituted connected transaction that was subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, was entered into by the Company during the Reporting Period.

DISCLOSEABLE TRANSACTIONS

1. On 26 April 2013, Sisram Medical Ltd. ("**Sisram Medical**", a company owned as to 66.2% indirectly by Fosun Pharma, and 33.8% directly by Pramerica-Fosun China Opportunity Fund) entered into a share purchase agreement with Alma Lasers Ltd. (the "**Target Company**", a medical technology company in the State of Israel), the Vendors (certain selling shareholders of the Target Company) and TA Associates Management L.P., pursuant to which Sisram Medical agreed to purchase and the Vendors agreed to sell the equity interest in the Target Company of not less than 80% and not more than 95.6% for a total cash consideration of not exceeding USD240 million (the "**Acquisition**"). The Acquisition constituted a discloseable transaction of the Company under the Listing Rules. Further details are set out in the announcements of the Company dated 26 April 2013 and 28 May 2013.

2. On 29 May 2013, the Company, Fosun Luxembourg Holdings S.à r.l., Fosun Property Holdings Limited and Fosun Industrial Holdings Limited (collectively referred to as "**Fosun**"), and ACF II Investment S.à r.l., AXA Capital Fund LP, AXA Co-investment IV, FCPR and AXA Co-investment IV-B, FCPR (collectively referred to as "**AXA PE**"), and among others, Mr. Henri Giscard d'Estaing and Mr. Michel Wolfovski (collectively referred to as "**Top Managers**") entered into an investment agreement (the "**Investment Agreement**"), pursuant to which the parties decided to join forces to permit Gaillon Invest to acquire Club Med, through the launching of a voluntary tender offer for all the shares of Club Med (the "**Target Shares**") and bonds issued by Club Med convertible and/or exchangeable into new or existing shares of Club Med ("**OCEANEs**") not already held by Fosun, AXA PE and the Top Managers (the "**Tender Offer**").

   For the purpose of making the Tender Offer, Fosun, AXA PE, and the Top Managers have agreed to invest together in Holding Gaillon, the company holding 100% of the issued shares of Gaillon Invest, by contributing their respective Target Shares and OCEANEs and by contributing cash (the Target Shares, OCEANEs and cash will then be contributed by Holding Gaillon to Gaillon Invest) to subscribe for various securities to be issued by Holding Gaillon before the relevant closing date of the Tender Offer.

   The formation of the joint venture according to the terms of the Investment Agreement constituted a discloseable transaction of the Company under the Listing Rules. Further details are set out in the announcements of the Company dated 30 May 2013 and 25 June 2013.

3. On 23 October 2013, Chongqing Fochon Pharmaceutical Co. Ltd. ("**Chongqing Fochon**"), an indirectly-owned subsidiary of Fosun Pharma entered into transfer agreements with SELLAS Clinicals Holding AG (the "**Purchaser**") pursuant to which Chongqing Fochon agreed to sell and transfer, and the Purchaser agreed to purchase all of Chongqing Fochon's and its wholly-owned subsidiaries' right, title and interest in the intellectual property in respect of Fotagliptin Benzoate and Pan-HER inhibitors. The transaction constituted a discloseable transaction of the Company under the Listing Rules. Further details are set out in the announcement of the Company dated 23 October 2013.

NON-COMPETITION UNDERTAKING

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

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

RELATED PARTY TRANSACTIONS

Related party transactions entered by the Group during the Reporting Period are disclosed in note 52 to financial statements.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events after the reporting period of the Group are set out in note 57 to financial statements.

COMPLIANCE WITH THE MODEL CODE

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

COMPLIANCE WITH THE CG CODE

During the Reporting Period, the Company applied the principles of and fully complied with all code provisions as set out in the CG Code. The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

Further information on the corporate governance practices of the Company is set out in the Corporate Governance Report on pages 45 to 51 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

Though the Company is incorporated in Hong Kong, its business activities and investments cover various jurisdictions in addition to Hong Kong including but not limited to mainland China, United States of America and Europe. During the Reporting Period, the Company had fully complied with relevant laws and regulations of jurisdictions aforesaid that have an impact on the Company.

AUDIT COMMITTEE

As at the end of the Reporting Period, the Audit Committee of the Company comprises four independent non-executive Directors, namely Mr. Zhang Shengman (Chairman), Mr. Andrew Y. Yan, Mr. Zhang Huaqiao and Mr. David T. Zhang. The main duties of the Audit Committee are to review and monitor the financial reporting procedures and internal control system of the Company, and to provide recommendations and advice to the Board. The Audit Committee of the Company has reviewed the 2013 annual results of the Group.

AUDITORS

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

On Behalf of the Board

Guo Guangchang
Chairman

Shanghai, the PRC
25 March 2014

CORPORATE SOCIAL RESPONSIBILITY

MESSAGE FROM MANAGEMENT

In 2013, with the entrepreneurial spirit of "Regain Entrepreneurial Spirit, Start Afresh", Fosun was advancing step-by-step towards the goal of becoming a world-class investment group underpinned by the twin drivers of "insurance- oriented comprehensive financial capability" and "profound industrial foothold based on investment capability". In terms of public welfare, Fosun was also always committed to assist in solving social problems using creative thinking, entrepreneurial spirit and the most efficient way so as to promote social progress.

This year, guided by the corporate cultural values of "Self-improvement, Teamwork, Performance and Contribution to Society" and the strategic goal of corporate social responsibility in constructing the "Two environments" and focusing on the "Two rejuvenations", Fosun delivered satisfactory results in corporate social responsibility. At the "2013 China Corporate Social Responsibility Annual Conference", organized by the Southern Weekend, Fosun won the honour of the "Best CSR Enterprise of the Year Award".

In 2013, Fosun Foundation, which had been established for just one year, received donations of RMB22.85 million (of which, the Group donated RMB20 million) from the community and completed 32 funded projects totaling RMB17.34 million, which had positive effects on aspects such as promoting youth education, encouraging scientific research, developing public cultural undertakings and protecting Chinese traditional culture.

The culture of Tai Chi stresses on "conforming with the trend". We realize that in order to become a world-class enterprise, Fosun itself needs to become an accommodating and evolving organization and also has to conform with the major trends of the State and the society. Looking back, the growth of Fosun could not be achieved without the support of all sectors of the society. Looking ahead, Fosun will continuously fulfill the various commitments concerning corporate social responsibility and share its development results with the community. We believe 2014 or even a longer period in the future will be a period for Fosun to reinitiate our entrepreneurship, to innovate and to continuously create value for customers, it is also a period for all Fosun staff to contribute an even greater value to the society.

1 FOSUN AND INVESTMENT ENTERPRISES PAID TAXES OF RMB12.98 BILLION IN 2013

In 2013, on a nationwide basis, the Group and investment enterprises paid taxes of RMB12.98 billion in total, of which taxes of RMB2.525 billion in total were paid in Shanghai region in 2013. While seeking development in various regions, Fosun also made an actual contribution to the economic development of various regions.

Fosun has set normative and transparent concepts as the basis for all systems. In this regard, Fosun has first created the post of tax director among private enterprises and appointed top domestic taxation experts to the post to ensure the payment of taxes in full.

2 PARTICIPATING IN AND DISCUSSING POLITICAL AFFAIRS TO APPEAL FOR OFFERING TAX INCENTIVES TO SMALL AND MICRO CORPORATE FINANCING SERVICE INSTITUTIONS

In March 2013, Mr. Guo Guangchang, the member of the 12th National Committee of the Chinese People's Political Consultative Conference ("CPPCC") and Chairman of the Company, joined the Shanghai delegation to attend the annual sessions of the CPPCC. Mr. Guo Guangchang made suggestions on topics such as economic development of private enterprises and the opening of the financial industry to private enterprises, which attracted much attention from domestic and foreign media on site. Mr. Guo Guangchang appealed for the relaxation of financing restrictions on small loan companies and offering tax incentives to small and micro corporate financing service institutions.

During the conference, Mr. Guo Guangchang actively participated in and discussed political affairs and submitted a total of 7 proposals to the conference, which caught wide attention from the media and the society. The 7 proposals were:

1. "Proposal on the Pilot RMB Business License of SPD Silicon Valley Bank"
2. "Proposal on Establishing Tax Credit for Family Education Expenditure"
3. "Proposal on the Establishment of the Catastrophe Insurance Coverage System"
4. "Proposal on Expediting the Approval of the Registration of Patent-expired Generic Drugs"
5. "Proposal on the Experimental Cancellation of Charging Cultural Undertaking Fees"
6. "Proposal on Constructing a National Credit Database"
7. "Proposal on Developing Small and Micro Corporate Financing Service Institutions"

3 FIGHTING AGAINST CORRUPTION THROUGH ANTI-CORRUPTION AND SUPERVISION MEASURES

Fosun strongly believes being one of the largest private enterprises in Shanghai and to achieve the goal of managing trillions of RMB assets and creating a century-old enterprise with sustainable development capabilities, Fosun must respond to the call of the Central Government for anti-corruption to launch anti-corruption campaigns and set an example among private enterprises and carry out the initiative consistently.

In 2013, being a national contact point for fighting against corruption in non-State enterprises and a "Two New Organizations" integrity culture demonstration point in Shanghai, Fosun actively responded to the call of the Central Government to firmly advance forward by following the route of anti-corruption. Since the establishment of the Anti-corruption and Supervision Department in 2012, Fosun has constantly deepened its internal anti-corruption and integrity construction in the aspects of case investigation through inspection, system establishment, organizational support and culture leading to create a clean atmosphere for the performance of duties.

Fosun investigated and dealt with malpractice and illegal cases through carrying out internal inspections and examinations and made specific recommendations on loopholes existing in the execution of systems to increase the enterprise's normative management standard. Through investigating and dealing with reported cases, Fosun punished liable persons, recovered economic losses and played a role in cautioning, deterring and plugging loopholes. A punishment and preventive system combining self-discipline with external supervision was formed through the improvement of systems to constrain the performance of duties by senior management and staff. The newly introduced "Personal Matters Reporting System for Key Position Cadres" and "Notice for Strict Compliance with the Eight Requirements of the Central Government" represented an innovative step in system establishment. Through opening up the organization context, and establishing a mechanism for coordination and collaboration between the discipline inspection commissions of various companies within the Group and the Anti-corruption and Supervision Department, Fosun achieved resources sharing, synergies and fully leveraged the ideology of “Coherence & Integration”. A clean cultural atmosphere of “not daring, unwilling and unable to be corrupt” was formed through such means as initiating online public tender for corporate purchasing, organizing anti-corruption training seminars and shooting anti-corruption publicity films. Through participation in various kinds of disciplinary inspection and supervision training and benchmark learning from relevant enterprises in the industry, Fosun constantly improved the overall quality of disciplinary inspection and corruption prevention cadres.

In 2013, through its exemplary role as a clean culture demonstration point, the Group constantly led and drove the establishment of a new regional environment for corruption free commercial societies and the Company’s social responsibility as a listed company was duly performed.

4 CREATING VALUE FOR CUSTOMERS THROUGH SERVICES AND RESOURCES SHARING

Fosun has established an effective matching mechanism to help new group members to utilize the “One Fosun” platform to promote business.

Fosun emphasized on services rendered to investors of asset management services. On one hand, Fosun established a soft environment with abundant resources and support for them, and on the other hand, personalized and specific support and services were provided. The soft environment created by Fosun included paying attention to investors’ business as well as concern for their health and welfare. For services and support to investors, Fosun helped them solve problelms through matching them with its accumulated resources.

5 ESTABLISHMENT OF SAFETY AND ENVIRONMENTAL PROTECTION CULTURE

At the investment management level, the EHSQ Supervision Department led the Group to constantly enhance risk identification and evaluation in relation to safety, quality and environmental protection and supervised the Group to effectively implement various measures for controlling and reducing safety, quality and environmental protection risks to ensure the steady, compliant and high-quality operation of Fosun in the aspect of safety, quality and environmental protection. While constantly conducting inspections on investment enterprises, the EHSQ Supervision Department issued the EHS system manual and review the system by incorporating international requirements and Fosun’s features at the end of 2013, and required our controlling companies to implement the requirements of the system in a planned and systematic way and conscientiously carry out self-inspection and self-evaluation activities so as to constantly improve their EHS management standard, while at the same time, supported and encouraged investee companies to implement the same by reference.

Fosun actively supported reforms and investment made by investment companies in safety and environmental protection. For instance, despite an overall downturn in the steel industry last year, Fosun still supported Nanjing Nangang to focus on rectifying potential safety hazards. Expenses totaling RMB15.82 million were spent on 26 projects such as improving inherent safety of equipment and electricity consumption, which effectively reduced the accident rate. For environmental protection, almost RMB120 million were invested in 34 projects such as upgrading the emission control system and handling dust problems to ensure the discharge standards of all environmental protection indicators were satisfied.

The investment philosophy of energy conservation and environmental protection was further strengthened and investment projects were strictly checked. The relevant investment team of Fosun focused on high added-value, low energy consumption, innovative, technological and low carbon enterprises as far as the selection of investment projects was concerned and was also required to conduct due diligence on the environmental protection, safety and quality of investee projects, and in particular, regarded checking environmental protection issues of enterprises as an important aspect of sponsoring due diligence. Fosun strictly observed the principle and bottom line of resolutely not investing in projects not complying with the national industrial policy and environmental protection standards.

In order to increase the safety awareness and skills of the staff in Fosun, the EHSQ Supervision Department has set up a column in the intranet, including : EHSQ Community, Accident Reporting, Corporate EHSQ News, Law Online, EHSQ Rules and Regulations, with relevant information released in a timely manner for exchange and learning. In addition, the EHSQ Supervision Department conducted a series of safety skills training during the annual conference and activities such as new staff training. For instance, at the 2013 safety, quality and environmental protection annual conference, the EHSQ Supervision Department organized the relevant EHSQ heads of enterprises invested by Fosun to attend the demonstration exercise and learning sessions at the experience centre for aloft work, escaping from confined space and LOTO provided by a third party. New staff training comprises an additional training session in respect of the basic knowledge about safety, quality and environment so that each new staff member can establish a sound EHSQ awareness since the first day of employment.

The headquarters of Fosun conducted fire drills regularly and organized fire safety training on an irregular basis jointly with property companies and regional fire brigades. The relevant drill and training have significantly enhanced the fire awareness and emergency escape skills of office staff in Fosun Business Building and offered maximum protection for the safety of lives of the staff.

6 EMPLOYEE CARING SERVICES

Fosun cares for each employee, sincerely recognizes and rewards employees for their efforts and contributions and fully supports employees' career growth and development.

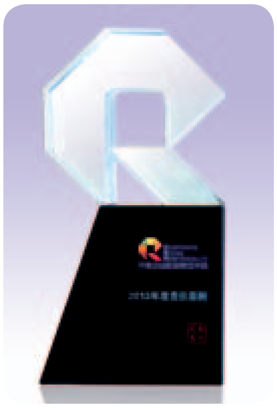
The Group gives special attention and support in the aspects of physical examination, festivals and holidays, birthdays, appraisal, settlement, housing and family to different employee groups, such as employees suffering from serious illnesses, dispatched employees, frontline employees, overseas employees, senior management officers, fresh graduates, employees serving for a long time and retired employees. In the coming year, the Group will also enhance care for overseas employees, employees coming to Shanghai from other places and dispatched employees in the same city.

The Group has established full-time employee service positions and obtained various certificates for its employees, such as employment permit /residence permit for expatriate employees, high caliber employees introduction /residence certificate for employees from other cities, college graduates settlement, collective residence affiliation (集體戶口掛靠) and title assessment so as to reduce efforts spent by employees on applying for certificates.

More than 70 enterprises participated in the Putuo District badminton tournament under the name of "Fosun Cup", which not only promoted the unity and development of private enterprises in Putuo District, but also demonstrated Fosun's comprehensive organization and participation capabilities. In particular, the "Dragon Boat Race" reflected the team spirit of Fosun and demonstrated the culture and characters of Fosun employees to Shanghai City through participation in the tournament by teams formed by departments. Employees from the labour union voluntarily joined the "Runaway of An Egg" event, which was not only a charitable act but also the demonstration of team spirit and care.

The annual spring outing for emplyees is the biggest group activity. Not only employees of the headquarters of the Group but also cross-industry and cross-company organizations are encouraged to participate. Under certain organizational support, there is no limitation on the time and place for the outing.

In 2013, the bird flu broke out, which made the world nervous. The Group held an emergency meeting and showed its attentive care for each employee in almost every aspect such as distributing masks and drugs to employees, installing special hand sanitizers in public areas, inspecting the external dining canteen for employees to ensure food safety, providing employees with professional knowledge on protection and prevention, and establishing a fever reporting system for all departments, so that employees were free of worries both physically and mentally when they entered the Company.



In 2013, Fosun upgraded the health management services for its employees through providing health management upgrading services such as improving body check-up procedures, optimizing body check-up packages, extending the screening scope for common diseases, tracking of report interpretation, providing expert advice service and health condition assessment report, etc. Therefore, our employees could enjoy more professional and attentive body check-up services. Fosun also carries out the “Health Station” campaign internally on a regular basis and launches employee health expert onsite consulting services whereby old Chinese medicine practitioners from Tong Han Chun Tang provide consultation services on site to take care of the health of the Group’s employees.

Fosun cares for the physical and mental health of its female employees and provides special care for them. On the 8 March Women’s Day each year, female employees receive greetings from the Group. The Group also regularly conducts seminars on female health care knowledge and the prevention of occupational diseases, etc.

7 EMPLOYEE TRAINING AND DEVELOPMENT

Fosun always pays attention to the growth and development of its employees and ensures the workforce structure and level of talents can meet the medium-to-long term strategic development requirements of the Group through a continuous training mechanism. As the talents training center of Fosun, Fosun Management Institute is committed to building Fosun’s “Whampoa Military Academy” and establishing a talent training system with its own characteristics focusing on the Group’s business.

In accordance with the development strategy and the human resources planning requirements of the Group and taking into account its own development characteristics, Fosun Management Institute has established the talent training system of “Excellence Scheme”, “High Flyer Scheme” and “Rising Star Scheme”. Positioned as an “entrepreneur incubator”, the Chairman and the President were invited to join the plan as tutors to give professional coaching to the learners to assist in their fast growth. Thus, ensuring the Group will have a stable and sustainable supply of talents to provide constant drive and support for its rapid business expansion and development.

The Group pays attention to the creation of platform that fully utilizes talents’ potential: investment practice training camps are actively organized to interpret macro policies, share investment knowledge, promote investment case review, assist the Group in achieving the strategic development goal of innovative investments; professional courses such as finance and human resources are offered to satisfy the training needs of each business line and realize the confluence of vertical communication; “Fosun Forum” and “Luncheon” are organized regularly to effectively undertake the establishment of learning and exchange systems for various specialized areas under the Fosun system. In addition, Fosun Management Institute makes use of resources of the Tai Chi House to let employees experience the Tai Chi culture and teams up with the Tai Chi House to promote the courses so that the cultural values of the Fosun system can be communicated and inherited through this platform.

Fosun emphasizes on attracting talents by business and nurturing, developing and training talents through on-the-job training. As regards its internal talent nurturing, the Group provides “training packages” matching the needs of employees at different levels. Through training models such as job rotation, post training, and external learning, various communication and exchange channels are created, our employees’ skill, working quality and professional standard are greatly enhanced, assisting them to realize development in career path and utilization of individual value.

8 FULFILLING OUR COMMITMENTS TO THE COMMUNITY AND SOCIETY

Just before the 20th anniversary of Fosun, Fosun Foundation was officially established in Shanghai. Before the establishment of Fosun Foundation, Fosun and its investment enterprises had donated over RMB600 million for charitable purposes, covering public education programs, young entrepreneur ventures, cultural succession, poverty alleviation and responding to emergencies. “Self-improvement, Teamwork, Performance and Contribution to Society” have always been the guiding principles of Fosun in respect of its charity works.

Fosun Foundation has supported and sponsored a great number of charitable programs revolving around the key focus of Fosun’s charitable aims – helping children and youths in education, promoting youth employment and ventures, protecting traditional Chinese cultures, encouraging cultural exchange with foreign countries, etc. During 2013, Fosun Foundation received 24 donations from different donors for a total amount of RMB22.85 million, of which RMB20 million was donated by the Group, and sponsored 32 charitable programs with a total fund of RMB17.34 million. The foundation also conducted results evaluation of some of the key programs.

8-1 TV Series “Shanghai Youth” Inspired Dream Resonance

The 7-episode TV series “Shanghai Youth” sponsored by Fosun Foundation and released by the Shanghai Commission of Communist Youth League of China was broadcast on the Shanghai Arts and Humanity Channel from 1 to 7 October 2013. Though it was broadcast during non-prime hours without much publicity, the TV series achieved good results with ratings three times as much as other programs on the same channel during the same hours. The number of viewers of the series reached almost 100 thousands within a couple of days after this program series was released on the major video websites such as Youku and Funshion, and recorded nearly ten thousand online messages at Weibo of the Shanghai Commission of Communist Youth League of China. Mr. Liang Xinjun, Vice Chairman and Chief Executive Officer of the Company was the speaker in the first episode and conveyed positive messages to the youths.

8-2 Fosun Foundation Delivered Urgent Supplies Worth RMB2 million to Quake-stricken area of Ya’an within 24 Hours

A magnitude 7.0 earthquake struck Lushan county, Ya’an city on 20 April 2013. The first batch of urgent supplies worth RMB2 million donated by Fosun Foundation was delivered to the quake-stricken area within 24 hours.

Immediately after the earthquake, the Board of Fosun Group called an urgent meeting to coordinate disaster relief activities. Fosun Foundation prepared the first batch of urgent supplies worth RMB2 million (including 252 cartons of medicine worth RMB500,000) and delivered to the quake-stricken area. The medicine and supplies arrived in Chengdu and were handed over to the local

Red Cross for delivery to the earthquake affected sites in the early morning of 21 April. On the same day, Chongqing Yaoyou Pharmaceutical Company Limited and Sichuan Hexin Pharmaceutial Co., Ltd., both were members of Fosun Pharma, donated 12,000 bottles of cefminox sodium for injection with a total value of over RMB320,000 which were delivered to the frontline of the affected areas at night on the same day. According to the call from the staff of Ya'an Health Bureau, such medicine was among the most urgently needed medicine at that time. Shanghai For Me Yixing Pharmacy Chain-Store Company Limited ("For Me Pharmacy") lined up various medical supplies worth nearly RMB400 thousands, mainly including Yunnan baiyao, benzalkonium chloride, surgical masks and absorbent gauze rolls, for delivery to the quake-stricken areas in the early morning on 22 April.

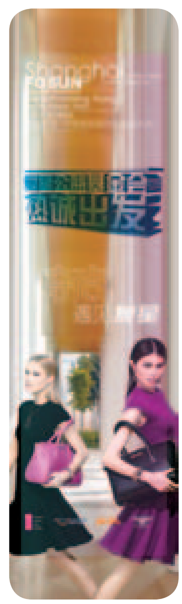
8-3 Fosun Foundation Sponsored Tai Chi Training for Confucius Institute

Fosun Foundation sponsored 30 sessions of Tai Chi training by Shanghai Chen Style Tai Chi Chen Xiaowang Tai Chi Academy for over 80 learners of Confucius Institute during the period from 13 July to 8 August 2013.

Confucius Institute is a non-profit educational institute established by the PRC Government with other overseas organizations aiming to accommodate the needs of learning Chinese by people from various countries and regions all over the world, promoting the understanding of Chinese language and culture for people from various countries and regions around the world, facilitating educational and cultural exchange and cooperation between China and the rest of the world, promoting the friendship between China and foreign countries, promoting diversified cultural development of the world and building a harmonious world.

8-4 Summer Healthcare Tips for the Community

The summer of 2013 recorded very high temperature. The "Summer Care and Charity Summer Healthcare Consultation Program" jointly organized by Fosun Foundation, Fosun Pharma (For Me Pharmacy) and Forte (Forte Club) was held in three communities in Shanghai where Forte had operations to provide healthcare consultation free-of-charge. Nearly 30 pharmacists and volunteers from For Me Pharmacy and the Group participated in the activity and provided on-site services. In addition, For Me Pharmacy provided one week free-of-charge medical checkups and consultation services at its 78 outlets in Shanghai from 2 to 8 August.



The free-of-charge medical checkups were provided by pharmacists of For Me Pharmacy, checkup items included common health problems in summer such as heat stroke, high blood pressure and high blood sugar level. Certain sets of free home-use first aid kits and common medications for summer such as medicated oils, mosquito repellent patches, Huoxiang Zhengqishui, Longhu Rendan were distributed to visitors. Free membership cards were also offered by For Me Pharmacy, to facilitate the purchases of medicines by residents.

8-5 When Charity Meets Fashion: A Platform for Talented Designers

"Fosun Foundation • China Promising Young Fashion Designer Award" Press Conference unveiled Shanghai Fashion Week

On 16 October 2013, the "Fosun Foundation • China Promising Young Fashion Designer Award" Press Conference jointly held by Fosun Foundation and Shanghai Fashion Week Organizing Committee was held at Shanghai International Fashion Centre. On the same day, the latest collections of the winners were unveiled in the main hall, marking the opening of Shanghai Fashion Week. To celebrate the opening of Spring & Summer collection shows of Shanghai Fashion Week, the award winning brothers Wu Xuewei and Wu Xuekai showed their latest haute couture collection.

"Fosun Foundation • China Fashion Award" was the first ever charity fashion designer award organized by Fosun Foundation and the Organizing Committee of Shanghai Fashion Week to elect an outstanding fashion designer among overseas returnees or the most influential designer within China and offer full sponsorship for presenting their latest collection at the opening ceremony of Shanghai Fashion Week in October. Such award can help young talents to showcase their creativity and talents as well as setting the latest trends. Key leaders of the Organizing Committee of Shanghai Fashion Week, senior management of the Group as well as entrepreneurs, merchandisers of department stores, delegates of media from all over China attended the event and witnessed the birth of the winner.

8-6 Results of the "Fosun-Green & Shine Science Education Professional Scholarship" Officially Announced

On 8 December 2013, the results of the "Fosun-Green & Shine Science Education Professional Scholarship" were announced at the award ceremony of the Second National Science Education Professional Teacher Training School Students Innovative Teaching Skills Demonstration Activity cum "Fosun-Green & Shine Science Education Professional Scholarship Ceremony". 2 special prizes, 11 first prizes, 25 second prizes and 22 outstanding performance prizes were awarded at the ceremony. A total of over 80 applications from students with science education professional degree from 23 universities across China were received.

"Fosun-Green & Shine Science Education Professional Scholarship" is sponsored by Fosun Group and organized by Beijing Green & Shine Foundation. It is the first professional scholarship program for science education in China jointly set up with the National Association for Science Education of the Chinese Society of Education, with the objective to reward outstanding teacher training school students in science education, promote interests in professional science education and unite more community forces to support the development of the professional development of science education.

2013 MAJOR HONOURS AWARDED TO FOSUN

- Fosun Group was awarded the “Best Global Brands in China” Award at the 2013 Global Brand Summit
- Fosun Group was awarded the “Best CSR Enterprise of the Year” award and the Fosun Pramerica Youth Community Volunteer Award Project won the “2013 Responsibility Case of the Year” award at the 2013 Corporate Social Responsibility Annual Conference of China
- Fosun Group was named the “Best Employer in Eastern China” in 2013 by ChinaHR.com
- Fosun Group was ranked No. 4 in composite score in the “2013 Globalization Index of Chinese Enterprises”
- The Company was ranked among the 50 “Most Admired Companies in China” by Fortune Magazine (Chinese edition) in 2013
- Fosun Group was awarded the “Most Respected Enterprise Award” for 2012-2013 by The Economic Observer
- Fosun Group was named “Credible Enterprise of China” by CCTV.com in 2013
- The Company was awarded Gold Award of “Excellence in Corporate Governance Awards 2013” by The Asset magazine of Hong Kong
- The Company was ranked No. 1019 on “The World’s 2,000 Largest Public Companies 2013” of Forbes
- The Company was ranked No. 100 among “Fortune China 500” in 2013 by Fortune Magazine
- Mr. Liang Xinjun, Vice Chairman and Chief Executive Officer of the Company, was awarded as “2013 Chinese Business Leaders of the Year”
- The Company was awarded the “Triple A China’s Most Promising Companies – Market Pioneers Award” by the Asset magazine
- The Group was ranked No. 3 among the “2013 Top 50 China Private Equity Investment Institutions ” by Zero2IPO
- The Company was awarded the “2013 Best Listed Companies of the Year Award” by The Hong Kong Institute of Financial Analysts and Professional Commentators Limited
- Mr. Liang Xinjun, Vice Chairman and Chief Executive Officer of the Company, was awarded the “Directors of the Year Awards 2013” by The Hong Kong Institute of Directors
- The Company won the Bronze Award for interior design of its CSR Report 2013 in the International ARC Awards — known as “The Oscar” awards for annual reports
- Fosun Group was awarded the “Huapu Prize”, the highest honour of Brand China in 2013

HUMAN RESOURCES

As at 31 December 2013, the Group had approximately 36,000 employees.

In 2013, the Group continued to pursue its vision for human resource management of "establishing an investment management team with entrepreneurship and members comprising leading talents in various industries". We further innovated our organizational structure development according to the Group's strategic plans, expanded our business platforms and recruited talents with different skills. Meanwhile, we also enhanced the Group's risk management capability and strengthened the internal team of talents, and focus on optimizing the system of staff performance and incentives.

In 2013, the Group continued to strengthen organizational building. We have established the Finance Development Department to strengthen efficiency of resource allocation and sharing of resources within the Group. We have established the Internet Investment Group to strengthen investment and acquisition in the internet industry. We have established the Internet Development Department and the Mobile Fosun Project Team to better promote implementation of the Group's strategy of "Embracing the Internet" as well as Mobile Fosun, and to establish an integrated platform based on mobile Internet. We have established the Investment and Development Department for Significant Projects to take full advantage of the investment opportunities of significant projects. We have strengthened staff allocation for posts of chief representatives and deputy representatives in key investment areas. We have established the Fosun Financial Innovation Institute to deepen research and development of strategies for financial products, and to incubate and introduce more core financial products, and the Japan Investment Department, the India Investment Department and the Southeast Asia Investment Department were established to strengthen investments and acquisitions in these regions.

To ensure the sustainable and healthy development of the Group's operation and management, we actively recruited external talents and initiated the Rising Star Programme (星冉計劃) targeting outstanding college graduates; and simultaneously launched the Star Movement Programme (星動計劃) to encourage internal flow of talents, ensuring that the right talents hold the most suitable positions to create greater value for the Company.

Fosun Management Institute commenced a systematic talent development programme for our high performance staff and some were promoted and engaged in suitable positions and roles in 2013. The Group now owns a better and stronger reserve talent team for every key position.

In respect of staff performance management, we carried out assessment of our internal staff, strengthened the training for and promotion of outstanding high performance staff, and eliminated those underperforming staff. Through such measures, the Group's talent structure was further optimized and the Group could always remain energetic.

In respect of employee incentives and development, we engaged an external consultancy firm to design a group-wide staff incentives and development programme which was further implemented during 2013. In respect of employee benefits, we actively benchmarked with external outstanding enterprises to gradually improve staff welfare, and newly added a group life insurance for employees in 2013, and at the same time increased the insurance amount for existing accident insurance, traffic insurance, supplemental health insurance and critical illness insurance. Remuneration package offered to all employees is determined with reference to their performance, time commitment, responsibilities and the prevailing salary levels in the market.

INDEPENDENT AUDITORS' REPORT

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

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel電話: +852 2846 9888
Fax傳真: +852 2868 4432
www.ey.com

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

We have audited the consolidated financial statements of Fosun International Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 78 to 204 which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

Hong Kong
25 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
REVENUE	6	**51,016,883**	51,764,746
Cost of sales		**(40,658,491)**	(42,439,678)
Gross profit		**10,358,392**	9,325,068
Other income and gains	6	**8,853,449**	5,295,763
Selling and distribution expenses		**(2,747,372)**	(2,449,870)
Administrative expenses		**(3,860,339)**	(3,328,291)
Other expenses		**(1,365,895)**	(1,034,870)
Finance costs	7	**(2,765,899)**	(2,773,661)
Share of profits and losses of:			
Joint ventures	22	**(118,653)**	69,077
Associates	23	**1,407,597**	1,174,777
PROFIT BEFORE TAX	8	**9,761,280**	6,277,993
Tax	10	**(1,908,511)**	(1,334,085)
PROFIT FOR THE YEAR		**7,852,769**	4,943,908
Attributable to:			
Owners of the parent	11	**5,518,930**	3,707,201
Non-controlling interests		**2,333,839**	1,236,707
		7,852,769	4,943,908
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
– For profit for the year (RMB)	13	**0.86**	0.58
Diluted			
– For profit for the year (RMB)	13	**0.86**	0.58

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
PROFIT FOR THE YEAR		**7,852,769**	4,943,908
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent years:			
Available-for-sale investments:			
Changes in fair value		**19,015**	(49,321)
Reclassification adjustments for gains included in the consolidated statement of profit or loss - gain on disposal		**(455,892)**	(543,799)
Income tax effect	28	**118,608**	44,476
		(318,269)	(548,644)
Share of other comprehensive income of joint ventures		**4,978**	10,794
Share of other comprehensive income/(loss) of associates		**93,723**	(78,166)
Exchange differences on translation of foreign operations		**35,722**	30,180
Net other comprehensive loss to be reclassified to profit or loss in subsequent years		**(183,846)**	(585,836)
Net other comprehensive income not being reclassified to profit or loss in subsequent years		**—**	—
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(183,846)**	(585,836)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**7,668,923**	4,358,072
Attributable to:			
Owners of the parent		**5,041,187**	3,519,105
Non-controlling interests		**2,627,736**	838,967
		7,668,923	4,358,072

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**30,215,747**	24,295,887
Investment properties	15	**9,896,252**	3,985,000
Prepaid land lease payments	16	**1,993,975**	1,801,237
Exploration and evaluation assets	17	**5,189**	1,620
Mining rights	18	**794,636**	821,565
Intangible assets	19	**1,871,056**	1,244,004
Goodwill	20	**3,050,328**	1,736,060
Investments in joint ventures	22	**6,470,034**	6,760,773
Investments in associates	23	**20,369,716**	15,258,677
Available-for-sale investments	24	**10,050,291**	7,382,891
Properties under development	25	**10,528,713**	7,966,996
Loans receivable	26	**3,161,103**	1,944,236
Prepayments	27	**853,654**	670,723
Deferred tax assets	28	**2,645,312**	2,212,578
Inventories	33	**207,541**	372,222
Total non-current assets		**102,113,547**	76,454,469
CURRENT ASSETS			
Cash and bank balances	29	**16,387,191**	22,088,468
Equity investments at fair value through profit or loss	30	**13,465,979**	10,656,075
Trade and notes receivables	31	**4,684,199**	5,600,118
Prepayments, deposits and other receivables	32	**7,390,945**	4,975,712
Inventories	33	**6,313,952**	6,371,599
Completed properties for sale		**8,949,037**	4,580,194
Properties under development	25	**20,331,229**	27,333,872
Loans receivable	26	**100,000**	807,102
Due from related companies	34	**3,175,550**	3,118,450
		80,798,082	85,531,590
Non-current assets held for sale	35	**212,293**	212,293
Total current assets		**81,010,375**	85,743,883

	Notes	2013 RMB'000	2012 RMB'000
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	36	**31,539,941**	26,917,695
Loans from related companies	38	**196,477**	115,000
Trade and notes payables	39	**14,928,283**	15,626,765
Accrued liabilities and other payables	40	**20,039,726**	18,818,620
Tax payable		**2,834,905**	2,727,170
Finance lease payables	41	**46,587**	41,981
Deposit from customers	42	**1,636,739**	939,214
Due to the holding company	34	**3,144,864**	2,440,986
Due to related companies	34	**2,392,109**	2,354,620
Total current liabilities		**76,759,631**	69,982,051
NET CURRENT ASSETS		**4,250,744**	15,761,832
TOTAL ASSETS LESS CURRENT LIABILITIES		**106,364,291**	92,216,301
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	36	**35,028,323**	29,779,651
Convertible bonds	37	**2,319,675**	—
Loans from a related company	38	**—**	90,250
Finance lease payables	41	**43,085**	83,441
Deferred income	43	**526,864**	193,592
Due to related companies	34	**157,851**	1,013,120
Other long term payables	44	**3,220,349**	652,102
Deferred tax liabilities	28	**3,768,315**	3,185,749
Total non-current liabilities		**45,064,462**	34,997,905
Net assets		**61,299,829**	57,218,396
EQUITY			
Equity attributable to owners of the parent			
Issued capital	45	**621,497**	621,497
Reserves	46	**38,249,408**	33,690,623
Proposed final dividend	12	**757,328**	885,181
		39,628,233	35,197,301
Non-controlling interests		**21,671,596**	22,021,095
Total equity		**61,299,829**	57,218,396

Guo Guangchang
Director

Ding Guoqi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

Group

	Attributable to owners of the parent													
	Issued capital RMB'000 (note 45)	Share premium RMB'000	Other deficits RMB'000 (note 46(a))	Statutory surplus reserve RMB'000 (note 46(b))	Available-for-sale investment revaluation reserve RMB'000	Capital redemption reserve RMB'000	Other reserve RMB'000	Convertible bonds RMB'000 (note 37)	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Proposed final dividend RMB'000 (note 12)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2013	621,497	11,790,924	(443,540)	2,860,587	1,275,674	1,465	1,431,556	–	17,445,857	(671,900)	885,181	35,197,301	22,021,095	57,218,396
Profit for the year	–	–	–	–	–	–	–	–	5,518,930	–	–	5,518,930	2,333,839	7,852,769
Other comprehensive income for the year														
Changes in fair value of available-for-sale investments, net of tax	–	–	–	–	(274,476)	–	–	–	–	–	–	(274,476)	323,455	48,979
Reclassification adjustments for gains included in the consolidated statement of profit or loss – gain on disposal	–	–	–	–	(280,960)	–	–	–	–	–	–	(280,960)	(86,288)	(367,248)
Share of other comprehensive income of joint ventures	–	–	–	–	–	–	–	–	–	4,978	–	4,978	–	4,978
Share of other comprehensive income/(loss) of associates	–	–	–	–	(6,522)	–	–	–	–	39,993	–	33,471	60,252	93,723
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	39,244	–	39,244	(3,522)	35,722
Total comprehensive (loss)/income for the year	–	–	–	–	(561,958)	–	–	–	5,518,930	84,215	–	5,041,187	2,627,736	7,668,923
Acquisition of subsidiaries (note 47(a))	–	–	–	–	–	–	–	–	–	–	–	–	433,623	433,623
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	640,193	640,193
Transaction cost related to issue of new shares of a subsidiary	–	–	–	–	–	–	1,705	–	–	–	–	1,705	2,445	4,150
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(1,209,304)	(1,209,304)
Final 2012 dividend declared	–	–	–	–	–	–	–	–	–	–	(885,181)	(885,181)	–	(885,181)
Proposed final dividend	–	–	–	–	–	–	–	–	(757,328)	–	757,328	–	–	–
Transfer from retained profits	–	–	–	218,728	–	–	–	–	(218,728)	–	–	–	–	–
Share of other reserve of associates	–	–	–	–	–	–	(21,054)	–	–	–	–	(21,054)	–	(21,054)
Disposal of partial interests in subsidiaries without losing control	–	–	–	–	–	–	861	–	–	–	–	861	3,364	4,225
Disposal of subsidiaries (note 47(b))	–	–	–	–	–	–	–	–	–	–	–	–	(2,347,332)	(2,347,332)
Liquidation of subsidiaries	–	–	–	–	–	–	–	–	(19,440)	–	–	(19,440)	(59,400)	(78,840)
Fair value adjustment on the loan from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	10,488	–	–	–	–	10,488	32,279	42,767
Fair value adjustment on the stock redemption -option granted to non-controlling shareholders of a subsidiary	–	–	–	–	–	–	(2,253)	–	–	–	–	(2,253)	(42,111)	(44,364)
Equity-settled share-based payments (note 48)	–	2,792	–	–	–	–	–	–	–	–	–	2,792	6,915	9,707
Deemed acquisition of additional interests in subsidiaries	–	–	–	–	–	–	(1,056)	–	–	–	–	(1,056)	1,056	–
Equity contribution by the controlling shareholder to a non-wholly-owned subsidiary	–	–	–	–	–	–	(10,278)	–	–	–	–	(10,278)	10,278	–
Equity component of convertible bonds (note 37)	–	–	–	–	–	–	–	721,171	–	–	–	721,171	–	721,171
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	(408,010)	–	–	–	–	(408,010)	(449,241)	(857,251)
At 31 December 2013	621,497	11,793,716*	(443,540)*	3,079,315*	713,716*	1,465*	1,001,959*	721,171*	21,969,291*	(587,685)*	757,328	39,628,233	21,671,596	61,299,829

* These reserve accounts comprise the consolidated reserves of RMB38,249,408,000 (2012: RMB33,690,623,000) in the consolidated statement of financial position.

Group *(Continued)*

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**9,761,280**	6,277,993
Adjustments for:			
Depreciation of items of property, plant and equipment	8	**1,588,489**	1,567,161
Amortisation of prepaid land lease payments	8	**36,397**	33,688
Amortisation of intangible assets	8	**73,300**	50,853
Amortisation of mining rights	8	**42,683**	91,403
Provision for impairment of items of property, plant and equipment	8	**446,934**	65,839
Provision for impairment of available-for-sale investments	8	**11,400**	20,000
Provision for impairment of an investment in an associate	8	**34,600**	102,359
(Reversal)/provision for impairment of receivables	8	**(4,481)**	66,653
Provision for inventories	8	**102,157**	182,273
Provision for impairment of completed properties for sale	8	**—**	17,935
Gain on disposal of available-for-sale investments	6	**(1,822,810)**	(747,843)
Gain on disposal of equity investments at fair value through profit or loss	6	**(949,198)**	(194,645)
Gain on disposal of associates	6	**(666,092)**	(315,347)
Gain on disposal of partial interests in associates	6	**(15,456)**	(10,859)
Gain on deemed disposal of interests in associates	6	**(473,111)**	—
Gain on disposal of subsidiaries	6	**—**	(85,041)
Gain on disposal of items of property, plant and equipment	6	**(3,804)**	(66)
Gain on acquisition of an associate	6	**(441,643)**	—
Fair value adjustment on equity investments at fair value through profit or loss	6	**(1,541,835)**	(2,449,706)
Fair value gains on investment properties	6	**(1,131,002)**	(140,484)
Interest expenses		**2,660,956**	2,727,815
Interest income	6	**(570,366)**	(473,102)
Dividends from equity investments at fair value through profit or loss	6	**(286,795)**	(343,462)
Dividends from available-for-sale investments	6	**(221,107)**	(112,354)
Share of profits and losses of associates		**(1,407,597)**	(1,174,777)
Subtotal carried forward		**5,222,899**	5,156,286

	Note	2013 RMB'000	2012 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES *(continued)*			
Subtotal brought forward		**5,222,899**	5,156,286
Share of profits and losses of joint ventures		**118,653**	(69,077)
Gain on bargain purchase	6	**—**	(3,645)
CASH INFLOW BEFORE WORKING CAPITAL CHANGES		**5,341,552**	5,083,564
Increase in properties under development		**(2,961,077)**	(3,238,115)
Increase in completed properties held for sale		**(4,368,843)**	(1,628,784)
Decrease in trade and notes receivables		**1,131,358**	887,408
Increase in prepayments, deposits and other receivables		**(4,012,216)**	(283,078)
Decrease in inventories		**372,734**	199,822
Decrease/(increase) in amounts due from related companies		**262,174**	(362,077)
Increase in trade and notes payables		**367,796**	4,119,309
Increase in accrued liabilities and other payables		**6,850,279**	3,973,414
Increase/(decrease) in deferred income		**333,272**	(19,468)
Increase/(decrease) in other long term payables		**8,671**	(137,312)
Increase in amounts due to the holding company		**14,570**	376,571
(Decrease)/increase in amounts due to related companies		**(239,089)**	760,346
Increase in deposit from customers		**697,525**	939,214
(Increase)/decrease in restricted presale proceeds of properties		**(210,484)**	77,718
Increase in required reserve deposits		**(158,615)**	(100,526)
Decrease in derivative financial instruments		**—**	(9,228)
CASH GENERATED FROM OPERATIONS		**3,429,607**	10,638,778
Interest paid		**(1,073,424)**	(661,490)
Tax paid		**(2,200,467)**	(2,437,079)
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES		**155,716**	7,540,209

	Note	2013 RMB'000	2012 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		**(6,448,031)**	(4,255,400)
Increase of prepaid land lease payments		**(40,966)**	(409,562)
Purchase of intangible assets		**(37,254)**	(47,408)
Purchase of mining rights		**(15,754)**	(4,331)
Purchase of exploration and evaluation assets		**(3,569)**	(31,946)
Purchase of available-for-sale investments		**(3,104,125)**	(780,744)
Purchase of equity investments at fair value through profit or loss		**(8,354,013)**	(2,073,310)
Proceeds from disposal of equity investments at fair value through profit or loss		**5,325,383**	1,461,226
Proceeds from disposal of available-for-sale investments		**2,998,127**	1,581,293
Proceeds from disposal of items of property, plant and equipment		**60,260**	63,719
Proceeds from disposal of intangible assets		**14,604**	1,423
Proceeds from disposal of subsidiaries	47(b)	**(267,952)**	94,873
Proceeds from disposal of associates and disposal of partial interests in associates		**1,426,591**	335,460
Proceeds from disposal of joint ventures		**—**	27,529
Acquisition of subsidiaries	47(a)	**(7,899,841)**	(1,387,206)
Acquisition of associates		**(1,307,044)**	(295,754)
Acquisition of joint ventures		**(1,984,311)**	(1,966,721)
Dividends received from available-for-sale investments	6	**221,107**	112,354
Dividends received from equity investments at fair value through profit or loss	6	**286,795**	343,462
Dividends received from associates		**834,458**	548,501
Dividends received from joint ventures		**5,000**	—
Shareholder loans provided to joint ventures and associates		**(583,685)**	(384,656)
Decrease in pledged bank balances and time deposits with original maturity of more than three months		**(619,211)**	420,329
Increase in restricted cash in escrow account for an investment		**(5,945)**	(420,016)
Prepayments for proposed acquisitions		**(853,654)**	(54,410)
Interest received		**433,228**	283,154
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(19,919,802)**	(6,838,141)

	Note	2013 RMB'000	2012 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital element of finance lease rental payments		**(35,750)**	(38,542)
Capital contribution from non-controlling shareholders of subsidiaries		**640,193**	5,143,169
New bank and other borrowings		**52,945,390**	46,217,311
Issuance of convertible bonds		**3,037,543**	—
Repayment of bank and other borrowings		**(38,738,310)**	(43,208,683)
Dividends paid to non-controlling shareholders of subsidiaries		**(1,209,304)**	(860,677)
Acquisition of additional interests in subsidiaries		**(857,251)**	(96,640)
Disposal of partial interests in subsidiaries		**—**	263,904
Dividends paid to shareholders		**(195,873)**	(184,069)
Interest paid		**(2,518,084)**	(2,649,748)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**13,068,554**	4,586,025
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(6,695,532)**	5,288,093
Cash and cash equivalents at beginning of year		**19,196,603**	13,908,510
CASH AND CASH EQUIVALENTS AT END OF YEAR		**12,501,071**	19,196,603
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:			
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION	29	**12,501,071**	19,196,603

STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS			
Investments in subsidiaries	21	**2,954,419**	4,568,221
Investment in an associate	23	**82,421**	82,421
Total non-current assets		**3,036,840**	4,650,642
CURRENT ASSETS			
Cash and bank balances	29	**519,361**	176,428
Equity investments at fair value through profit or loss	30	**4,805,031**	7,171,355
Prepayments, deposits and other receivables	32	**11,989**	5,558
Due from subsidiaries	34	**19,083,808**	11,561,761
Due from related companies	34	**3,048**	3,087
Total current assets		**24,423,237**	18,918,189
CURRENT LIABILITIES			
Interest-bearing bank loans	36	**1,874,025**	866,773
Accrued liabilities and other payables	40	**45,533**	53,376
Tax payable		**69,161**	69,161
Due to the holding company	34	**3,144,864**	2,440,986
Due to subsidiaries	34	**3,140,013**	—
Total current liabilities		**8,273,596**	3,430,296
NET CURRENT ASSETS		**16,149,641**	15,487,893
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,186,481**	20,138,535
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	36	**4,289,139**	5,764,407
Net assets		**14,897,342**	14,374,128
EQUITY			
Issued capital	45	**621,497**	621,497
Reserves	46	**13,518,517**	12,867,450
Proposed final dividend	12	**757,328**	885,181
Total equity		**14,897,342**	14,374,128

Guo Guangchang
Director

Ding Guoqi
Director

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2013

1. CORPORATE INFORMATION

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

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

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

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

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

2.1 BASIS OF PRESENTATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.2 CHANGES IN ACCOUNTING POLICIES 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 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, HKAS 19 (2011), amendments to HKFRS 10, HKFRS 11, HKFRS 12, HKAS 1 and HKAS 36, and certain amendments included in *Annual Improvements 2009-2011 Cycle*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

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

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities.* It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group.

The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 January 2013.

(b) 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. The classification of joint arrangements under HKFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with HKAS 28 (2011).

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11, and concluded that the adoption of HKFRS 11 has had no impact on the Group's financial position or performance.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(c) HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities. Details of the disclosures for subsidiaries, joint ventures and associates are included in notes 21, 22 and 23 to the financial statements.

(d) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time.

(e) 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 rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. Additional disclosures required by HKFRS 13 for the fair value measurements of investment properties and financial instruments are included in notes 15 and 55 to the financial statements.

(f) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in these financial statements.

(g) 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 management concluded that the adoption of the revised standard has had no effect on the financial position or performance of the Group.

(h) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in these financial statements. The amendments have had no impact on the financial position or performance of the Group. Disclosures about the Group's impaired non-financial assets are included in note 20 to the financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(i) *Annual Improvements 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of standards. 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 have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

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

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

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

2.3 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 9	*Financial Instruments* [3]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39* [3]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities* [1]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions* [2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* [1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting* [1]
HK(IFRIC)-Int 21	*Levies* [1]
Annual Improvements *2010-2012 Cycle*	Amendments to a number of HKFRSs issued in January *2014* [2]
Annual Improvements *2011-2013 Cycle*	Amendments to a number of HKFRSs issued in January *2014* [2]
HKFRS 14 Amendments	*Regulatory Deferral Accounts* [4]

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

2 Effective for annual periods beginning on or after 1 July 2014

3 No mandatory effective date yet determined but is available for adoption

4 Effective for annual periods beginning on or after 1 January 2016

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

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

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

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated as 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 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.

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 39 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 and a mandatory effective date will be determined after the entire replacement of HKAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

Or

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

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

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

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

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

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

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

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

Property, plant and equipment and depreciation

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

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

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

Investment properties

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

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

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

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

Non-current assets and disposal groups held for sale

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets (other than goodwill)

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

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

Trademarks

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

Medicine licences

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

Patents and technical know-how

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

Business network

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

Research and development costs

All research costs are charged to the consolidated statement of profit or loss as incurred.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Exploration and evaluation assets

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

Mining rights

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

Leases

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

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

Subsequent measurement

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

Financial assets at fair value through profit or loss

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

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

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

Loans and receivables

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

Available-for-sale financial investments

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Available-for-sale financial investments *(Continued)*

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

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

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

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

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

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

Impairment of financial assets

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Financial assets carried at amortised cost

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

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

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

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

Assets carried at cost

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

Available-for-sale financial investments

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Available-for-sale financial investments *(Continued)*

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the statement of profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or loans and borrowings, as appropriate.

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

Loans and borrowings

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Financial guarantee contracts

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

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Derivative financial instruments

Initial recognition and subsequent measurement

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

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

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

Inventories

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Properties under development

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

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

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

Completed properties for sale

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

Cash and cash equivalents

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

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

Provisions

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

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

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

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

Income tax

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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

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

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

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

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

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

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

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

Government grants

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

Revenue recognition

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

(a) Sale of goods

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

(b) Sale of completed properties

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

(c) Service income

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

(d) Insurance income

Premiums are recognised as income when risk coverage is provided to ceding companies.

(e) Rental income

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

(f) Interest income

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

(g) Dividend income

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

Product classification - Reinsurance contracts

Reinsurance contracts are defined as those containing significant insurance risk at the inception of the contracts, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant over time. The significance of insurance risk is dependent on both the probability of an insurance event and the magnitude of its potential effect.

Once a contract has been classified as a reinsurance contract, it remains a reinsurance contract for the rest of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

Reinsurance contract liabilities

General reinsurance contract liabilities are recognised when contracts are entered into and premiums are charged. These liabilities include the outstanding claims provision, and provision for unearned premiums, unexpired risk and inadequate premium levels.

Outstanding claims provision

The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the end of the reporting period, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost may not be known with certainty at the end of the reporting period. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. The liability is derecognised when it is discharged or is settled.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Reinsurance contract liabilities *(Continued)*

Provision for unearned premium

The provision for unearned premiums includes premiums received for risks that have not yet expired. Generally the provision is released over the term of the contract and is recognised as premium income.

Liability adequacy test

At the end of each reporting period, a liability adequacy test is performed in accordance with HKFRS 4 "Insurance Contracts". Changes in expected claims that have occurred, but which have not been settled, are reflected by adjusting the provision for outstanding claims. The provision for unexpired risk is increased to the extent that future claims in respect of current insurance contracts exceed the current unearned premium provision net of deferred expenses. Any deficiency is immediately charged to profit or loss.

Share-based payments

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

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option pricing model, further details of which are given in note 48 to the financial statements.

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

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

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

Retirement benefits

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

(i) Defined contribution pension schemes

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Retirement benefits *(Continued)*

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

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

Qualified SOE Employees

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

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

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

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

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

Qualified Retirees

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Accommodation benefits

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

Other employee benefits

Pension scheme

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

Borrowing costs

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

Dividends

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

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

Foreign currencies

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

(i) Operating lease commitments – Group as lessor

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

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

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

(iii) Consolidation of entities in which the Group holds less than a majority of voting rights

The Group considers that it controls Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("Fosun Pharma") even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of Fosun Pharma with a 41.09% equity interest as at 31 December 2013 and 31 December 2012. The remaining 58.91% of the equity shares in Fosun Pharma are widely held by many other shareholders. The Group controls the board of directors of Fosun Pharma, and holds relatively larger voting rights than other dispersed public shareholders. Since the date of Fosun Pharma's domestic shares being listed on Shanghai Stock Exchange, there has been no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements *(Continued)*

(iv) Deferred tax liabilities

Deferred tax liabilities are recognised for withholding corporate income taxes relating to the unremitted earnings of the Group's subsidiaries established in Mainland China that are subject to withholding taxes. Significant management judgement is required to determine the amount of deferred tax liabilities, based upon the likely distribution level of such earnings from these subsidiaries in the foreseeable future. The amount of deferred tax liabilities addition arising from the withholding tax associated with the investments in subsidiaries in Mainland China for the year ended 31 December 2013 was RMB88,781,000 (31 December 2012: RMB33,359,000). Further details are contained in note 28 to the financial statements.

Estimation uncertainty

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

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2013 was RMB3,050,328,000 (31 December 2012: RMB1,736,060,000). Further details are given in note 20 to the financial statements.

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

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. For the year ended 31 December 2013, impairment losses in the amount of RMB481,534,000 (2012: RMB168,198,000) have been recognised as set out in note 8 to the financial statements.

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

The Group classifies certain investments as available for sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the consolidated statement of profit or loss. For the year ended 31 December 2013, impairment losses in the amount of RMB11,400,000 (2012: RMB20,000,000) have been recognised for available-for-sale financial assets as set out in Note 8 to the financial statements. As at 31 December 2013, the carrying amount of available-for-sale assets was RMB10,050,291,000 (31 December 2012: RMB7,382,891,000).

(iv) Estimation of fair value of investment properties

As described in note 15 to the financial statements, investment properties were revalued on 31 December 2013 on an open market value and existing use basis by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of the reporting period.

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

Estimation uncertainty *(Continued)*

(iv) Estimation of fair value of investment properties *(Continued)*

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

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

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

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

The carrying amount of investment properties at 31 December 2013 was RMB9,896,252,000 (31 December 2012: RMB3,985,000,000). Further details, including the key assumptions and a sensitivity analysis, used for fair value measurement, are given in note 15 to the financial statements.

(v) Provision for bad debts of loans and receivables

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

(vi) Estimation of rehabilitation cost provision

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

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

(vii) Useful lives of property, plant and equipment

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

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

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

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

Estimation uncertainty *(Continued)*

(ix) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and carryforward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2013 was RMB1,504,016,000 (31 December 2012: RMB1,188,309,000). The amount of unrecognised tax losses and deductible temporary difference as at 31 December 2013 was RMB6,598,552,000 (31 December 2012: RMB3,988,285,000). Further details are contained in note 28 to the financial statements.

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

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

(xi) Contingent consideration for acquisition of subsidiaries

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

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2013 are set out below:

Name of company	Place and date of incorporation/ registration and place of business	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company			Principal activities
			Direct	Indirect	Effective	
Subsidiaries						
上海復星高科技（集團）有限公司 (Shanghai Fosun High Technology (Group) Co., Ltd.)	PRC/ Mainland China 21 November 1994	2,300,000	100.0%	—	100.0%	Investment holding
上海復星工業技術發展有限公司 (Shanghai Fosun Industrial Technology Development Co., Ltd.)	PRC/ Mainland China 4 August 2003	1,200,000	—	100.0%	100.0%	Investment holding
上海復星產業投資有限公司 (Shanghai Fosun Industrial Investment Co., Ltd.)	PRC/ Mainland China 22 November 2001	600,000	—	100.0%	100.0%	Investment holding
Steel segment						
南京南鋼鋼鐵聯合有限公司 (Nanjing Nangang Iron & Steel United Co., Ltd.)	PRC/ Mainland China 20 May 2009	3,000,000	—	60.0%	60.0%	Manufacture and sale of iron and steel products
南京鋼鐵聯合有限公司 (Nanjing Iron & Steel United Co., Ltd.)	PRC/ Mainland China 24 March 2003	900,000	—	100.0%	60.0%	Manufacture and sale of iron and steel products
南京南鋼產業發展有限公司 (Nanjing Iron & Steel Industry Development Co., Ltd.)	PRC/ Mainland China 27 September 2009	1,850,000	—	100.0%	50.3%	Manufacture and sale of iron and steel products
南京鋼鐵股份有限公司 (Nanjing Iron & Steel Co., Ltd.)	PRC/ Mainland China 18 March 1999	3,875,752	—	83.8%	50.3%	Manufacture and sale of iron and steel products
南京鋼鐵有限公司 (Nanjing Iron & Steel Limited)	PRC/ Mainland China 28 June 2001	1,279,637	—	100.0%	50.3%	Manufacture and sale of iron and steel products
香港金騰國際有限公司 (Hong Kong Jinteng International Company Limited)	Hong Kong 20 June 2005	HKD20,000,000	—	100.0%	50.3%	International trading
南京鋼鐵集團國際經濟貿易有限公司 (Nanjing Iron & Steel Group International Trading Co., Ltd.)	PRC/ Mainland China 15 April 1998	100,000	—	100.0%	50.3%	International trading
安徽金安礦業有限責任公司 (Anhui Jin'an Mining Co., Ltd.)	PRC/ Mainland China 24 July 2006	100,000	—	100.0%	50.3%	Mining and ore processing

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES *(Continued)*

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2013 are set out below: *(Continued)*

Name of company	Place and date of incorporation/ registration and place of business	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company			Principal activities
			Direct	Indirect	Effective	
Pharmaceuticals and healthcare segment						
上海復星醫藥（集團）股份有限公司 * (Shanghai Fosun Pharmaceutical (Group) Co., Ltd.)	PRC/ Mainland China 31 May 1995	2,240,462	—	41.1%	41.1%	Pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services and diagnostic products and medical devices
上海復星醫藥產業發展有限公司 (Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.)	PRC/ Mainland China 27 November 2001	653,308	—	100.0%	41.1%	Investment holding
錦州奧鴻藥業有限責任公司 (Jinzhou Aohong Pharmaceutical Co., Ltd.)	PRC/ Mainland China 28 January 2002	107,875	—	70.0%	28.8%	Manufacture and sale of pharmaceutical products
江蘇萬邦生化醫藥股份有限公司 (Jiangsu Wanbang Biopharmaceutical Co., Ltd.)	PRC/ Mainland China 30 December 1998	119,042	—	95.2%	39.1%	Manufacture and sale of pharmaceutical products
湖北新生源生物工程股份有限公司 (Shine Star (Hubei) Biological Engineering Co., Ltd.)	PRC/ Mainland China 10 December 2001	51,120	—	51.0%	21.0%	Manufacture and sale of pharmaceutical products
Property segment						
復地（集團）股份有限公司 (Shanghai Forte Land Co., Ltd.)	PRC/ Mainland China 13 August 1998	505,861	—	99.1%	99.1%	Property development
上海復地投資管理有限公司 (Shanghai Forte Investment Co., Ltd.)	PRC/ Mainland China 21 July 2006	80,000	—	100.0%	99.1%	Investment holding
武漢中北房地產開發有限公司 (Wuhan Zhongbei Property Development Co., Ltd.)	PRC/ Mainland China 3 April 2007	933,000	—	70.0%	69.3%	Property development
南京潤昌房地產開發有限公司 (Nanjing Runchang Property Development Co., Ltd.)	PRC/ Mainland China 1 April 2009	875,000	—	100.0%	99.1%	Property development
浙江復地置業發展有限公司 (Zhejiang Forte Property Development Co., Ltd.)	PRC/ Mainland China 20 November 2006	440,000	—	75.0%	74.3%	Property development
長春兆基房地產開發有限公司 (Changchun Zhaoji Real Estate Development Co., Ltd.)	PRC/ Mainland China 8 February 2007	50,000	—	100.0%	99.1%	Property development
成都復地置業有限公司 (Chengdu Forte Land Co., Ltd)	PRC/ Mainland China 25 June 2008	500,000	—	100.0%	99.1%	Property development

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES *(Continued)*

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2013 are set out below: *(Continued)*

Name of company	Place and date of incorporation/ registration and place of business	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company			Principal activities
			Direct	Indirect	Effective	
Mining segment						
海南礦業股份有限公司 (Hainan Mining Co., Ltd.)	PRC/ Mainland China 22 August 2007	1,680,000	—	60.0%	60.0%	Mining and ore processing
Asset management segment						
上海創富投資管理有限公司 (Fosun Capital Investment & Management Co., Ltd.)	PRC/ Mainland China 28 April 2007	110,000	—	100.0%	100.0%	Capital investment and management
Insurance segment						
鼎睿再保險有限公司 (Peak Reinsurance Company Limited)	Hong Kong 23 November 2010	USD 550,000,000	—	85.1%	85.1%	Reinsurance
Associates						
國藥產業投資有限公司 (Sinopharm Industrial Investment Co., Ltd.)	PRC/ Mainland China 6 May 2008	100,000	—	49.0%	20.1%	Sale of pharmaceutical products
上海豫園旅遊商城股份有限公司 (Shanghai Yuyuan Tourist Mart Co., Ltd.)	PRC/ Mainland China 13 May 1992	798,512	—	25.0%	25.0%	Retail
天津建龍鋼鐵實業有限公司 (Tianjin Jianlong Iron & Steel Industrial Co., Ltd.)	PRC/ Mainland China 14 September 2010	2,000,000	—	25.7%	25.7%	Manufacture and sale of iron and steel products
上海証大房地產有限公司@ (Shanghai Zendai Property Limited)	Bermuda/ Mainland China 28 July 2004	HKD 248,747,000	—	16.3%	16.2%	Property investment and management
永安財產保險股份有限公司@ (Yong'an Insurance Co., Ltd.)	PRC/ Mainland China 13 September 1996	2,663,200	—	19.9%	19.9%	Insurance
Giovanna Group Holdings Limited@	Cayman Island/ Mainland China 22 October 2012	USD5,000	—	17.4%	17.4%	Investment and management in digital media business

4. PARTICULARS OF THE PRINCIPAL COMPANIES COMPRISING THE GROUP, ASSOCIATES AND JOINT VENTURES *(Continued)*

Particulars of the principal subsidiaries comprising the Group, associates and joint ventures of the Group at 31 December 2013 are set out below: *(Continued)*

Name of company	Place and date of incorporation/ registration and place of business	Nominal value of registered/ paid-up capital RMB'000	Attributable equity interest of the Company			Principal activities
			Direct	Indirect	Effective	
Joint ventures						
上海海之門房地產投資管理有限公司 (Shanghai Haizhimen Property Investment and Management Co., Ltd.)	PRC/ Mainland China 26 April 2010	1,000,000	—	50.0%	50.0%	Property investment and management
無錫復地房地產開發有限公司 (Wuxi Forte Real Estate Development Co., Ltd.)	PRC/ Mainland China 28 September 2004	195,000	—	50.0%	49.5%	Property development
陝西省建秦房地產開發有限公司 (Shaanxi Jianqin Real Estate Development Co., Ltd.)	PRC/ Mainland China 22 September 1992	130,000	—	50.0%	49.5%	Property development
成都鴻匯置業有限公司 (Chengdu Honghui Property Co., Ltd.)	PRC/ Mainland China 20 April 2010	600,000	—	51.0%	50.5%	Property development

The English names of the above subsidiaries, associates and joint ventures are directly translated from their Chinese names.

The above table lists the subsidiaries, associates and joint ventures of the Group which, in the opinion of the directors of the Company, principally affected the results of the Group for the year ended 31 December 2013 or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries, associates and joint ventures would, in the opinion of the directors of the Company, result in particulars of excessive length.

Notes:

* Fosun Pharma continues to be accounted for as a subsidiary because the Group is able to control over the board of directors as well as the operating and financial policies of this company and the Group continues to be the single major shareholder of Fosun Pharma and holds relatively larger voting rights than other dispersed public shareholders, despite the fact that the Group's equity interest in this company was 41.09% as at 31 December 2013.

@ The Group's investments in these associates are accounted for under the equity method of accounting because the Group has significant influence over these entities by way of representation on the board of directors and participation in the policy-making process, despite the fact that the Group's direct or indirect equity interests in these associates were lower than 20% for the year ended 31 December 2013.

5. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

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

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

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

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

5. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2013

	Industrial Operations								
	Pharmaceuticals and healthcare RMB'000	Property RMB'000	Steel RMB'000	Mining RMB'000	Asset management RMB'000	Insurance RMB'000	Investment RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:									
Sales to external customers	9,921,487	11,356,949	26,425,290	2,499,117	218,802	276,798	318,440	—	51,016,883
Inter-segment sales	—	4,608	—	155,279	224,655	—	81,387	(465,929)	—
Other income and gains	1,477,631	1,691,424	1,711,588	61,761	21,630	701,843	2,307,349	(198,045)	7,775,181
Total	11,399,118	13,052,981	28,136,878	2,716,157	465,087	978,641	2,707,176	(663,974)	58,792,064
Segment results	2,395,481	3,185,628	1,043,497	1,376,564	20,432	585,204	2,124,613	(46,073)	10,685,346
Interest and dividend income	89,545	125,757	227,499	5,204	44,812	64,693	702,239	(181,481)	1,078,268
Unallocated expenses									(525,379)
Finance costs	(350,451)	(326,907)	(930,192)	(42,153)	(13,327)	—	(1,236,824)	133,955	(2,765,899)
Share of profits and losses of									
– Joint ventures	(10,765)	13,158	12,124	—	(70,141)	(44,540)	(18,489)	—	(118,653)
– Associates	782,462	197,724	4,647	—	—	22,663	400,101	—	1,407,597
Profit/(loss) before tax	2,906,272	3,195,360	357,575	1,339,615	(18,224)	628,020	1,971,640	(93,599)	9,761,280
Tax	(506,324)	(1,015,003)	149,030	(335,698)	(18,647)	(8,967)	(187,833)	14,931	(1,908,511)
Profit/(loss) for the year	2,399,948	2,180,357	506,605	1,003,917	(36,871)	619,053	1,783,807	(78,668)	7,852,769
Segment and total assets	29,418,303	63,816,789	38,014,673	4,811,954	3,139,708	5,448,117	44,410,908	(5,936,530)	183,123,922
Segment and total liabilities	11,810,676	48,018,431	28,783,882	1,445,587	38,336	628,732	36,669,513	(5,571,064)	121,824,093
Other segment information:									
Depreciation and amortisation	420,498	30,629	1,102,256	136,986	6,194	1,374	42,932	—	1,740,869
Impairment loss for non-current assets	46,000	—	444,905	2,029	—	—	—	—	492,934
Provision for impairment of current assets	36,562	—	49,928	11,053	—	—	133	—	97,676
Research and development costs	437,613	—	64,402	—	—	—	—	—	502,015
Fair value gains on fair value adjustments of investment properties	—	(1,131,002)	—	—	—	—	—	—	(1,131,002)
Fair value (gains)/loss on equity investments at fair value through profit or loss	(30,370)	—	12,637	—	—	(463,798)	(1,060,304)	—	(1,541,835)
Investments in joint ventures	118,177	2,899,944	112,134	—	—	171,638	3,168,141	—	6,470,034
Investments in associates	8,765,410	3,169,588	244,358	—	92,401	784,036	7,313,923	—	20,369,716
Capital expenditure*	1,095,787	36,494	5,774,491	445,282	2,584	2,455	14,553	—	7,371,646

5. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2012

	Industrial Operations								
	Pharmaceuticals and healthcare RMB'000	Property RMB'000	Steel RMB'000	Mining RMB'000	Asset management RMB'000	Insurance RMB'000	Investment RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:									
Sales to external customers	7,278,287	10,476,151	31,717,201	1,949,962	159,742	—	183,403	—	51,764,746
Inter-segment sales	—	1,840	—	201,579	151,083	—	58,685	(413,187)	—
Other income and gains	1,120,827	258,262	531,484	17,578	33,740	—	2,443,753	(38,799)	4,366,845
Total	8,399,114	10,736,253	32,248,685	2,169,119	344,565	—	2,685,841	(451,986)	56,131,591
Segment results	1,622,702	2,522,960	(77,870)	1,119,669	(35,894)	(24,898)	2,117,368	103,007	7,347,044
Interest and dividend income	63,142	55,181	384,068	8,525	24,159	—	813,816	(419,973)	928,918
Unallocated expenses									(468,162)
Finance income/(costs)	(370,457)	(286,474)	(1,182,096)	(41,906)	(13,177)	63	(881,454)	1,840	(2,773,661)
Share of profits and losses of									
– Joint ventures	(1,514)	138,761	11,408	—	(42,167)	(33,822)	(3,589)	—	69,077
– Associates	811,495	179,219	2,099	—	—	—	181,964	—	1,174,777
Profit/(loss) before tax	2,125,368	2,609,647	(862,391)	1,086,288	(67,079)	(58,657)	2,228,105	(315,126)	6,277,993
Tax	(283,764)	(842,334)	275,452	(314,963)	16,023	—	(245,005)	60,506	(1,334,085)
Profit/(loss) for the year	1,841,604	1,767,313	(586,939)	771,325	(51,056)	(58,657)	1,983,100	(254,620)	4,943,908
Segment and total assets	25,420,826	53,964,988	37,288,750	4,713,834	13,987,668	4,336,446	41,297,850	(18,812,010)	162,198,352
Segment and total liabilities	10,202,664	42,698,311	28,657,225	1,695,385	9,229,838	29,933	30,828,121	(18,361,521)	104,979,956
Other segment information:									
Depreciation and amortisation	292,657	33,470	1,181,342	173,833	4,719	—	57,084	—	1,743,105
Impairment loss for non-current assets	—	—	25,867	59,972	—	—	102,359	—	188,198
Provision for impairment of current assets	16,977	17,935	224,759	7,190	—	—	—	—	266,861
Research and development costs	252,555	—	110,889	—	—	—	—	—	363,444
Fair value gains on fair value adjustments of investment properties	—	(140,484)	—	—	—	—	—	—	(140,484)
Fair value losses/(gains) on equity investments at fair value through profit or loss	35,894	(944)	(378,023)	—	—	—	(2,106,633)	—	(2,449,706)
Investments in joint ventures	17,281	1,964,444	105,046	—	857,486	216,178	3,600,338	—	6,760,773
Investments in associates	7,900,594	1,961,708	240,153	—	97,147	774,090	4,284,985	—	15,258,677
Capital expenditure*	1,163,155	39,094	2,992,456	529,700	8,687	—	98,871	—	4,831,963

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

5. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	2013 RMB'000	2012 RMB'000
Mainland China	**49,869,731**	51,060,708
Overseas countries and regions	**1,147,152**	704,038
	51,016,883	51,764,746

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

(b) Non-current assets

	2013 RMB'000	2012 RMB'000
Mainland China	**79,576,310**	64,173,479
Hong Kong	**720,939**	741,285
Overseas countries and regions	**5,959,592**	—
	86,256,841	64,914,764

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

Information about a major customer

No revenue amounting to 10% or more of the Group's revenue was derived from sales to a single customer for the years ended 31 December 2013 and 2012.

6. REVENUE, OTHER INCOME AND GAINS

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

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

	2013 RMB'000	2012 RMB'000
Revenue		
Sale of goods:		
Pharmaceuticals and healthcare products	9,973,294	7,323,073
Properties	11,672,053	10,790,553
Iron and steel products	26,516,829	31,857,159
Ore products	2,627,054	2,025,313
	50,789,230	51,996,098
Rendering of services:		
Insurance Income	276,798	—
Property agency	338,745	236,424
Property management	107,405	108,547
Rental	255,642	220,862
Asset management fee	218,802	159,742
Others	48,328	38,722
	1,245,720	764,297
Subtotal	52,034,950	52,760,395
Less: Government surcharges	(1,018,067)	(995,649)
	51,016,883	51,764,746

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

	2013 RMB'000	2012 RMB'000
Other income		
Interest income	570,366	473,102
Dividends from available-for-sale investments	221,107	112,354
Dividends from equity investments at fair value through profit or loss	286,795	343,462
Rental income	55,794	35,447
Sale of scrap materials	11,992	9,053
Government grants	273,860	227,140
Consultancy and other service income	62,783	20,822
Exchange gains, net	148,643	—
Others	177,158	126,747
	1,808,498	1,348,127
Gains		
Gain on disposal of subsidiaries	—	85,041
Gain on bargain purchase	—	3,645
Gain on acquisition of an associate	441,643	—
Gain on disposal of associates	666,092	315,347
Gain on disposal of partial interests in associates	15,456	10,859
Gain on deemed disposal of interests in associates	473,111	—
Gain on disposal of items of property, plant and equipment	3,804	66
Gain on disposal of available-for-sale investments	1,822,810	747,843
Gain on disposal of equity investments at fair value through profit or loss	949,198	194,645
Gain on fair value adjustment of investment properties (note 15)	1,131,002	140,484
Gain on fair value adjustment of equity investments at fair value through profit or loss	1,541,835	2,449,706
	7,044,951	3,947,636
Other income and gains	8,853,449	5,295,763
Total revenue, other income and gains	59,870,332	57,060,509

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2013 RMB'000	2012 RMB'000
Interest on bank and other borrowings wholly repayable within five years	**3,588,844**	3,091,522
Interest on bank and other borrowings not wholly repayable within five years	**164,392**	270,568
Interest on convertible bonds (note 37)	**21,864**	—
Incremental interest on other long term payables (note 44)	**31,407**	27,416
	3,806,507	3,389,506
Less: Interest capitalised, in respect of bank and other borrowings (notes 14 and 25)	**(1,232,304)**	(736,598)
Interest expenses, net	**2,574,203**	2,652,908
Interest on discounted bills	**74,345**	62,499
Interest on finance leases	**12,408**	12,408
Bank charges and other financial costs	**104,943**	45,846
Total finance costs	**2,765,899**	2,773,661

8. PROFIT BEFORE TAX

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

	2013 RMB'000	2012 RMB'000
Cost of sales	**40,658,491**	42,439,678
Staff costs (including directors' and senior management's remuneration as set out in note 9):		
Wages and salaries	**3,621,513**	2,690,599
Accommodation benefits:		
Defined contribution fund	**152,127**	150,819
Retirement costs:		
Defined contribution fund	**384,399**	406,866
Equity-settled share-based payments (note 48)	**9,707**	6,065
Total staff costs	**4,167,746**	3,254,349

8. PROFIT BEFORE TAX *(Continued)*

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

	2013 RMB'000	2012 RMB'000
Research and development costs	**502,015**	363,444
Auditors' remuneration	**8,850**	8,500
Depreciation of items of property, plant and equipment (note 14)	**1,588,489**	1,567,161
Amortisation of prepaid land lease payments (note 16)	**36,397**	33,688
Amortisation of mining rights (note 18)	**42,683**	91,403
Amortisation of intangible assets (note 19)	**73,300**	50,853
(Reversal) /provision for impairment of receivables	**(4,481)**	66,653
Provision for inventories	**102,157**	182,273
Provision for impairment of completed properties for sale	**—**	17,935
Provision for impairment of items of property, plant and equipment (note 14)	**446,934**	65,839
Provision for impairment of investments in associates	**34,600**	102,359
Provision for impairment of available-for-sale investments	**11,400**	20,000
Operating lease rentals	**135,334**	140,259
Exchange (gains)/loss, net	**(148,643)**	32,844

9. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

(a) Directors' remuneration

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

	2013 RMB'000	2012 RMB'000
Fees	**—**	8,675
Salaries, allowances and benefits in kind	**27,964**	19,592
Performance related bonus*	**11,117**	18,470
Pension scheme contributions	**336**	315
	39,417	47,052

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

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

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

(a) Directors' remuneration *(Continued)*

(i) Independent non-executive directors

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

	2013 RMB'000	2012 RMB'000
Zhang Shengman	**399**	407
Andrew Y. Yan	**399**	407
Zhang Huaqiao	**399**	309
David T. Zhang	**399**	215
Chen Kaixian (resigned on 28 March 2012)	**—**	133
	1,596	1,471

There were no other remuneration payable to the independent non-executive directors during the year (2012: Nil).

(ii) Executive directors and a non-executive director

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonus RMB'000	Pension scheme contributions RMB'000	Total remune-ration RMB'000
Year ended 31 December 2013					
Executive directors:					
Guo Guangchang	—	4,024	2,289	48	6,361
Liang Xinjun	—	4,024	2,159	48	6,231
Wang Qunbin	—	4,024	2,149	48	6,221
Ding Guoqi	—	3,424	1,407	48	4,879
Qin Xuetang	—	3,424	1,257	48	4,729
Wu Ping	—	3,424	1,078	48	4,550
	—	22,344	10,339	288	32,971
Non-executive director:					
Fan Wei (redesigned as non-executive director on 22 May 2013)	—	4,024	778	48	4,850
	—	26,368	11,117	336	37,821

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

(a) Directors' remuneration *(Continued)*

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

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

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

(b) Five highest paid employees

All the five highest paid employees of the Company were directors for the years ended 31 December 2013 and 2012. Information relating to their remuneration is disclosed above.

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

(c) Senior management's remuneration

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

	Number of employees 2013
Nil to RMB1,000,000	4
RMB1,000,001 to RMB2,000,000	4
RMB2,000,001 to RMB4,000,000	3
RMB4,000,001 to RMB6,000,000	2
RMB6,000,001 to RMB8,000,000	1
	14

10. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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 was based on a statutory rate of 25% (2012: 25%) of the assessable profit of the Group as determined in accordance with the Enterprise Income Tax Law of the People's Republic of China which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China, which were taxed at preferential rates of 0% to 20%.

The major components of tax expenses for the years ended 31 December 2013 and 2012 are as follows:

	2013 RMB'000	2012 RMB'000
Group:		
Current – Hong Kong and others	150,412	92,032
Current – Mainland China		
– Income tax in Mainland China for the year	1,521,308	1,589,877
– LAT in Mainland China for the year	254,230	285,857
Deferred tax (note 28)	(17,439)	(633,681)
Tax expenses for the year	1,908,511	1,334,085

10. TAX *(Continued)*

A reconciliation between the tax expenses and profit before tax excluding share of profits and losses of associates and joint ventures at the applicable statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled is as follows:

	Hong Kong and others RMB'000	Mainland China RMB'000	Total RMB'000
2013 Group			
Profit before tax excluding share of profits and losses of associates and joint ventures	2,480,585	5,991,751	8,472,336
Tax at the applicable tax rate	409,297	1,497,938	1,907,235
Lower tax rate for specific entities	(3,772)	(312,462)	(316,234)
Tax effect of:			
Income not subject to tax	(417,704)	(206,241)	(623,945)
Expenses not deductible for tax	44,357	84,215	128,572
Tax losses not recognised	126,458	526,706	653,164
Tax losses utilised	—	(34,231)	(34,231)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries (note 28)	—	88,781	88,781
Under provision in prior years	33	4,380	4,413
Tax incentives on eligible expenditures	—	(34,600)	(34,600)
Subtotal	158,669	1,614,486	1,773,155
Reversal of LAT provision for the year	—	(63,307)	(63,307)
Deferred tax effect of reversal of LAT provision (note 28)	—	15,827	15,827
Prepaid LAT for the year	—	317,537	317,537
Tax effect of prepaid LAT	—	(79,384)	(79,384)
Deferred LAT in deferred tax liability (note 28)	—	(66,577)	(66,577)
Deferred tax effect of deferred LAT in deferred tax liability (note 28)	—	11,260	11,260
Tax expenses	158,669	1,749,842	1,908,511

10. TAX *(Continued)*

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

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

During the year, the prepaid LAT of the Group amounted to RMB317,537,000 (2012: RMB432,600,000).

In addition, based on the latest understanding of the LAT regulations from the State Administration of Taxation, the Group made an additional LAT provision in the amount of RMB79,942,000 (2012: RMB338,000,000) in respect of the sales of properties in the year in accordance with the requirements set forth in the relevant PRC tax laws and regulations. During the year, unpaid LAT provision in the amount of RMB143,249,000 (2012: RMB484,743,000) was reversed to the consolidated statement of profit or loss upon the completion of the liquidation and clearance with the local tax authorities by certain subsidiaries of the Group. The net reversal of LAT provision for the year is RMB63,307,000 (2012: net reversal of RMB146,743,000).

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 December 2013 includes a profit of RMB1,134,353,000 (2012: RMB1,654,729,000) which has been dealt with in the financial statements of the Company (note 46).

12. DIVIDENDS

	2013 RMB'000	2012 RMB'000
Proposed final – HKD0.15 (2012: HKD0.17) per ordinary share	757,328	885,181

The proposed final dividend of HKD0.17 per ordinary share for the year ended 31 December 2012 was declared payable and approved by the shareholders at the annual general meeting of the Company on 22 May 2013.

On 25 March 2014, the board of directors of the Company resolved to propose a final dividend for the year ended 31 December 2013 of HKD0.15 per ordinary share, subject to the approval by the shareholders at the forthcoming annual general meeting of the Company.

13. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 6,421,594,500 (2012: 6,421,594,500) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted earnings per share are based on:

	Year ended 31 December	
	2013 RMB'000	2012 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	5,518,930	3,707,201
Interest on convertible bonds	21,864	—
Profit attributable to ordinary equity holders of the parent, as adjusted for the effect of convertible bonds	5,540,794	3,707,201

13. EARNINGS PER SHARE *(Continued)*

The calculations of the basic and diluted earnings per share are based on: *(Continued)*

	Number of shares 2013	2012
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**6,421,594,500**	6,421,594,500
Effect of dilution – weighted average number of convertible bonds	**41,404,110**	—
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**6,462,998,610**	6,421,594,500
Basic earnings per share (RMB)	**0.86**	0.58
Diluted earnings per share (RMB)	**0.86**	0.58

The diluted earnings per share amount equals to the basic earnings per share amount for the year end 31 December 2012 as there were no diluting events existed during the year of 2012.

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Mining infrastructure RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:								
At 1 January 2012	10,209,967	16,269,271	517,811	426,540	10,525	580,499	4,084,499	32,099,112
Additions	65,854	204,607	41,731	45,867	20,184	38,854	3,921,619	4,338,716
Transferred from construction in progress	365,563	2,213,767	55,274	43,132	—	—	(2,677,736)	—
Acquisition of subsidiaries	111,623	27,596	692	666	—	—	—	140,577
Disposals	(82,482)	(264,632)	(15,793)	(14,878)	—	(228)	—	(378,013)
At 31 December 2012 and 1 January 2013	**10,670,525**	**18,450,609**	**599,715**	**501,327**	**30,709**	**619,125**	**5,328,382**	**36,200,392**
Additions	**9,466**	**189,975**	**50,971**	**26,107**	**9,710**	**377**	**6,987,497**	**7,274,103**
Transferred from construction in progress	**840,210**	**936,365**	**36,295**	**8,849**	**—**	**33,858**	**(1,855,577)**	**—**
Acquisition of subsidiaries (note 47(a))	**260,951**	**106,976**	**18,744**	**4,372**	**—**	**—**	**418,336**	**809,379**
Disposals of subsidiaries (note 47(b))	**—**	**—**	**(4,576)**	**(4,883)**	**(4,324)**	**—**	**—**	**(13,783)**
Disposals	**(209,106)**	**(500,739)**	**(51,112)**	**(80,860)**	**—**	**—**	**—**	**(841,817)**
At 31 December 2013	**11,572,046**	**19,183,186**	**650,037**	**454,912**	**36,095**	**653,360**	**10,878,638**	**43,428,274**

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

Group *(Continued)*

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Mining infrastructure RMB'000	Construction in progress RMB'000	Total RMB'000
Accumulated depreciation:								
At 1 January 2012	2,540,317	7,302,728	248,556	195,741	2,988	165,388	—	10,455,718
Charge for the year (note 8)	437,824	970,253	89,601	54,683	11,850	2,950	—	1,567,161
Disposals	(59,660)	(227,487)	(12,571)	(11,691)	—	(58)	—	(311,467)
At 31 December 2012 and 1 January 2013	**2,918,481**	**8,045,494**	**325,586**	**238,733**	**14,838**	**168,280**	**—**	**11,711,412**
Charge for the year (note 8)	**351,151**	**1,062,715**	**85,914**	**58,143**	**10,552**	**20,014**	**—**	**1,588,489**
Disposals of subsidiaries (note 47(b))	**—**	**—**	**(2,381)**	**(1,705)**	**(3,918)**	**—**	**—**	**(8,004)**
Disposals	**(62,806)**	**(199,605)**	**(50,128)**	**(15,165)**	**—**	**—**	**—**	**(327,704)**
At 31 December 2013	**3,206,826**	**8,908,604**	**358,991**	**280,006**	**21,472**	**188,294**	**—**	**12,964,193**
Impairment loss:								
At 1 January 2012	56,601	73,023	68	380	—	—	75	130,147
Charge for the year (note 8)	—	65,839	—	—	—	—	—	65,839
Disposals	(52)	(2,776)	(10)	(55)	—	—	—	(2,893)
At 31 December 2012 and 1 January 2013	**56,549**	**136,086**	**58**	**325**	**—**	**—**	**75**	**193,093**
Charge for the year (note 8)	**119,988**	**325,170**	**1,176**	**600**	**—**	**—**	**—**	**446,934**
Disposals	**(109,250)**	**(281,141)**	**(945)**	**(357)**	**—**	**—**	**—**	**(391,693)**
At 31 December 2013	**67,287**	**180,115**	**289**	**568**	**—**	**—**	**75**	**248,334**
Net book value:								
At 31 December 2013	**8,297,933**	**10,094,467**	**290,757**	**174,338**	**14,623**	**465,066**	**10,878,563**	**30,215,747**
At 31 December 2012	7,695,495	10,269,029	274,071	262,269	15,871	450,845	5,328,307	24,295,887

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

Group *(Continued)*

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

	2013	2012
	RMB'000	RMB'000
Buildings	**283,675**	1,240,368
Plant and machinery	**644,820**	1,594,585
Mining infrastructure	**406,175**	—
	928,495	2,834,953

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

	2013	2012
	RMB'000	RMB'000
Interest expenses capitalised	**158,880**	75,108

(3) As at 31 December 2013, the Group was in the process of applying for property certificates for plant and office buildings with a net book value of approximately RMB1,232,599,000 (2012: RMB809,831,000).

(4) The net carrying amount of the Group's property, plant and equipment held under finance leases included in the total amount of plant and machinery at 31 December 2013 was RMB134,796,000 (2012: RMB155,822,000).

15. INVESTMENT PROPERTIES

	2013	2012
	RMB'000	RMB'000
Carrying amount at 1 January	**3,985,000**	3,026,000
Acquisition of subsidiaries (note 47(a))	**4,420,252**	731,000
Transfer from properties under development	**359,998**	87,516
Gain from fair value adjustments (note 6)	**1,131,002**	140,484
Carrying amount at 31 December	**9,896,252**	3,985,000

The Group's investment property consists of five commercial properties, which is located in Beijing, Shanghai, Hangzhou, Dongyang of Mainland China, and New York City of United States of America. The directors of the Company have determined that the investment properties are commercial assets based on the nature, characteristics and risks of these properties.

The Group's four investment properties located in China were valued on 31 December 2013 based on valuations performed by DTZ International Property Advisers (Shanghai) Co., Ltd, ("DTZ") an independent professionally qualified valuer, at RMB5,476,000,000. Selection criteria of the valuer include market knowledge, reputation, independence and whether professional standards are maintained. The management of the Company have discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

15. INVESTMENT PROPERTIES *(Continued)*

The Group's investment property located in New York City ("New York Property") was purchased by Summit Glory LLC., an indirectly wholly owned subsidiary of the Company, on 16 December 2013 (the "Purchase Date") at a consideration of USD725,000,000(equivalent to RMB4,452,252,000) from an independent third party. Details of the purchase is set out in note 47(a). The directors of the Company are of the opinion that the fair value of the New York Property equalled to the purchase consideration as the New York Property was purchased from an independent third party on an open market and there was no significant change in the commercial property market between the Purchase Date and 31 December 2013.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 49 to the financial statements.

At 31 December 2013, the Group's certain investment properties located in Mainland China with a net carrying amount of approximately RMB4,757,000,000 (2012: RMB3,863,000,000) were pledged to secure bank loans, as set out in note 36 to the financial statements.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2013 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Commercial properties	—	—	9,896,252	9,896,252

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

DTZ adopted the direct comparison approach by assuming sales with the benefit of vacant possession and by making reference to comparable sales and rental evidence as available in the relevant market. In addition, DTZ also adopted income capitalization approach (term and reversion method, in particular) by taking into account the rental income derived from the existing leases with due allowance for the reversionary income potential of the leases, which are then capitalised into the value at appropriate rates.

15. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Fuxing International Center in Beijing	direct comparison approach and income capitalization approach	Term yield	5.5% to 6.5%
		Market rent:	
		- per s.q.m. and per month	RMB234 to RMB274
		- per slot of parking space/month	RMB 1,100
		Level adjustments	40% to 50%
		Market yield	6.0% to 7.0%
		Reversionary period	From 1 July 2013 to 30 August 2054
Chengdu Forte International	direct comparison approach and income capitalization approach	Term yield	5.5%
		Market rent:	
		- per s.q.m. and per month	RMB221
		Level adjustments	40% to 70%
		Market yield	6.0%
		Reversionary period	From 1 January 2014 to 2 July 2048
Other commercial properties	direct comparison approach and income capitalization approach	Term yield	4.5% to 6.0%
		Market rent:	
		- per s.q.m. and per month	RMB68 to RMB200
		- per slot of parking space/month)	RMB300
		Level adjustments	30% to 70%
		Market yield	3.0% to 6.5%
		Reversionary period	From 1 July 2013 to 13 May 2073

A significant increase (decrease) in the estimated market rent would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the term yield and market yield in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

Direct comparison approach is a method of valuation based on comparing the property of the Group to be assessed directly with other comparable properties which recently changed hands or leased. These premises are generally located in the surrounding areas or in another market which is comparable to the property of the Group. However, because of the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative difference that may affect the price/rent likely to be achieved by the property under consideration.

The income capitalization approach is a method by capitalizing the rental from existing tenancies and the reversionary income potential at an appropriate market yield for the remaining term of the land use rights of the property of the Group. Capitalization rate is derived from the relationship between the market rent and the market capital value of other similar properties in the locality. DTZ have made reference to the prevailing market yield of the retail market.

15. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

Having regard to the nature of the property of the Group which belongs to a category of property mostly held for investment purpose and the prevailing market conditions, DTZ have applied higher weight to income capitalization approach. Due to the scarcity of direct en-bloc sales of the same type of properties in the locality and considerable adjustments involved, DTZ consider direct comparison approach of less reference and thus have applied less weight. After the application of weight of the fair value arose from each valuation techniques, DTZ comes outs the fair value of the four investment properties of the Group located in Beijing, Chengdu, Hangzhou and Dongyang in Mainland China as at 31 December 2013 is RMB5,476,000,000.

16. PREPAID LAND LEASE PAYMENTS

	2013 **RMB'000**	2012 RMB'000
Cost:		
At 1 January	**1,976,066**	1,547,078
Additions	**40,966**	409,562
Acquisition of subsidiaries (note 47(a))	**251,351**	19,426
Disposals	**(67,589)**	—
At 31 December	**2,200,794**	1,976,066
Accumulated amortisation:		
At 1 January	**174,829**	141,141
Amortisation for the year (note 8)	**36,397**	33,688
Disposals	**(4,407)**	—
At 31 December	**206,819**	174,829
Net book value:		
At 31 December	**1,993,975**	1,801,237
At 1 January	**1,801,237**	1,405,937
Net book value pledged as security for bank loans (note 36)	**194,687**	162,666

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

As at 31 December 2013, the Group was in the process of applying for the land use certificates for leasehold land with a net book value of approximately RMB61,030,000 (2012: RMB6,258,000).

17. EXPLORATION AND EVALUATION ASSETS

	2013 RMB'000	2012 RMB'000
Cost:		
At 1 January	**1,620**	456,722
Additions	**3,569**	31,946
Transfer to mining rights (note 18)	**—**	(487,048)
At 31 December	**5,189**	1,620

18. MINING RIGHTS

	2013 RMB'000	2012 RMB'000
Cost:		
At 1 January	**1,492,531**	1,001,152
Additions	**15,754**	4,331
Transfer from exploration and evaluation assets (note 17)	**—**	487,048
At 31 December	**1,508,285**	1,492,531
Accumulated amortisation:		
At 1 January	**484,404**	393,001
Amortisation for the year (note 8)	**42,683**	91,403
At 31 December	**527,087**	484,404
Impairment loss:		
At 1 January	**186,562**	186,562
At 31 December	**186,562**	186,562
Net book value:		
At 31 December	**794,636**	821,565
At 1 January	**821,565**	421,589

19. INTANGIBLE ASSETS

	Medicine licences RMB'000	Trademarks RMB'000	Business network RMB'000	Patent and technical know-how RMB'000	Others RMB'000	Total RMB'000
Cost:						
At 1 January 2012	265,000	116,035	206,000	615,659	77,992	1,280,686
Additions	—	—	—	39,365	8,043	47,408
Disposals	—	(3,647)	—	(80)	(48)	(3,775)
At 31 December 2012 and 1 January 2013	**265,000**	**112,388**	**206,000**	**654,944**	**85,987**	**1,324,319**
Additions	**—**	**1,354**	**—**	**23,299**	**12,601**	**37,254**
Acquisition of subsidiaries (note 47(a))	**56,000**	**157,395**	**314,598**	**149,620**	**1,879**	**679,492**
Disposal of subsidiaries (note 47(b))	**—**	**—**	**—**	**—**	**(2,370)**	**(2,370)**
Disposals	**—**	**(4,243)**	**—**	**(10,360)**	**(16)**	**(14,619)**
At 31 December 2013	**321,000**	**266,894**	**520,598**	**817,503**	**98,081**	**2,024,076**
Accumulated amortisation:						
At 1 January 2012	—	2,293	4,578	19,844	4,005	30,720
Provided during the year (note 8)	—	10	13,733	31,907	5,203	50,853
Disposals	—	(2,224)	—	(80)	(48)	(2,352)
At 31 December 2012 and 1 January 2013	**—**	**79**	**18,311**	**51,671**	**9,160**	**79,221**
Provided during the year (note 8)	**—**	**485**	**18,267**	**49,937**	**4,611**	**73,300**
Disposal of subsidiaries (note 47(b))	**—**	**—**	**—**	**—**	**(580)**	**(580)**
Disposals	**—**	**—**	**—**	**—**	**(15)**	**(15)**
At 31 December 2013	**—**	**564**	**36,578**	**101,608**	**13,176**	**151,926**
Impairment loss:						
At 1 January 2012 and 31 December 2012	**—**	**—**	**—**	**622**	**472**	**1,094**
At 31 December 2013	**—**	**—**	**—**	**622**	**472**	**1,094**
Net book value:						
At 31 December 2013	**321,000**	**266,330**	**484,020**	**715,273**	**84,433**	**1,871,056**
At 31 December 2012	265,000	112,309	187,689	602,651	76,355	1,244,004

20. GOODWILL

	2013 RMB'000	2012 RMB'000
Cost:		
At 1 January	**1,978,868**	1,902,233
Acquisition of subsidiaries (note 47(a))	**1,324,081**	69,125
Others	**(9,813)**	7,510
At 31 December	**3,293,136**	1,978,868
Accumulated impairment:		
At 31 December	**(242,808)**	(242,808)
Net book value:		
At 31 December	**3,050,328**	1,736,060

Impairment testing of goodwill

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

- Manufacture and sale of pharmaceuticals and healthcare products
- Property
- Investment

The carrying amounts of goodwill are as follows:

	Manufacture and sale of pharmaceuticals and healthcare products RMB'000	Property RMB'000	Investment RMB'000	Total RMB'000
Carrying amount of goodwill				
2013	**2,976,039**	**70,526**	**3,763**	**3,050,328**
2012	1,661,771	70,526	3,763	1,736,060

The recoverable amount of each CGU is determined based on value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. The discount rates applied to the cash flow projections range from 12% to 15% (2012: 12% to 15%). Cash flows beyond the five-year period are extrapolated using the estimated growth rates. The growth rates do not exceed the projected long term average growth rates for the pharmaceutical and property development industries in Mainland China.

Assumptions were used in the value-in-use calculation of the CGUs for 31 December 2013 and 2012. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

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

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

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

21. INVESTMENTS IN SUBSIDIARIES

Company

	Notes	2013 RMB'000	2012 RMB'000
Unlisted shares, at cost	(1)	**2,076,002**	4,406,051
Loans to a subsidiary	(2)	**157,246**	162,170
Equity component of convertible bonds	(3)	**721,171**	—
		2,954,419	4,568,221

(1) Investment in unlisted shares of a subsidiary represents the investment in Shanghai Fosun High Technology (Group) Co., Ltd. ("Fosun Group"), which is the immediate holding company of the other subsidiaries now comprising the Group and Fosun Financial Holdings Limited , an wholly-owned subsidiary of the Company newly established in the year of 2012.

As at 31 December 2012, the Company held 41.4% equity interest in Forte. On October 31, 2013, the Company and Fosun Group entered into a share transfer agreement to transfer all the equity interest of the Company in Forte to Fosun Group. Upon completion of the equity interest transfer, the Company did not hold any equity interest in Forte.

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

(3) On 22 November 2013, Logo Star Limited (the "Issuer"), an indirect wholly owned subsidiary of the Company issued convertible bonds in the principal amount of HK$3,875,000,000 (equivalent to RMB3,068,225,000). As the Company has the obligation to settle the conversion option by issuing new shares of the Company, the equity components amounted to RMB721,171,000 of the convertible bonds are included in the long term investment of the Company to the Issuer.

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

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2013	2012
Percentage of equity interest held by non-controlling interests:		
Fosun Pharma	**58.91%**	58.91%
Nanjing Nangang	**40.00%**	40.00%
Hainan Mining	**40.00%**	40.00%

	2013 RMB'000	2012 RMB'000
Profit/(loss) for the year allocated to non-controlling interests:		
Fosun Pharma	**1,198,243**	922,748
Nanjing Nangang	**245,907**	(192,909)
Hainan Mining	**401,567**	308,530
Dividends paid to non-controlling interests:		
Fosun Pharma	**277,162**	98,792
Hainan Mining	**262,400**	440,000
Accumulated balances of non-controlling interests at the reporting dates:		
Fosun Pharma	**9,447,341**	8,390,755
Nanjing Nangang	**3,325,043**	3,032,924
Hainan Mining	**1,406,471**	1,267,304

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Company *(Continued)*

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2013	Fosun Pharma RMB'000	Nanjing Nangang RMB'000	Hainan Mining RMB'000
Revenue	9,921,487	26,425,290	2,654,396
Total expenses	(7,521,539)	(25,918,685)	(1,650,479)
Profit for the year	2,399,948	506,605	1,003,917
Total comprehensive for the year	2,795,178	639,265	1,003,917
Current assets	6,986,544	11,420,679	2,218,829
Non-current assets	22,431,759	26,593,994	2,593,125
Current liabilities	(5,278,121)	(20,776,433)	(1,065,532)
Non-current liabilities	(6,532,555)	(8,007,449)	(380,055)
Net cash flows from operating activities	1,011,633	2,452,732	941,516
Net cash flows used in investing activities	(1,803,451)	(2,576,298)	(443,028)
Net cash flows used in financing activities	(932,108)	(589,015)	(671,259)
Net decrease in cash and cash equivalents	(1,723,926)	(712,581)	(172,771)

2012	Fosun Pharma RMB'000	Nanjing Nangang RMB'000	Hainan Mining RMB'000
Revenue	7,278,287	31,717,201	2,151,541
Total expenses	(5,439,016)	(32,304,140)	(1,380,216)
Profit for the year	1,839,271	(586,939)	771,325
Total comprehensive for the year	1,160,320	(556,272)	771,325
Current assets	8,381,518	15,434,098	2,254,074
Non-current assets	17,068,735	21,854,652	2,459,760
Current liabilities	(3,893,232)	(22,857,833)	(1,137,674)
Non-current liabilities	(6,309,260)	(5,799,392)	(557,711)
Net cash flows from operating activities	665,517	2,749,265	1,154,329
Net cash flows used in investing activities	(975,080)	(548,517)	(424,036)
Net cash flows from/(used in) financing activities	2,064,907	(2,085,911)	(1,537,644)
Net increase/(decrease) in cash and cash equivalents	1,755,344	114,837	(807,351)

22. INVESTMENTS IN JOINT VENTURES

	2013 RMB'000	2012 RMB'000
Share of net assets	**3,317,916**	3,555,009
Loans to joint ventures	**3,152,118**	3,205,764
	6,470,034	6,760,773

Loans to joint ventures of RMB3,152,118,000 are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, these loans are considered as quasi-equity investments in joint ventures.

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

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

Shanghai Haizhimen Property Investment and Management Co., Ltd. ("Haizhimen") is considered a material joint venture of the Group, which principally engaged in investment and development of the Bund Finance Centre ("BFC") located in Shanghai, and is accounted for using the equity method.

The following table illustrates the summarised financial information of Haizhimen adjusted for any differences in accounting policies, and reconciled to the carrying amount in the financial statements:

	2013 RMB'000	2012 RMB'000
Cash and cash equivalents	**402,606**	15,191
Other current assets	**12,520,828**	12,070,636
Current assets	**12,923,434**	12,085,827
Non-current assets	**2,032**	2,904
Financial liabilities, excluding trade and other payables	**(900,000)**	—
Other current liabilities	**(11,025,466)**	(11,088,731)
Current liabilities	**(11,925,466)**	(11,088,731)
Non-current liabilities	**—**	—
Net assets	**1,000,000**	1,000,000
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets of the joint venture, excluding goodwill	**500,000**	500,000
Goodwill on acquisition (less accumulative impairment)	**—**	—
Loans to the joint venture	**2,892,249**	2,892,249
Carrying amount of the investment	**3,392,249**	3,392,249
Revenues	**—**	—
Total comprehensive income for the year	**—**	—
Dividend received	**—**	—

22. INVESTMENTS IN JOINT VENTURES *(Continued)*

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2013 RMB'000	2012 RMB'000
Share of the joint ventures' (loss)/profit for the year	(118,653)	69,077
Share of the joint ventures' other comprehensive income	4,978	10,794
Share of the joint ventures' total comprehensive income	(113,675)	79,871
Aggregate carrying amount of the Group's investments in the joint ventures	3,077,785	3,368,524

23. INVESTMENTS IN ASSOCIATES

Group

	2013 RMB'000	2012 RMB'000
Share of net assets	18,000,955	14,759,971
Goodwill on acquisitions	2,506,605	601,950
	20,507,560	15,361,921
Loan to associates	—	—
Provision for impairment	(137,844)	(103,244)
	20,369,716	15,258,677

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

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

Company

	2013 RMB'000	2012 RMB'000
Unlisted shares, at cost	82,421	82,421

The Company's investment in an associate represents a 26.67% (2012: 26.67%) interest in Janeboat Holdings Ltd., a company incorporated in the British Virgin Islands.

Sinopharm Industrial Investment Co., Ltd. ("Sinopharm"), which is considered a material associate of the Group, is accounted for using the equity method.

23. INVESTMENTS IN ASSOCIATES *(Continued)*

Company *(Continued)*

The following table illustrates the summarised financial information of Sinopharm adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2013 **RMB'000**	2012 RMB'000
Current assets	**89,569,259**	67,008,760
Non-current assets	**15,845,111**	13,977,236
Current liabilities	**(70,982,107)**	(51,280,571)
Non-current liabilities	**(5,499,139)**	(6,570,812)
Net assets	**28,933,124**	23,134,613
Net assets attributable to the Group	**13,799,147**	11,710,348
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**49%**	49%
Group's share of net assets of the associate, excluding goodwill	**6,761,582**	5,738,071
Goodwill on acquisition (less cumulative impairment)	**—**	—
Carrying amount of the investment	**6,761,582**	5,738,071
Revenues	**166,866,146**	136,501,660
Profit for the year	**3,579,897**	3,090,004
Other comprehensive income/(losses)	**2,839**	(3,923)
Total comprehensive income for the year	**3,582,736**	3,086,081
Dividend received	**245,000**	146,312

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2013 **RMB'000**	2012 RMB'000
Share of the associates' profit for the year	**718,854**	537,631
Share of the associates' other comprehensive income	**93,723**	(78,166)
Share of the associates' total comprehensive income	**812,577**	459,465
Aggregate carrying amount of the Group's investments in the associates	**13,608,134**	9,520,606

24. AVAILABLE-FOR-SALE INVESTMENTS

	2013 RMB'000	2012 RMB'000
Listed equity investments, at fair value		
Hong Kong	**206,752**	172,498
United States	**335,508**	273,063
Mainland China	**2,110,436**	2,228,620
	2,652,696	2,674,181
Listed debt investments, at fair value		
Hong Kong	**718,796**	—
United States	**280,304**	—
Singapore	**224,004**	—
	1,223,104	2,674,181
Unlisted equity investments	**6,174,491**	4,708,710
	10,050,291	7,382,891

During the year, the gross gain in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to RMB19,015,000 (2012: gross loss of RMB49,321,000), of which RMB455,892,000 (2012: RMB543,799,000) was recycled from other comprehensive income to the consolidated statement of profit or loss for the year on the date of disposal.

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

25. PROPERTIES UNDER DEVELOPMENT

	2013 RMB'000	2012 RMB'000
Land Cost	**23,033,300**	25,074,660
Construction costs	**6,490,549**	9,200,602
Capitalised financial costs	**1,336,093**	1,025,606
	30,859,942	35,300,868
Portion classified as current assets	**(20,331,229)**	(27,333,872)
	10,528,713	7,966,996

25. PROPERTIES UNDER DEVELOPMENT *(Continued)*

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

	2013 RMB'000	2012 RMB'000
Net book value pledged (note 36)	**10,963,972**	12,214,212
Additions to properties under development include:		
Interest expense capitalised in respect of bank and other borrowings (note 7)	**1,073,424**	661,490

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

26. LOANS RECEIVABLE

	Notes	2013 RMB'000	2012 RMB'000
Loans receivable		**3,261,103**	2,751,338
Portion classified as current	(1)	**(100,000)**	(807,102)
Long term portion	(2)	**3,161,103**	1,944,236

(1) As at 31 December 2013, the current portion of loans receivable comprised of an entrusted bank loan of RMB100,000,000 provided to Fuyang Forun Property Co., Ltd., which is unsecured, bears interest at a fixed interest rate of 15% per annum and is repayable on 24 January 2014.

(2) As at 31 December 2013, the non-current portion of loans receivable comprised of:

- a shareholders' loan of RMB1,837,084,000 provided to Haizhimen, which is unsecured, bears interest at a fixed interest rate of 13.8% per annum and has no fixed terms of repayment;
- an entrusted bank loan of RMB700,000,000 provided to Shanxi Jianqin Real Estate Development Co., Ltd., a joint venture, which is unsecured, bears interest at a fixed interest rate of 11.0% per annum and is repayable in August 2015;
- an entrusted bank loan of RMB380,000,000 provided to Dalian Fucheng Property Co., Ltd., which is unsecured, bears interest at a fixed interest rate of 15% per annum and is repayable in April 2015;
- an entrusted bank loan of RMB154,267,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 12.0% per annum and is repayable in 2018;
- an entrusted bank loan of RMB32,600,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 10.0% per annum and is repayable in May 2015; and
- an entrusted bank loan of RMB57,152,000 provided to a third party, which is unsecured, bears interest at a fixed interest rate of 8.0% per annum and is repayable on 10 October 2015.

27. PREPAYMENTS

	Note	2013 RMB'000	2012 RMB'000
Prepayments for the proposed acquisition of equity interests in			
– Shanghai Dijie Real Estate Limited	(i)	—	616,313
– Ningbo Jiangwan Real Estate Development Co., Ltd.		455,577	—
– Xinjiang Boze Equity Investment Limited Partnership		—	33,000
– Xi'an Yuanchuang Chemical Technology Co., Ltd.		—	21,410
Others		76,907	—
		532,484	670,723
Prepayments for the acquisition of the land use right		321,170	—
		853,654	670,723

(i) As at 31 December 2012, Shanghai Forte Investment Co. Ltd advanced RMB616,313,000 to Shanghai Vanke Real Estate Co., Ltd to acquire 40% equity interests in Shanghai Dijie Real Estate Limited. The acquisition was completed in December 2013.

28. DEFERRED TAX

Movements in deferred tax assets and liabilities are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits RMB'000	Accruals and provisions RMB'000	Post-employment benefits RMB'000	Repairs and maintenance RMB'000	Additional LAT provisions RMB'000	Others RMB'000	Total RMB'000
Gross deferred tax assets at 1 January 2012	534,933	286,895	773	3,522	469,376	225,632	1,521,131
Acquisition of subsidiaries (note 47(a))	—	—	—	—	22,319	26,002	48,321
Deferred tax credited/(charged) during the year	653,376	(9,008)	(773)	4,462	(36,684)	31,753	643,126
Gross deferred tax assets at 31 December 2012 and 1 January 2013	1,188,309	277,887	—	7,984	455,011	283,387	2,212,578
Acquisition of subsidiaries (note 47(a))	6,988	8,904	—	—	—	11,854	27,746
Disposal of a subsidiary (note47(b))	(77,738)	—	—	—	—	(467)	(78,205)
Deferred tax credited/(charged) during the year	386,457	81,061	—	(327)	(71,601)*	87,603**	483,193
Gross deferred tax assets at 31 December 2013	1,504,016	367,852	—	7,657	383,410	382,377	2,645,312

* Includes deferred tax assets charged to tax expenses amounted to RMB15,827,000 for reversal of accrued LAT provision (note 10).

** Includes deferred tax assets charged to tax expenses amounted to RMB11,260,000 for reversal of deferred LAT in deferred tax liablity (note 10).

28. DEFERRED TAX *(Continued)*

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Fair value adjustments arising from equity investments at fair value through profit or loss RMB'000	Fair value adjustments arising from available-for-sale investments RMB'000	Revaluation of investment properties RMB'000	Deemed disposal of associates RMB'000	Deferred LAT RMB'000	Withholding taxes RMB'000	Others RMB'000	Total RMB'000
Gross deferred tax liabilities at 1 January 2012	749,318	42,230	686,030	111,825	896,584	192,927	195,729	68,094	2,942,737
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	(66,546)	142,957	(181,379)	35,120	(17,187)	(77,147)	33,359	140,268	9,445
Deferred tax credited to reserve during the year	—	—	(44,476)	—	—	—	—	—	(44,476)
Acquisition of subsidiaries (note 47(a))	174,034	—	—	—	—	104,009	—	—	278,043
Gross deferred tax liabilities at 31 December 2012 and 1 January 2013	**856,806**	**185,187**	**460,175**	**146,945**	**879,397**	**219,789**	**229,088**	**208,362**	**3,185,749**
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	**(92,241)**	**(1,603)**	**(88,644)***	**282,751**	**148,740**	**(66,577)**	**88,781**	**105,903**	**377,110**
Deferred tax credited to reserve during the year	**—**	**—**	**(29,964)**	**—**	**—**	**—**	**—**	**—**	**(29,964)**
Acquisition of subsidiaries (note 47(a))	**235,420**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**235,420**
Gross deferred tax liabilities at 31 December 2013	**999,985**	**183,584**	**341,567**	**429,696**	**1,028,137**	**153,212**	**317,869**	**314,265**	**3,768,315**

* During the year ended 31 December 2013, deferred tax liability amounted to RMB88,644,000 was credited to other income and gains of the consolidated statement of profit or loss together with the gain of disposal of the available-for-sale investments.

As at 31 December 2013, the deferred tax assets were recognised for certain entities within the Group which suffered accumulated losses as at the end of 2013. The directors are of the opinion that these entities could generate sufficient future taxable profits to utilise the deferred tax assets recognised as at 31 December 2013.

28. DEFERRED TAX *(Continued)*

Deferred tax assets have not been recognised in respect of the following items as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the following items can be utilised:

Group

	2013 RMB'000	2012 RMB'000
Tax losses	**6,500,825**	3,689,837
Deductible temporary differences	**97,727**	298,448
	6,598,552	3,988,285

Company

	2013 RMB'000	2012 RMB'000
Tax losses	**156,680**	—

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

There are no income tax consequences attaching to the payment of dividends by the company to its shareholders.

29. CASH AND BANK BALANCES

Group

	Notes	2013 RMB'000	2012 RMB'000
Cash on hand		**20,573**	10,466
Cash at banks, unrestricted		**12,480,497**	19,186,137
Cash and cash equivalents		**12,501,071**	19,196,603
Pledged bank balances	(1)	**2,152,021**	2,042,516
Time deposits with original maturity of more than three months	(2)	**516,491**	6,785
Restricted pre-sale proceeds	(3)	**515,423**	304,939
Restricted cash in escrow account for an investment	(4)	**425,961**	420,016
Required reserve deposits	(5)	**276,224**	117,609
		16,387,191	22,088,468

29. CASH AND BANK BALANCES *(Continued)*

Group *(Continued)*

Notes:

It mainly comprises as follows:

		2013 RMB'000	2012 RMB'000
(1)	Pledged bank balances to secure notes payable	**1,883,016**	1,697,491
	Pledged bank balances to secure bank loans (note 36)	**30,291**	—
	Bank balances as various deposits	**158,234**	280,997
(2)	Time deposits with original maturity of more than three months pledged to secure bank loans (note 36)	**3,387**	3,291

(3) In accordance with relevant documents issued by the PRC State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place in designated bank accounts certain amounts of pre-sale proceeds of properties as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant property projects when approval from the PRC State-Owned Land and Resource Bureau is obtained.

(4) The amount represents a deposit placed by Billion Infinity Investment Limited, an indirect subsidiary of the Company, into an escrow account for a potential investment in a third party. This deposit in the escrow account is not available for use in the Group's daily operation.

(5) Required reserve deposits amounting to RMB276,224,000 (2012: RMB117,609,000) are placed by Shanghai Fosun High Technology Group Finance Co., Ltd. ("Finance Company"), an indirect subsidiary of the Company, with the People's Bank of China ("PBC"). The reserve deposits with the PBC are not available for use in the Group's daily operations.

In the preparation of the consolidated statement of cash flows, pledged bank balances, time deposits with original maturity of more than three months, restricted pre-sale proceeds of properties, restricted cash in an escrow account for an investment and required reserve deposits have been excluded from cash and cash equivalents.

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

Company

	2013 RMB'000	2012 RMB'000
Cash at banks, unrestricted	**519,361**	176,428

30. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

Listed equity investments, at market value

	2013 **RMB'000**	2012 RMB'000
Hong Kong	**5,561,544**	2,599,442
United States	**1,825,218**	4,626,351
Mainland China	**4,148,031**	2,304,364
Europe	**1,838,625**	1,125,918
Japan	**92,561**	—
	13,465,979	10,656,075

At 31 December 2013, the Group's equity investments at fair value through profit or loss with a carrying amount of RMB1,353,888,000 (2012: Nil) were pledged to secure bank loans, as set out in note 36 to the financial statements.

Company

Listed equity investments, at market value

	2013 **RMB'000**	2012 RMB'000
Hong Kong	**4,242,921**	2,058,249
United States	**562,110**	4,396,344
Europe	**—**	716,762
	4,805,031	7,171,355

The above equity investments at 31 December 2013 and 2012 were classified as held for trading and were upon initial recognition, designated by the Group as financial assets as at fair value through profit or loss.

31. TRADE AND NOTES RECEIVABLES

	2013 **RMB'000**	2012 RMB'000
Trade receivables	**2,839,919**	2,517,820
Notes receivable	**1,844,280**	3,082,298
	4,684,199	5,600,118

31. TRADE AND NOTES RECEIVABLES *(Continued)*

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

	2013 RMB'000	2012 RMB'000
Outstanding balances with ages:		
Within 90 days	2,436,446	2,092,631
91 to 180 days	234,822	287,190
181 to 365 days	191,460	102,365
1 to 2 years	19,656	72,839
2 to 3 years	7,501	9,419
Over 3 years	26,169	30,390
	2,916,054	2,594,834
Less: Provision for impairment of trade receivables	(76,135)	(77,014)
	2,839,919	2,517,820

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

	2013 RMB'000	2012 RMB'000
At 1 January	77,014	74,335
Amount written off as uncollectible	(30,685)	(25,325)
Provision for impairment losses	29,806	28,004
At 31 December	76,135	77,014

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

	2013 RMB'000	2012 RMB'000
Neither past due nor impaired	875,756	1,066,927
Within 90 days past due	540,845	306,841
91 to 180 days past due	76,803	66,473
Over 180 days past due	30,157	56,219
	1,523,561	1,496,460

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

31. TRADE AND NOTES RECEIVABLES *(Continued)*

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

At 31 December 2013, the Group's trade and notes receivables with a carrying amount of approximately RMB610,243,000 (2012: RMB1,483,857,000) were pledged to secure bank loans, as set out in note 36 to the financial statements.

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

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

32. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	2013 RMB'000	2012 RMB'000
Prepayments consist of:		
Prepayments for purchase of raw materials of steel	554,011	881,957
Prepayments for purchase of pharmaceutical materials	201,561	238,500
Prepayments for purchase of construction materials	15,892	120,496
Prepayments for purchase of equipment and others	832,302	587,909
Deposits	824,692	811,518
Other receivables consist of:		
Funding provided to third parties	1,861,558	168,591
Tax recoverable	893,456	572,244
Receivable for disposal of subsidiaries (note 47(b))	—	126,200
Deferred cost of acquisition of insurance customers	58,334	—
Reinsurance receivables	341,333	—
Others	1,807,806	1,468,297
	7,390,945	4,975,712

Company

	2013 RMB'000	2012 RMB'000
Prepayments	334	—
Deposits	2,953	3,387
Other	8,702	2,171
	11,989	5,558

33. INVENTORIES

	2013 RMB'000	2012 RMB'000
Raw materials	**2,779,761**	2,943,902
Work in progress	**1,424,087**	1,260,325
Finished goods	**2,009,607**	1,942,280
Spare parts and consumables	**472,010**	867,226
	6,685,465	7,013,733
Less: Provision for inventories	**(163,972)**	(269,912)
	6,521,493	6,743,821
Portion classified as non-current assets	**(207,541)**	(372,222)
	6,313,952	6,371,599
Net book value of inventories pledged as security for bank loans (note 36)	**435,928**	320,000

34. BALANCES WITH SHAREHOLDERS, SUBSIDIARIES AND RELATED COMPANIES

	Notes	2013 RMB'000	2012 RMB'000
Group			
Due from related companies:			
Associates	(i)	**1,194,377**	970,805
Joint ventures	(ii)	**1,977,859**	1,850,145
Non-controlling shareholders of subsidiaries	(iii)	**253**	294,413
Other related companies	(iv)	**3,061**	3,087
		3,175,550	3,118,450
Company			
Due from subsidiaries	(iv)	**19,083,808**	11,561,761
Due from other related companies	(iv)	**3,048**	3,087
		19,086,856	11,564,848

Notes:

(i) As at 31 December 2013, the balances due from associates included the amount of RMB803,650,000 (2012: RMB635,038,000), which was unsecured, interest-free and repayable on demand. The remaining balances due from associates are trade in nature, interest-free and repayable on demand.

(ii) As at 31 December 2013, the balances due from joint ventures included the amount of RMB1,964,830,000 (2012: RMB1,842,201,000), which is unsecured, interest-free and repayable on demand. The remaining balances due from joint ventures are trade in nature, interest-free and repayable on demand.

(iii) As at 31 December 2013, none of the amounts due from non-controlling shareholders was unsecured, interest-free and repayable on demand (2012: RMB186,407,000). The remaining balances due from non-controlling shareholders of subsidiaries are trade in nature, interest-free and repayable on demand.

(iv) As at 31 December 2013, the balances due from subsidiaries and other related companies were unsecured, interest-free and repayable on demand.

34. BALANCES WITH SHAREHOLDERS, SUBSIDIARIES AND RELATED COMPANIES

(Continued)

	Notes	2013 RMB'000	2012 RMB'000
Group			
Due to the holding company	(v)	**3,144,864**	2,440,986
Due to related companies:			
Associates	(vi)	**1,189,879**	421,890
Non-controlling shareholders of subsidiaries	(vii)	**820,368**	2,140,405
Joint ventures	(viii)	**539,713**	773,856
Other related companies		**—**	31,589
		2,549,960	3,367,740
Portion classified as current		**(2,392,109)**	(2,354,620)
	(vii)	**157,851**	1,013,120
Company			
Due to the holding company	(v)	**3,144,864**	2,440,986
Due to subsidiaries	(ix)	**3,140,013**	—
		6,284,877	2,440,986

Notes:

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

(vi) As at 31 December 2013, the balances due to associates included the amount of RMB1,114,427,000 (2012: RMB349,727,000), which was unsecured, interest-free and repayable on demand.

(vii) As at 31 December 2013, the balances due to non-controlling shareholders of subsidiaries comprised of:

- an amount of RMB334,339,000, among which the current portion of RMB176,489,000 being the payables for purchase of low grade ore products from Hainan Iron and Steel Co., Ltd., which is interest-free and is estimated to be repayable during the years of 2014 to 2015.
- an amount of RMB300,000,000 provided by a non-controlling shareholder of a subsidiary which is unsecured, interest-free and repayable on demand.
- The remaining balances due to non-controlling shareholders of subsidiaries are trade in nature, interest-free and repayable on demand.

(viii) As at 31 December 2013, the balances due to joint ventures included the amount of RMB501,543,000 (2012: Nil), which was unsecured, interest-free and repayable on demand. The remaining balances due to joint ventures are trade in nature, interest-free and repayable on demand.

(ix) The balances due to subsidiaries are unsecured, interest-free and repayable on demand.

35. NON-CURRENT ASSETS HELD FOR SALE

	2013 RMB'000	2012 RMB'000
Non-current assets held for sale	**212,293**	212,293

35. NON-CURRENT ASSETS HELD FOR SALE *(Continued)*

As at 31 December 2013, the non-current assets held for sale represented the Group's available-for-sale investments in Inner Mongolia Sunry Construction Group Co., Ltd. ("Inner Mongolia Sunry") and Zhejiang Yoyu Bamboo Industry Co., Ltd. ("Zhejiang Yoyu") amounting to RMB202,500,000 and RMB9,793,000 respectively.

In August 2012, the Group through its subsidiary, Shanghai Fosun Venture Capital Investment Management Co., Ltd. ("Fosun Venture"), entered into a disposal agreement with the original shareholder of Inner Mongolia Sunry, an independent third party, for the disposal of the Group's entire equity interest of 11.8% in Inner Mongolia Sunry for a cash consideration of RMB250,732,000. As at 31 December 2013, RMB137,539,000 has been received by the Group, the remaining consideration will be received in 2014 and the disposal is expected to be completed in 2014.

In November 2012, the Group through its subsidiaries, Fosun Venture, entered into a disposal agreement with the original shareholder of Zhejiang Yoyu, an independent third party, for the disposal of the Group's entire equity interest of 6.9% in Zhejiang Yoyu for a cash consideration of RMB13,786,000. As at 31 December 2013, RMB3,000,000 has been received by the Group, the remaining consideration will be received by instalments in 2014 and the disposal is expected to be completed in 2014.

36. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	Notes	2013 RMB'000	2012 RMB'000
Bank loans:	(1)		
Guaranteed		**1,280,349**	—
Secured		**14,012,290**	15,787,735
Unsecured		**27,310,339**	22,735,950
		42,602,978	38,523,685
Corporate bonds and enterprise bonds	(2)	**10,920,027**	10,922,024
Private placement note	(3)	**1,985,025**	—
Senior notes	(4)	**3,989,607**	1,864,518
Medium-term notes	(5)	**2,582,433**	2,574,807
Short-term commercial papers	(6)	**—**	499,375
Other borrowings, secured	(7)	**543,876**	901,420
Other borrowings, unsecured	(7)	**3,944,318**	1,411,517
Total		**66,568,264**	56,697,346
Repayable:			
Within one year		**31,539,941**	26,917,695
In the second year		**10,235,449**	8,643,729
In the third to fifth years, inclusive		**21,531,129**	15,203,470
Over five years		**3,261,745**	5,932,452
		66,568,264	56,697,346
Portion classified as current liabilities		**(31,539,941)**	(26,917,695)
Long-term portion		**35,028,323**	29,779,651

36. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Group *(Continued)*

Notes:

(1) Certain of the Group's bank loans are secured by the pledge of certain of the Group's buildings amounting to RMB283,675,000 (2012: RMB1,240,368,000), plant and machinery amounting to RMB644,820,000 (2012: RMB1,594,585,000), Mining infrastructure amounting to RMB406,175,000 (2012: Nil), investment properties situated in Mainland China amounting to RMB4,757,000,000 (2012: RMB3,863,000,000), prepaid land lease payments amounting to RMB194,687,000 (2012: RMB162,666,000), properties under development amounting to RMB10,963,972,000 (2012: RMB12,214,212,000), completed properties for sale amounting to RMB5,514,314,000 (2012: RMB2,196,131,000), time deposits with original maturity of more than three months amounting to RMB 3,387,000 (2012: RMB3,291,000), trade and notes receivables amounting to RMB610,243,000 (2012: RMB1,483,857,000), inventories amounting to RMB435,928,000 (2012: RMB320,000,000), equity investment at fair value through profit or loss amounting to RMB1,353,888,000 (2012: Nil), an investment in a joint venture amounting to RMB540,070,000 (2012: RMB540,070,000), and investments in subsidiaries.

Bank balances amounting to RMB30,291,000 (2012: Nil) were pledged to secure the interest-bearing bank and other borrowings.

The Group's interest-bearing bank and other borrowings amounting to RMB1,280,349,000 (2012: Nil) were guaranteed by Fosun Holding Limited which is the ultimate holding company of the Group.

No investment in associates (2012: RMB320,886,000) was pledged to secure the interest bearing bank and other borrowings.

The bank loans bear interest at rates ranging from 0.96% to 8.80% (2012: 1.44% to 8.53%) per annum.

(2) Corporate bonds and enterprise bonds

On 27 February 2009, Nanjing Nangang Iron & Steel United Co., Ltd. issued long-term enterprise bonds with a par value of RMB2,500,000,000 and an effective interest rate of 6.29% per annum (the "2009 Nangang Bond"). According to the offering memorandum of the 2009 Nangang Bond, the bond holders are entitled to redeem the bonds at a redemption price equal to the principal amount by the end of the fourth year since issuance, i.e., 27 February 2013. On 27 February 2013, after the completion of the redemption, the principal amount of RMB30,000,000 of the 2009 Nangang Bond was redeemed by the bond holders. The remaining principal amount of RMB2,470,000,000 will be repaid by Nanjing Nangang equally on 27 February 2015 and 27 February 2016 with no further redemption option for bond holders. The interest will be paid annually in arrears.

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

On 24 December 2010, Fosun Group issued seven-year domestic corporate bonds with a par value of RMB1,100,000,000 and an effective interest rate of 6.17% per annum. The interest is paid annually in arrears and the maturity date is 23 December 2017.

On 10 May 2011, Nanjing Iron & Steel United Co., Ltd. issued long-term enterprise bonds with a par value of RMB4,000,000,000 and an effective interest rate of 5.8% per annum. The principal of the enterprise bonds will be repaid on 10 May 2018. The interest is paid annually in arrears.

On 25 April 2012, Fosun Pharma issued five-year domestic corporate bonds with a par value of RMB1,500,000,000 and an effective interest rate of 5.74% per annum. The interest is paid annually in arrears and the maturity date is 25 April 2017.

(3) Private placement note

On 19 June 2013, Fosun Group issued three-year private placement notes with the par value of RMB2,000,000,000 and an effective interest rate of 6.02% per annum. The interest will be paid annually in arrears and the maturity date is 19 June 2016.

(4) Senior notes

On 12 May 2011, the Company issued five-year senior notes with a par value of USD300,000,000 and an effective interest rate of 7.9% per annum. The interest is paid semi-annually in arrears.

On 30 January 2013, Sparkle Assets Limited, a direct subsidiary of Fosun Industrial Holdings Limited, issued seven-year senior notes with the par value of USD400,000,000 and an effective interest rate of 7.19% per annum. The interest will be paid semi-annually in arrears.

36. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Group *(Continued)*

Notes: *(Continued)*

(5) Medium-term notes

On 8 November 2010, Fosun Pharma issued five-year medium-term notes with a par value of RMB1,000,000,000 and an effective interest rate of 5.0% per annum. The interest is paid annually in arrears and the maturity date is 10 November 2015.

On 31 March 2011, Fosun Pharma issued five-year medium-term notes with a par value of RMB1,600,000,000 and an effective interest rate of 6.26% per annum. The interest is paid annually in arrears and the maturity date is 31 March 2016.

(6) Short-term commercial papers

On 18 December 2012, the Company issued short-term commercial paper with maturity of 180 days in an aggregate amount of RMB500,000,000, at interest rate of 4.75% per annum. The interest and the principal were paid on 17 June 2013.

(7) Other borrowings

The other borrowings represent borrowings from third parties, which bear interest at rates ranging from 2.55% to 11.0% (2012: 2.55% to 15.0%) per annum.

Company

	2013 RMB'000	2012 RMB'000
Bank loans:		
Guaranteed	**1,280,349**	—
Unsecured	**3,068,636**	4,766,662
	4,348,985	4,766,662
Senior notes	**1,814,179**	1,864,518
Total	**6,163,164**	6,631,180
Repayable:		
Within one year	**1,874,025**	866,773
In the second year	**1,621,394**	1,725,380
In the third to fifth years, inclusive	**2,667,745**	4,039,027
	6,163,164	6,631,180
Portion classified as current liabilities	**(1,874,025)**	(866,773)
Non-current portion	**4,289,139**	5,764,407

The bank loans and other borrowings bear interest at rates ranging from 1.65% to 7.5% (2012: 1.71% to 7.5%) per annum.

37. CONVERTIBLE BONDS

The Issuer, an indirect wholly owned subsidiary of the Company issued convertible bonds in the principal amount of HK$3,875,000,000 (equivelant to RMB3,068,225,000) on 22 November 2013 guaranteed by the Company and certain of its subsidiaries (the "Convertible Bonds"). The Convertible Bonds is convertible into fully-paid ordinary shares of par value HK$0.10 each of the Company. The Convertible Bonds bear interests at the rate of 1.5% per annum payable semi-annually in arrears on May 22 and November 22 in each year. The Convertible Bonds will mature on 22 November 2018 ("Maturity Date"). There was no movement in the number of the Convertible Bonds during the year.

The principal terms of the Convertible Bonds are as follows:

(a) The Convertible Bonds are convertible at the option of the bond holders into ordinary shares of the Company during the period on or after the 41st day after the 22 November 2013 and seven days prior to the Maturity Date at an initial conversion price of HK$10 per share (subject to adjustments).

(b) The Issuer will at the option of the bond holder of any Convertible Bond, redeem all or some of that holder's Convertible Bonds on 22 November 2016 at their early redemption amount together with interest accrued and unpaid to, but excluding, such date.

(c) At any time after 22 November 2016, the Issuer may, by giving notice to the bond holders, elect to redeem the Convertible Bonds in whole but not in part, if the closing price of the Company's shares traded in Hongkong Stock Exchange for any 20 out of the 30 consecutive trading days immediately prior to the date upon which notice of such redemption is given, was at least 130% of the applicable early redemption amount divided by the conversion ratio then in effect. Conversion ratio means the principal amount of each bond divided by the conversion price then in effect immediately prior to the date upon which the optional redemption notice is given.

(d) Any convertible bonds not previously redeemed, converted or purchased and cancelled converted will be redeemed by the Issuer on the Maturity Date at 106.65% of its principal amount together with unpaid accrued interest from and including the immediately preceding interest payment date.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

The convertible bonds issued during the year have been split into the liability and equity components as follows:

	2013 **RMB'000**	2012 RMB'000
Nominal value of convertible bonds issued during the year	**3,068,225**	—
Equity component	**(721,171)**	—
Direct transaction costs	**(30,682)**	—
Liability component at the issuance date	**2,316,372**	
Interest expense (note 7)	**21,864**	—
Interest paid	**—**	—
Exchange realignment	**(18,561)**	—
Liability component at 31 December	**2,319,675**	—

The effective interest rate of the liability component is 8.93% per annum.

38. LOANS FROM RELATED COMPANIES

	2013 RMB'000	2012 RMB'000
Loans from		
– a joint venture	**196,477**	155,250
– non-controlling shareholder of a subsidiary	**—**	50,000
	196,477	205,250
Repayable:		
Within one year	**196,477**	115,000
In the second to fourth years, inclusive	**—**	90,250
	196,477	205,250
Portion classified as current liabilities	**(196,477)**	(115,000)
Non-current portion	**—**	90,250

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

39. TRADE AND NOTES PAYABLES

	2013 RMB'000	2012 RMB'000
Trade payables	**11,309,513**	11,358,235
Notes payable	**3,618,770**	4,268,530
	14,928,283	15,626,765

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

	2013 RMB'000	2012 RMB'000
Outstanding balances with ages:		
Within 90 days	**6,460,949**	8,020,451
91 to 180 days	**1,952,566**	363,423
181 to 365 days	**1,712,907**	535,122
1 to 2 years	**748,380**	2,186,239
2 to 3 years	**213,014**	238,837
Over 3 years	**221,697**	14,163
	11,309,513	11,358,235

39. TRADE AND NOTES PAYABLES *(Continued)*

The trade and notes payables are non-interest-bearing and credit terms granted by the Group's suppliers are as follows:

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

40. ACCRUED LIABILITIES AND OTHER PAYABLES

Group

	2013 RMB'000	2012 RMB'000
Advances from customers	**9,335,000**	7,989,879
Payables related to:		
Purchases of property, plant and equipment	**2,257,428**	1,213,726
Deposits received	**544,159**	1,337,757
Payroll	**729,665**	620,706
Business tax	**270,917**	224,200
Accrued interest expenses	**730,558**	597,409
Value-added tax	**98,155**	55,847
Accrued utilities	**197,974**	190,920
Acquisition of subsidiaries	**687,509**	689,788
Acquisition of a joint venture	**—**	270,000
Current portion of other long term payables (note 44)	**25,984**	76,933
Financial support for the business development	**2,525,376**	1,718,491
Reinsurance contract liability	**524,875**	—
Reinsurance payables	**67,896**	—
Others	**2,044,230**	3,832,964
	20,039,726	18,818,620

Company

	2013 RMB'000	2012 RMB'000
Other payables	**45,533**	53,376

41. FINANCE LEASE PAYABLES

Nanjing Iron & Steel United Co., Ltd., a subsidiary of the Group, signed an agreement with a leasing company to lease certain machinery and equipment for its iron and steel business, which is classified as a finance lease.

Total future minimum lease payments under the finance lease and their present values are as follows:

	2013 RMB'000	2012 RMB'000
Repayable:		
Within one year	46,587	53,842
In the second year	44,102	41,811
In the third to fifth years, inclusive	—	41,630
Total minimum finance lease payments	90,689	137,283
Less: Future finance charges	(1,017)	(11,861)
	89,672	125,422
Portion classified as current finance lease payables	(46,587)	(41,981)
Long-term portion	43,085	83,441

For the year ended 31 December 2013, interest was charged at a rate of 5.6% per annum (2012: 5.6%).

42. DEPOSITS FROM CUSTOMERS

	2013 RMB'000	2012 RMB'000
Demand deposits and current accounts	1,636,739	939,214

As at 31 December 2013 and 2012, deposits from customers represented the deposits placed in Finance Company, a subsidiary of the Group. The deposits from the customers carry interest at rates ranging from 0.385% to 3.08% (2012: 0.385% to 2.86 %) per annum and will be repaid upon demand of the customers.

Deposits from customers due to related parties are disclosed in note 52 to the financial statements.

43. DEFERRED INCOME

Deferred income represents government grants received related to assets.

	2013 RMB'000	2012 RMB'000
Special purpose fund for technology improvement	233,864	193,592
Government grants for property development	293,000	—
	526,864	193,592

44. OTHER LONG TERM PAYABLES

	Notes	2013 RMB'000	2012 RMB'000
Payables for rehabilitation	(i)	**32,919**	36,432
Payables for retirement benefits	(ii)	**159,439**	171,870
Payables for the acquisition of subsidiaries		**83,756**	68,138
Loans from non-controlling shareholders of subsidiaries		**2,875,265**	356,000
Others		**68,970**	19,662
		3,220,349	652,102

Notes:

(i) The movements of payables for rehabilitation are set out below:

	2013 RMB'000	2012 RMB'000
At 1 January	**36,432**	40,908
Additions	**1,353**	1,299
Payment made	**(4,866)**	(5,775)
At 31 December	**32,919**	36,432

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

(ii) The movements of payables for retirement benefits are set out below:

	2013 RMB'000	2012 RMB'000
At 1 January	**171,870**	293,956
Interest increment (note 7)	**31,407**	27,416
Payments made	**(17,854)**	(72,569)
Classified as current portion (note 40)	**(25,984)**	(76,933)
At 31 December	**159,439**	171,870

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

The long-term payables are based on estimates of future payments made by management and are discounted at rates in the range of 5.70% to 7.83% (2012: 5.70% to 7.83%).

45. SHARE CAPITAL

Company

Shares

	2013 RMB'000	2012 RMB'000
Authorised:		
100,000,000,000 (2012: 100,000,000,000) ordinary shares of HKD0.1 each	**9,746,013**	9,746,013
Issued and fully paid:		
6,421,594,500 (2012: 6,421,594,500) ordinary shares of HKD0.1 each	**621,497**	621,497

The following changes in the Company's authorised and issued share capital took place during the period from 1 January 2013 to 31 December 2013 are as follows:

	Number of ordinary shares	Nominal value of ordinary shares RMB'000
Authorised:		
As at 31 December 2011 and 31 December 2012	100,000,000,000	9,746,013
As at 31 December 2013	**100,000,000,000**	**9,746,013**
Issued and fully paid:		
As at 31 December 2011 and 31 December 2012 (6,421,594,500 shares of HKD0.1 each)	6,421,594,500	621,497
As at 31 December 2013	**6,421,594,500**	**621,497**

46. RESERVES

Group

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

Company

	Issued capital RMB'000 (note 45)	Share premium RMB'000	Exchange fluctuation reserve RMB'000	Capital redemption reserve RMB'000	Convertible bonds RMB'000	Retained earnings RMB'000	Proposed final dividend RMB'000 (note 12)	Total equity RMB'000
At 1 January 2012	621,497	11,785,713	(2,334,585)	1,465	—	2,648,840	817,340	13,540,270
Final dividend declared	—	—	—	—	—	—	(817,340)	(817,340)
Proposed final dividend	—	—	—	—	—	(885,181)	885,181	—
Exchange realignment	—	—	(3,531)	—	—	—	—	(3,531)
Total comprehensive income for the year	—	—	—	—	—	1,654,729	—	1,654,729
At 31 December 2012 and 1 January 2013	**621,497**	**11,785,713**	**(2,338,116)**	**1,465**	**—**	**3,418,388**	**885,181**	**14,374,128**
Final dividend declared	**—**	**—**	**—**	**—**	**—**	**—**	**(885,181)**	**(885,181)**
Proposed final dividend	**—**	**—**	**—**	**—**	**—**	**(757,328)**	**757,328**	**—**
Exchange realignment	**—**	**—**	**(447,129)**	**—**	**—**	**—**	**—**	**(447,129)**
Equity component of convertible bonds (note 37)	**—**	**—**	**—**	**—**	**721,171**	**—**	**—**	**721,171**
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**—**	**1,134,353**	**—**	**1,134,353**
At 31 December 2013	**621,497**	**11,785,713**	**(2,785,245)**	**1,465**	**721,171**	**3,795,413**	**757,328**	**14,897,342**

(a) Other deficits

The opening balance of other deficits as at 1 January 2009 represented the acquisition of the entire equity interest in Fosun Group pursuant to the reorganisation of the Group prior to the listing of its shares on the Hong Kong Stock Exchange, after netting off the paid-up capital and capital reserve (arising from the bonus share issue of its subsidiaries) of Fosun Group.

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

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

46. RESERVES *(Continued)*

Company *(Continued)*

(c) Distributable reserves

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

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

47. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries

(i) Acquisition of subsidiaries accounted for as business combination

The major acquisition of subsidiaries accounted for as business combination is set out as follows:

On 11 January 2013, Shanghai Fosun Pharmaceutical Industrial Development Company Limited, a subsidiary of Fosun Pharma, acquired a 77.78% equity interest in Hunan Dongting Pharmaceutical Co., Ltd. ("Dongting Pharma") at a consideration of RMB586,120,000. Dongting Pharma is engaged in the manufacture and sale of hemostatic and psychotropic medicines. The acquisition was undertaken under Fosun Pharma's strategy to penetrate the market of hemostatic and psychotropic medicines.

On 11 February 2013, Jiangsu Wanbang Biopharmaceutical Co., Ltd. ("Wanbang Pharma"), a subsidiary of Fosun Pharma, acquired 51% equity interest in Zaozhuang Sainuokang Biochemical Co., Ltd. ("Sainuokang Biochemical") at a consideration of RMB32,262,000. Sainuokang Biochemical is engaged in the manufacture and sale of heparin sodium API, which is the main raw material of heparin sodium, one of the major products of Wanbang Pharma. The acquisition was undertaken under Fosun Pharma's strategy to integrate the supply chain and reduce the cost of raw material.

On 27 May 2013, Sisram Medical Ltd., a subsidiary of Fosun Pharma, acquired a 95.20% equity interest in Alma Lasers Ltd. ("Alma Lasers") at a consideration of USD221,630,000, equivalent to RMB1,377,830,000 approximately. Alma Lasers is engaged in the design, manufacture and sale of medical and cosmetic devices. The acquisition was undertaken to gain access to the global leading medical equipment manufacturing business, which is conducive to strengthening Fosun Pharma's medical equipment manufacturing business globally.

On 12 November 2013, Shanghai Yicheng Hospital Investment Management Co., Ltd. ("Yicheng Management"), a wholly owned subsidiary of Fosun Pharma, acquired 60% equity interests in Foshan City Chancheng District Central Hospital Co., Ltd. ("Chancheng Hospital") at a consideration of RMB724,500,000. The acquisition was undertaken under Fosun Pharma's strategy to expand the healthcare service business in Mainland China.

On 17 October 2013, Summit Glory Holdings Limited, a wholly-owned subsidiary of the Company acquired One Chase Manhattan Plaza which is located in New York City, the United States of America, at a purchase price of USD725,000,000(equivalent to RMB4,420,252,000 approximately). One Chase Manhattan Plaza is a 60-storey, Grade A office building. The acquisition was undertaken to further develop the global investment business of the Group.

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

47. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(i) Acquisition of subsidiaries accounted for as business combination *(Continued)*

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

	2013 Fair value recognised on acquisition RMB'000
Property, plant and equipment (note 14)	809,379
Prepaid land lease payments (note 16)	251,351
Intangible assets (note 19)	679,492
Investment properties (note 15)	4,420,252
Deferred tax assets (note 28)	27,746
Cash and bank balances	358,377
Trade and notes receivables	227,940
Prepayments, deposits and other receivables	108,588
Inventories	213,362
Interest-bearing bank and other borrowings	(11,728)
Trade and notes payables	(257,580)
Accrued liabilities and other payables	(277,650)
Tax payable	(12,144)
Other long term payables	(24,693)
Deferred tax liabilities (note 28)	(235,420)
Non-controlling interests	(433,623)
Total identifiable net assets at fair value	5,833,836
Goodwill on acquisition (note 20)	1,324,081
	7,157,917
Satisfied by:	
Cash	6,950,587
Cash consideration unpaid	207,330
	7,157,917

47. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(i) Acquisition of subsidiaries accounted for as business combination *(Continued)*

The fair values of the trade receivables and other receivables as at the dates of acquisition amounted to RMB227,940,000 and RMB108,588,000 respectively. The gross contractual amounts of trade receivables and other receivables were RMB227,940,000 and RMB110,738,000, respectively, of which other receivables of RMB2,150,000 are expected to be uncollectible.

The Group incurred transaction cost of RMB6,126,000 for this acquisition. These transaction cost have been expensed and are included in other expenses in the consolidated statement of profit or loss.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Since the acquisition, the acquired subsidiaries contributed RMB1,073,256,000 to the Group's turnover and net profit of RMB147,668,000 to the consolidated profit for the year ended 31 December 2013.

Had the combinations taken place at the beginning of the year, the revenue of the Group and the net profit of the Group for the year ended 31 December 2013 would have been RMB51,400,391,000 and RMB7,815,327,000, respectively.

(ii) Acquisition of subsidiaries not accounted for as business combination

The major acquisition of subsidiaries not accounted for as business combination is set out as follows:

On 31 August 2013, Forte, through its wholly-owned subsidiary Shanghai Forte Investment Management Co., Ltd. ("Forte Investment") acquired 99% equity interests in Shanghai Fuqi Investment Limited Partnership ("Shanghai Fuqi") at a consideration of RMB560,503,000. Before the acquisition, Forte Investment held 1% equity interests in Shanghai Fuqi and accounted for as the available-for-sale investment. The major assets of Shanghai Fuqi are its 32% equity interests in Shanghai Fuke Investment Co., Ltd.

The above acquisition has been accounted for as acquisition of assets in the Group's consolidated financial statements. The purchase cost of the Group is allocated to the assets and liabilities, respectively on the basis of their relative fair values at the date of purchase.

The allocation of the purchase cost on the basis of the relative fair values of the assets and liabilities acquired as at the date of the purchase are as follows:

	Allocation of purchase cost RMB'000
Cash and bank balances	3,464
Investment in an associate	88,501
Prepayments, deposits and other receivables	467,102
Other non-current assets	19,367
Properties under development	33,117
Total purchase costs	611,551
Satisfied by:	
Cash	595,292
Available-for-sale investments	5,000
Cash consideration unpaid	11,259
	611,551

47. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

(iii) An analysis of the cash flows in respect of the acquisition of subsidiaries as set out in (i) and (ii) above are as follows:

	RMB'000
Consideration settled by cash	(7,545,879)
Cash and bank balances acquired	361,841
	(7,184,038)
Payment of unpaid cash consideration as at 31 December 2012	(715,803)
Net outflow of cash and cash equivalents included in cash flows from investing activities	(7,899,841)
Transaction costs of these acquisitions included in cash flows from operating activities	6,126
	(7,893,715)

(b) Disposal of subsidiaries

The major disposal during the year is set out as follows:

On 31 December 2013, Zhejiang Fuxing Commercial Co., Ltd. ("Zhejiang Fuxing"), a indirectly wholly owned subsidiary of the Company entered into an agreement with Mr. Zhao Hanzhong, one of the shareholder of Shanghai Star Equity Investment Co., Ltd. ("Shanghai Star Equity") and Shanghai Xingyi Investment Co., Ltd. ("Shanghai Xingyi"). According to the contract, Zhejiang Fuxing delegated all its voting rights on Shanghai Star Equity to Mr. Zhao Hanzhong and delegated all its voting rights on three subsidiaries, Shanghai Yihua Industry Co., Ltd., Shanghai Jiatou Industry Co., Ltd. and Shanghai Hengyi Industry Co., Ltd. to Shanghai Xingyi. Upon the date of the delegation, Zhejiang Fuxing was not able to control the operating and financial policies of these companies, and these companies ceased to be subsidiaries of the Group. The major assets of the disposed subsidiaries are investments in a series of entities principally engaged in the property development business. Upon the disposal of above subsidiaries, the Group accounted for the interest in those companies as available for sale investments as the Group neither remain control nor exercise significant influence over those companies.

47. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of subsidiaries *(Continued)*

The total net assets disposed of in respect of the disposal of the subsidiaries during the year were as follows:

	2013	2012
	RMB'000	RMB'000
Net assets disposed of:		
Property, plant and equipment (note 14)	**5,779**	25,291
Prepaid land lease payments	**—**	2,652
Exploration and evaluation assets	**—**	5,000
Mining rights	**—**	199,972
Intangible assets (note 19)	**1,790**	—
Investment in joint ventures	**1,748,463**	—
Available-for-sale investments	**67,620**	—
Loans receivable	**73,920**	—
Deferred tax assets (note 28)	**78,205**	—
Properties under development	**8,148,546**	—
Cash and bank balances	**453,372**	127
Equity investments at fair value through profit or loss	**7,000**	—
Trade and notes receivables	**13,380**	1,680
Prepayments, deposits and other receivables	**2,723,548**	1,963
Inventories	**—**	16,447
Interest-bearing bank and other borrowings	**(1,791,328)**	—
Trade and notes payables	**(1,323,858)**	(82)
Accrued liabilities and other payables	**(6,749,844)**	(56,966)
Tax payable	**(39,748)**	—
Non-controlling interests	**(2,347,332)**	(59,925)
	1,069,513	136,159
Fair value of the retained interests in subsidiaries disposed of	**(49,202)**	—
Net gain on disposal of subsidiaries (note 6)	**—**	85,041
	1,020,311	221,200

47. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of subsidiaries *(Continued)*

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

	2013 RMB'000	2012 RMB'000
Satisfied by:		
Cash	59,220	95,000
Available-for-sale investments	961,091	—
Other receivables	—	126,200
	1,020,311	221,200
Cash consideration	59,220	95,000
Cash and bank balances disposed of	(453,372)	(127)
Receipt of unreceived cash consideration for disposal in previous years	126,200	—
Net inflow of cash and cash equivalents included in cash flows from investing activities	(267,952)	94,873

48. SHARE-BASED PAYMENTS

Chindex Medical Limited ("CML") was established as at 31 December 2010 in which Ample Up Limited, an indirect subsidiary of Fosun Pharma, and Chindex Medical Holdings (BVI) Limited, a subsidiary of Chindex International Inc. ("Chindex", listed in the NASDAQ market), held 51% and 49% equity interests respectively. CML was included in the consolidated financial statements of the Group since its establishment.

Certain employees of Chindex, who operates a share option scheme for its employees, provide services to CML. The services agreement between CML and Chindex provides that the full compensation cost of certain Chindex employees will be charged to CML, which will also include the cost of the share-based compensation, if applicable to the individual. In addition, certain former Chindex employees who are now employees of CML still retained the rights to vest the share options granted to them in the prior years, and the cost of these share options for the year of 2011 was charged to staff costs of CML as the incentive and reward for the services provided to CML. For the year ended 31 December 2013, the equity-settled share-based payment expenses amounting to RMB9,707,000 (2012: RMB6,065,000) were recognised in the consolidated statement of profit or loss as set out in note 8 to the financial statements.

49. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases its investment properties, as set out in note 14 to the financial statements, under operating lease arrangements, with negotiated terms ranging from one to ten years.

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

Group

	2013 RMB'000	2012 RMB'000
Within one year	668,920	90,325
In the second to fifth years, inclusive	962,075	123,316
Over five years	332,551	6,942
	1,943,546	220,583

As lessee

The Group leases certain of its office properties, shop lots, land and plant buildings under operating lease arrangements, with negotiated terms ranging from one to nineteen years.

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

Group

	2013 RMB'000	2012 RMB'000
Within one year	83,651	114,500
In the second to fifth years, inclusive	245,377	227,319
Over five years	624,204	587,558
	953,232	929,377

Company

	2013 RMB'000	2012 RMB'000
Within one year	5,245	5,425
In the second to fifth years, inclusive	2,486	1,999
	7,731	7,424

50. COMMITMENTS

In addition to the operating lease commitments detailed in note 49 above, the Group and the Company had the following capital commitments at the end of the reporting period:

Group

	2013 RMB'000	2012 RMB'000
Contracted, but not provided for:		
Plant and machinery	1,430,424	1,369,301
Properties under development	4,749,842	5,489,243
Intangible assets	—	239
Investments	186,382	1,124,079
	6,366,648	7,982,862

	2013 RMB'000	2012 RMB'000
Authorised, but not contracted for:		
Plant and machinery	232,540	158,705
Investments	89,493	474,321
	322,033	633,026

Company

	2013 RMB'000	2012 RMB'000
Authorised, but not contracted for:		
Investments	—	474,321

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

Group

	2013 RMB'000	2012 RMB'000
Contracted but not provided for:		
Properties under development	1,073,761	203,374

51. CONTINGENT LIABILITIES

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

	2013 RMB'000	2012 RMB'000
Guaranteed bank loans of:		
Related parties (note 52)	**570,000**	1,318,000
Third parties	**123,400**	123,400
	693,400	1,441,400
Qualified buyers' mortgage loans*	**2,473,034**	2,823,560
	3,166,434	4,264,960

* As at 31 December 2013, the Group provided guarantees of approximately RMB2,473,034,000 (31 December 2012: RMB2,823,560,000) in favour of their customers in respect of mortgage loans provided by banks to such customers for their purchases of the Group's developed properties where the underlying real estate certificates can only be provided to the banks in a time delayed manner due to administrative procedures in the PRC. These guarantees provided by the Group will be released when the customers pledge their real estate certificates as security to the banks for the mortgage loans granted by the banks.

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

52. RELATED PARTY TRANSACTIONS

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

Name of related parties	Nature of transactions	2013 RMB'000	2012 RMB'000
Sales of goods			
Sinopharm Group Co. Ltd. (Note 7)	Sales of pharmaceutical products	570,052	385,567
Nanjing Iron & Steel Jiahua New Construction Material Co., Ltd. (Notes 3 & 7)	Sales of utility	53,786	67,553
Nanjing Iron & Steel Jiahua New Construction Material Co., Ltd. (Notes 3 & 7)	Sales of scrap material	59,769	59,333
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. (Notes 2, 7 & 17)	Sales of pharmaceutical products	22,750	19,222
Shanghai Lianhua Fosun Pharmacy Chain Operation Co., Ltd. (Notes 2 & 7)	Sales of pharmaceutical products	18,201	18,821
Shanghai Tonghanchuntang Pharmaceutical Co., Ltd. (Notes 2 & 7)	Sales of pharmaceutical products	8,055	6,492
Suzhou Laishi Transfusion Equipment Co., Ltd. (Notes 2 & 7)	Sales of pharmaceutical products	6,642	9,291
Shanghai Yaofang Co., Ltd. (Notes 2 & 7)	Sales of pharmaceutical products	4,565	7,580
Shanghai Huifeng Forme Pharmacy Co., Ltd. (Notes 3 & 7)	Sales of pharmaceutical products	3,517	4,962
Shanghai Liyi Pharmacy Co., Ltd. (Notes 2 & 7)	Sales of pharmaceutical products	1,868	2,158
Shanghai Lonza Fosun Pharmaceutical Science and Technology Development Ltd. (Notes 3 & 7)	Sales of pharmaceutical products	1,832	—
Guilin Auspicious Pharmaceutical Industrial Ltd. (Notes 2 & 7)	Sales of pharmaceutical products	549	1,273
Hunan Time Sun Pharmaceutical Co., Ltd. (Notes 2 & 7)	Sales of pharmaceutical products	427	—
Total sales of goods		752,013	582,252

52. RELATED PARTY TRANSACTIONS *(Continued)*

Name of related parties	Nature of transactions	2013 RMB'000	2012 RMB'000
Purchases of goods			
Sinopharm Group Co. Ltd. (Note 7)	Purchases of pharmaceutical products	**136,262**	165,865
Suzhou Laishi Transfusion Equipment Co., Ltd. (Notes 2 & 7)	Purchases of pharmaceutical products	**15,282**	21,697
Tongjitang Chinese Medicines Company (Notes 5 & 7)	Purchases of pharmaceutical products	**13,272**	12,097
Shanghai Tonghanchuntang Pharmaceutical Co., Ltd. (Notes 2 & 7)	Purchases of pharmaceutical products	**8,302**	12,950
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. (Notes 2, 7 & 17)	Purchases of pharmaceutical products	**5,537**	8,749
Shanghai Yaofang Co., Ltd. (Notes 2 & 7)	Purchases of pharmaceutical products	**3,011**	4,752
SD Biosensor, INC. (Notes 2 & 7)	Purchases of pharmaceutical products	**669**	—
Nanjing Iron & Steel Jiahua New Construction Material Co., Ltd. (Notes 3 & 7)	Purchases of iron ore products	**285**	—
Fosium Innovations (Shanghai) Co., Ltd. (Notes 3 & 7)	Purchases of pharmaceutical ore products	**215**	—
Hainan Haigang Group Co., Ltd. (Notes 4, 7 & 18)	Purchases of low grade ore products	**—**	732,451
Hainan Haigang Group Co., Ltd. (Notes 4, 7 & 17)	Purchases of iron ore products	**—**	22,789
Shanxi Coking Coal Group Wulin Coal Coke Development Co., Ltd. (Notes 2 & 7)	Purchases of coking coal products	**—**	5,978
Total purchases of goods		**182,835**	987,328
Transfer of biological assets			
Hainan Haigang Group Co., Ltd. (Notes 4, 7 & 17)	Transfer of biological assets	**—**	12,875

52. RELATED PARTY TRANSACTIONS *(Continued)*

Name of related parties	Nature of transactions	2013 RMB'000	2012 RMB'000
Service income			
Shanghai Xingyao Real Estate Development Co., Ltd. (Notes 3 & 8)	Consulting services provided to the related company	42,000	—
Harbin Xinghao Real Estate Development Co., Ltd. (Notes 6 & 8)	Consulting services provided to the related company	21,000	29,400
Yantai Xingyi Properties Co., Ltd. (Notes 3 & 8)	Consulting services provided to the related company	20,452	—
Harbin Xingheng Real Estate Development Co., Ltd. (Notes 6 & 8)	Consulting services provided to the related company	20,000	—
Harbin Xinghan Real Estate Development Co., Ltd. (Notes 6 & 8)	Consulting services provided to the related company	18,000	—
Fuyang Furun Property Co., Ltd. (Notes 3 & 8)	Consulting services provided to the related company	7,148	—
Shanghai Yinping Investment Management Co., Ltd. (Notes 2 & 8)	Consulting services provided to the related company	2,133	—
Wuhu XingYan Properties Co., Ltd. (Notes 3 & 8)	Consulting services provided to the related company	1,218	—
Shanghai Fuxin Real Estate Development Co., Ltd. (Notes 2 & 8)	Consulting services provided to the related company	385	—
Total service income		132,336	29,400
Interest income			
Haizhimen (Notes 3 & 10)	Interest income	274,276	451,572
Shanxi Jianqin Real Estate Development Co., Ltd. (Notes 3 & 10)	Interest income	58,984	56,305
Harbin Xinghao Real Estate Development Co., Ltd. (Notes 6 & 10)	Interest income	7,303	5,775
Wuhu Xingshuo Investment Co., Ltd. (Notes 3 & 10)	Interest income	3,501	—

52. RELATED PARTY TRANSACTIONS *(Continued)*

Name of related parties	Nature of transactions	2013 RMB'000	2012 RMB'000
Interest income *(Continued)*			
Yantai Xingyi Properties Co., Ltd. (Notes 3 & 10)	Interest income	2,200	—
Nanjing Dahua Investment Development Co., Ltd. (Notes 2 & 10)	Interest income	4,248	3,471
Fuyang Furun Property Co., Ltd. (Notes 3 & 10)	Interest income	1,472	—
Shanghai Yuyuan Tourist Mart Co., Ltd. (Notes 2 & 10)	Interest income	—	367
Total interest income		351,984	517,490
Rental Income			
Nanjing Xinwu Shipping Co., Ltd. (Notes 2 & 8)	Operating lease in respect of office buildings leased to the related company	1,806	—
Fuyang Furun Property Co., Ltd. (Notes 3 & 8)	Operating lease in respect of office buildings leased to the related company	739	—
Fosium Innovations (Shanghai) Co., Ltd. (Notes 3 & 8)	Operating lease in respect of office buildings leased to the related company	517	—
Shanghai Lonza Fosun Pharmaceutical Science and Technology Development Ltd. (Notes 3 & 8)	Operating lease in respect of office buildings leased to the related company	98	—
Guilin Auspicious Pharmaceutical Industrial Co., Ltd. (Notes 2 & 8)	Operating lease in respect of office buildings leased to the related company	52	—
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. (Notes 2, 8 & 17)	Operating lease in respect of office buildings leased to the related company	40	—
Total rental income		3,252	—

52. RELATED PARTY TRANSACTIONS *(Continued)*

Name of related parties	Nature of transactions	2013 RMB'000	2012 RMB'000
Interest expense			
Shanghai Yuyuan Mart Real Estate Development Co., Ltd. (Notes 2, 10 & 17)	Interest expense	—	20,017
Interest paid for deposits from related parties			
Shanghai Xingjue Investment Management Co., Ltd. (Notes 6 & 15)	Interest paid for deposits	4,713	860
Shanghai Yuyuan Tourist Mart Co., Ltd. (Notes 4, 15 & 17)	Interest paid for deposits	1,612	1,095
Shanghai Zendai Bund Int'l Finance Center Real Estate Co., Ltd. (Notes 3 & 15)	Interest paid for deposits	268	—
Chongqing Langfu Properties Co., Ltd. (Notes 2 & 15)	Interest paid for deposits	128	—
Shanxi Jianqin Real Estate Development Co., Ltd. (Notes 3 & 15)	Interest paid for deposits	96	—
Yantai Xingyi Properties Co., Ltd. (Notes 3 & 15)	Interest paid for deposits	52	—
Fuyang Furun Property Co., Ltd. (Notes 3 & 15)	Interest paid for deposits	1	—
Total interest paid for deposits from related parties		6,870	1,955

52. RELATED PARTY TRANSACTIONS *(Continued)*

Name of related parties	Nature of transactions	2013 RMB'000	2012 RMB'000
Other expenses			
Nanjing Xinwu Shipping Co., Ltd. (Notes 2 & 9)	Transportation fees	**93,918**	99,083
Hainan Haigang Group Co., Ltd. (Notes 4, 9 & 17)	Operating lease in respect of land leased from the related company	**16,520**	16,789
Shanghai Foreal Property Management Co., Ltd. (Notes 2, 9 & 17)	Property management services provided by the related company	**10,253**	15,091
Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. (Notes 2, 9 & 17)	Operating lease in respect of office buildings leased from the related company	**3,705**	2,662
Total other expenses		**124,396**	133,625
Underlying notional interest of loans from related companies			
Wuxi Forte Real Estate Development Co., Ltd. (Notes 3 & 12)	Notional interest	**6,227**	5,856
Loans from related companies			
Shanghai Yuyuan Mart Real Estate Development Co., Ltd. (Notes 2, 10 & 17)	Loan provided by the related company	**—**	618,000
Wuxi Forte Real Estate Development Co., Ltd. (Notes 3, 10 & 13)	Loan provided by the related company	**100,000**	65,000
Nanjing Iron & Steel (Group) Co., Ltd. (Notes 4, 10 & 17)	Loan provided by the related company	**—**	50,000
Total loans from related companies		**100,000**	733,000

52. RELATED PARTY TRANSACTIONS *(Continued)*

Name of related parties	Nature of transactions	2013 RMB'000	2012 RMB'000
Deposits from related companies			
Shanghai Xingjue Investment Management Co., Ltd. (Notes 6 & 15)	Deposits from the related company	615,085	789,726
Shanghai Zendai Bund International Finance Center Real Estate Co., Ltd. (Notes 3 & 15)	Deposits from the related company	363,568	—
Shanghai Yuyuan Tourist Mart Co., Ltd. (Notes 2, 15 & 17)	Deposits from the related company	147,107	149,488
Chongqing Langfu Properties Co., Ltd. (Notes 2 & 15)	Deposits from the related company	28,918	—
Shanxi Jianqin Real Estate Development Co., Ltd. (Notes 3 & 15)	Deposits from the related company	20,076	—
Yantai Xingyi Properties Co. Ltd. (Notes 3 & 15)	Deposits from the related company	3,562	—
Fuyang Furun Property Co., Ltd. (Notes 3 & 15)	Deposits from the related company	1,680	—
Sichuan Huanglong Forte Real Estate Development Co., Ltd. (Notes 3 & 15)	Deposits from the related company	387	—
Total deposits from related companies		1,180,383	939,214
Guarantees of bank loans			
Sichuan Forte Huanglong Property Development Co., Ltd. (Notes 3 & 11)	Guarantees granted for bank loans of the related company	300,000	150,000
Nanjing Iron & Steel Jiahua New Construction Material Co., Ltd. (Notes 3 & 11)	Guarantees granted for bank loans of the related company	90,000	140,000
Fuyang Furun Property Co., Ltd. (Notes 2 & 11)	Guarantees granted for bank loans of the related company	100,000	—
Shanxi Coking Coal Group Wulin Coal Coke Development Co., Ltd. (Notes 2 & 11)	Guarantees granted for bank loans of the related company	50,000	150,000
Nanjing Xinwu Shipping Co., Ltd. (Notes 2 & 11)	Guarantees granted for bank loans of the related company	30,000	60,000

52. RELATED PARTY TRANSACTIONS *(Continued)*

Name of related parties	Nature of transactions	2013 RMB'000	2012 RMB'000
Guarantees of bank loans *(Continued)*			
Beijing Hehua Property Development Co., Ltd. (Notes 2 & 11)	Guarantees granted for bank loans of the related company	—	518,000
Tianjin Jianlong Iron & Steel Industrial Co., Ltd. (Notes 2 & 11)	Guarantees granted for bank loans of the related company	—	300,000
Nanjing Iron & Steel (Group) Co., Ltd. (Notes 4, 11 & 17)	Bank loans guaranteed by the related company	1,289,111	1,110,640
Fosun Holdings Limited (Notes 1, 11 & 17)	Bank loans guaranteed by the related company	1,280,349	1,382,810
Total loans guaranteed		3,139,460	3,811,450
Loans to related companies			
Shanxi Jianqin Real Estate Development Co., Ltd. (Notes 3, 10 & 14)	Entrusted loan provided to the related company	700,000	—
Fuyang Furun Property Co., Ltd. (Notes 3, 10 & 14)	Entrusted loan provided to the related company	100,000	—
Yantai Xingyi Properties Co., Ltd. (Notes 3, 10 & 14)	Entrusted loan provided to the related company	80,000	—
Wuhu Xingshuo Investment Co., Ltd. (Notes 3, 10 & 14)	Entrusted loan provided to the related company	75,000	—
Haizhimen (Notes 2, 10 & 14)	Shareholder loan provided to the related company	—	254,931
Harbin Xinghao Real Estate Development Co., Ltd. (Notes 6 & 10)	Entrusted loan provided to the related company	—	160,000
Shanghai Yuyuan Tourist Mart Co., Ltd. (Notes 2, 10 & 17)	Loan provided to the related company	—	150,000
Total loans to related companies		955,000	564,931

Notes:

(1) It is the holding company of the Group.

(2) They are associates of the Group.

(3) They are joint ventures of the Group.

(4) They are non-controlling shareholders of the subsidiaries of the Group.

52. RELATED PARTY TRANSACTIONS *(Continued)*

Notes: *(Continued)*

(5) They were associates of the Group in 2013, but disposed at 31 December 2013.

(6) They were joint ventures of the Group in 2013. But as the disposal as set out in note 47(b), they ceased to be joint ventures of the Group on 31 December 2013.

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

(8) The directors consider that the income for consulting services, sales agency services and rental were determined based on prices available to third party customers.

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

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

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

(12) The entrusted bank loan in the amount of RMB93,000,000 is provided by Wuxi Forte Real Estate Development Co., Ltd. and is interest-free, unsecured and repayable by 2014 as set out in note 38 to the financial statements. The corresponding notional interest for the year ended 31 December 2013 amounted to approximately RMB6,277,000 (2012: RMB5,856,000).

(13) The entrusted bank loan in the amount of RMB100,000,000 is provided by Wuxi Forte Real Estate Development Co., Ltd. The entrusted loan bears interest at a rate of 3.25% per annum and the maturity date is 13 November 2014. The balance of loans from Wuxi Forte Real Estate Development Co., Ltd was RMB100,000,000 as set out in note 38 to financial statements.

(14) The balances of shareholders' loans provided to Haizhimen as at 31 December 2013 were RMB2,892,249,000 and RMB1,837,084,000 as set out in note 22 and note 26 to the financial statements respectively.

The balances of entrusted loans provided to Shanxi Jianqin Real Estate Development Co., Ltd. as at 31 December 2013 was RMB700,000,000 as set out in note 26 to the financial statements.

The balance of an entrusted loan provided to Fuyang Furun Property Co., Ltd. as at 31 December 2013 was RMB100,000,000 as set out in note 26 to the financial statements.

Both of the loans provided to Wuhu Xingshuo Investment Co., Ltd. and Yantai Xingyi Properties Co., Ltd. amounting to RMB75,000,000 and RMB80,000,000 were collected as at 31 December 2013.

(15) Interests paid for deposits from related parties represent the interests paid for deposits placed by related parties in the Finance Company, a subsidiary of the Group. The deposits from related parties carry interests which are determined in accordance with the benchmark deposit interest rate of PBC and the prevailing market deposit interest rate. The deposits will be repaid upon demand of the related parties.

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

	2013 RMB'000	2012 RMB'000
Short-term employee benefits	**39,081**	46,737
Pension scheme contributions	**336**	315
Total compensation paid to key management personnel	**39,417**	47,052

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

(18) This transaction constitutes connected transaction under chapter 14A of the Listing Rules. The Group confirmed that it has compiled with the disclosure requirements in accordance with chapter 14A of the Listing Rules in respect of this transaction.

53. FINANCIAL INSTRUMENTS BY CATEGORY

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

2013 Group

Financial assets

	Financial assets at fair value through profit or loss – held for trading RMB'000	Loans and receivables RMB'000	Available-for-sale financial investments RMB'000	Total RMB'000
Available-for-sale investments	—	—	10,050,291	10,050,291
Loans receivable	—	3,261,103	—	3,261,103
Cash and bank balances	—	16,387,191	—	16,387,191
Equity investments at fair value through profit or loss	13,465,979	—	—	13,465,979
Trade and notes receivables	—	4,684,199	—	4,684,199
Financial assets included in prepayments, deposits and other receivables (note 32)	—	4,893,723	—	4,893,723
Due from related companies	—	3,175,550	—	3,175,550
	13,465,979	32,401,766	10,050,291	55,918,036

Financial liabilities

	Financial liabilities at fair value through profit or loss - Designated as such upon initial recognition RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	—	66,568,264	66,568,264
Convertible bonds	—	2,319,675	2,319,675
Loans from related companies	—	196,477	196,477
Trade and notes payables	—	14,928,283	14,928,283
Financial liabilities included in accrued liabilities and other payables (note 40)	—	9,580,005	9,580,005
Due to related companies and the holding company	—	5,694,824	5,694,824
Deposit from customers	—	1,636,739	1,636,739
Financial liabilities included in other long-term payables(note 44)	99,804*	2,928,187	3,027,991
Finance lease payables	—	89,672	89,672
	99,804	103,942,126	104,041,930

* The amount includes the share redemption option granted to non-controlling shareholders of a subsidiary amounting to RMB44,364,000, of which fair value change is recognised in other reserve due to the nature of equity transaction with non-controlling shareholder of a subsidiary of the Group.

53. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

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

2012 Group

Financial assets

	Financial assets at fair value through profit or loss – held for trading RMB'000	Loans and receivables RMB'000	Available-for-sale financial investments RMB'000	Total RMB'000
Available-for-sale investments	—	—	7,382,891	7,382,891
Loans receivable	—	2,751,338	—	2,751,338
Cash and bank balances	—	22,088,468	—	22,088,468
Equity investments at fair value through profit or loss	10,656,075	—	—	10,656,075
Trade and notes receivables	—	5,600,118	—	5,600,118
Financial assets included in prepayments, deposits and other receivables (note 32)	—	2,574,606	—	2,574,606
Due from related companies	—	3,118,450	—	3,118,450
	10,656,075	36,132,980	7,382,891	54,171,946

Financial liabilities

	Financial liabilities at fair value through profit or loss - Designated as such upon initial recognition RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	—	56,697,346	56,697,346
Loans from related companies	—	205,250	205,250
Trade and notes payables	—	15,626,765	15,626,765
Financial liabilities included in accrued liabilities and other payables (note 40)	—	9,851,055	9,851,055
Due to related companies and the holding company	502,251	5,306,475	5,808,726
Deposit from customers	—	939,214	939,214
Financial liabilities include in other long-term payables (note 44)	68,138	375,662	443,800
Finance lease payables	—	125,422	125,422
	570,389	89,127,189	89,697,578

53. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

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

2013 Company

Financial assets

	Financial assets at fair value through profit or loss – held for trading RMB'000	Loans and receivables RMB'000	Total RMB'000
Equity investments at fair value through profit or loss	4,805,031	—	4,805,031
Cash and bank balances	—	519,361	519,361
Financial assets included in prepayments, deposits and other receivables (note 32)	—	11,655	11,655
Due from related companies	—	3,048	3,048
Due from subsidiaries	—	19,083,808	19,083,808
	4,805,031	19,617,872	24,422,903

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in accrued liabilities and other payables (note 40)	45,533
Interest-bearing bank and other borrowings	6,163,164
Due to the holding company	3,144,864
Due to subsidiaries	3,140,013
	12,493,574

53. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

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

2012 Company

Financial assets

	Financial assets at fair value through profit or loss – held for trading RMB'000	Loans and receivables RMB'000	Total RMB'000
Equity investments at fair value through profit or loss	7,171,355	—	7,171,355
Cash and bank balances	—	176,428	176,428
Financial assets included in prepayments, deposits and other receivables (note 32)	—	5,558	5,558
Due from related companies	—	3,087	3,087
Due from subsidiaries	—	11,561,761	11,561,761
	7,171,355	11,746,834	18,918,189

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in accrued liabilities and other payables (note 40)	53,376
Interest-bearing bank and other borrowings	6,631,180
Due to the holding company	2,440,986
	9,125,542

54. TRANSFERS OF FINANCIAL ASSETS

At 31 December 2013, the Group endorsed certain bills receivable accepted by banks in the PRC (the "Endorsed Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with an aggregate carrying amount of RMB1,556,378,000 (2012: RMB10,899,777,000). In addition, the Group discounted certain bills receivable accepted by banks in the PRC (the "Discounted Bills"), to certain banks to finance its operating cash flow with an aggregate carrying amount of RMB1,556,376,000 (2012: RMB1,274,852,000). The Endorsed Bills and the Discounted Bills had a maturity from one to six months at the end of the reporting period. In accordance with the relevant laws and regulations in the PRC and relevant discounting arrangement with certain banks, the holders of the Endorsed Bills and the Discounted Bills have a right of recourse against the Group if the accepting banks default (the "Continuing Involvement").

In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Endorsed Bills and the Discounted Bills. Accordingly, it has derecognised the full carrying amounts of the Endorsed Bills and the Discounted Bills. The maximum exposure to loss from the Group's Continuing Involvement in the Endorsed Bills and the Discounted Bills and the undiscounted cash flows to repurchase these Endorsed Bills and Discounted Bills equal to their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group's Continuing Involvement in the Endorsed Bills and the Discounted Bills are not significant.

During the year, the Group has not recognised any gain or loss on the date of transfer of the Endorsed Bills and the Discounted Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement and the discount have been made evenly throughout the year.

55. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's and the Company's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Group

	Carrying amounts		Fair values	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Available-for-sale investments	**3,875,800**	2,674,181	**3,875,800**	2,674,181
Loans receivable (non-current portion)	**3,161,103**	1,944,236	**3,161,103**	1,944,236
Equity investments at fair value through profit or loss	**13,465,979**	10,656,075	**13,465,979**	10,656,075
	20,502,882	15,274,492	**20,502,882**	15,274,492
Financial liabilities				
Interest-bearing bank and other borrowings	**66,568,264**	56,697,346	**67,190,011**	56,950,813
Convertible bonds	**2,319,675**	—	**3,051,095**	—
Due to related companies (non-current portion)	**157,851**	1,013,120	**157,851**	1,013,120
Financial liabilities included in other long-term payables	**3,027,991**	443,800	**3,027,991**	443,800
Finance lease payables	**89,672**	125,422	**89,672**	125,422
Loans from related companies (non-current portion)	**—**	90,250	**—**	90,250
	72,163,453	58,369,938	**73,516,620**	58,623,405

55. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

The carrying amounts and fair values of the Group's and the Company's financial instruments are as follows: *(Continued)*

Company

	Carrying amounts		Fair values	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Equity investments at fair value through profit or loss	**4,805,031**	7,171,355	**4,805,031**	7,171,355
Financial liabilities				
Interest-bearing bank and other borrowings	**6,163,164**	6,631,180	**6,239,966**	6,789,178

Management has assessed that the fair values of cash and cash equivalents, trade and notes receivables, trade and notes payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, current portion of amounts due from related companies and amount due to related companies and the holding company approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's corporate finance team is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

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

The fair values of the non-current portion of due to related companies, financial liabilities included in other long term payables, loan from related companies, finance lease payables and non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for non-current portion of due to related companies, financial liabilities included in other long term payables, loan from related companies, finance lease payables and non-current portion of interest-bearing bank and other borrowings as at 31 December 2013 was assessed to be insignificant. The fair value of the convertible bonds is based on the quoted market price which represents the fair value for both the liability and equity component of the convertible bonds.

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

As at 31 December 2013, the fair value information has not been disclosed for certain available-for-sale investments in equity instruments that do not have a quoted market price in an active market and are measured at cost less any impairment because their fair value cannot be measured reliably. The reason why the fair value cannot be measured reliably is because that the variability in the range of reasonable fair value estimates is significant for that investment or the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value. The carrying amount of these available-for-sale investments is RMB6,174,491,000 (31 December 2012: RMB4,708,710,000). All of them are unlisted equity investments in China, North America and other countries held by the Group, which are intended to be disposed by the Group after getting listed in the designated stock exchange in the future.

During the year ended 31 December 2013, the available-for-sale investments whose fair value could not be reliably measured with carrying amount of RMB191,664,000 were derecognised and the relevant gain on disposal amounted to RMB15,145,000 was recognized in the consolidated statement of profit or loss.

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 31 December 2013:

55. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Company *(Continued)*

As part of the purchases agreement, contingent consideration included in other long-term liabilities is payable, which is dependent on the amount of profit after tax of Chancheng Hospital during the 24-month period subsequent to the acquisition. The amount recognised as at 31 December 2013 was RMB55,440,000 which was determined using the discounted cash flow model and is under Level 3 fair value measurement. The consideration is due for final measurement and payment to the former shareholders in 2015 and 2016. At the date of approval of these financial statements, no further significant changes to the consideration are expected.

Significant unobservable valuation inputs for the fair value measurement of contingent consideration are as follows:

Projected profit after tax of Chancheng Hospital	not below RMB108,000,000 in 2014 and RMB129,600,000 in 2015
Discount rate	—
Discount for own non-performance risk	—

A significant decrease in the profit after tax of Chancheng Hospital would result in a significant decrease in the fair value of the contingent consideration liability.

Significant unobservable valuation input for the share redemption option granted to non-controlling shareholders of a subsidiary included in other long-term liabilities is EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) of Alma Lasers in 2013 and cash and bank balances of Alma Lasers as at 31 December 2013.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Level 1: Fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Assets measured at fair value:

Group

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Available-for-sale investments:				
Equity investments (note 24)	2,246,697	405,999	—	2,652,696
Debt investments (note 24)	1,223,104	—	—	1,223,104
Equity investments at fair value through profit or loss	13,465,979	—	—	13,465,979
	16,935,780	405,999	—	17,341,779

55. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Assets measured at fair value: *(Continued)*

As at 31 December 2012

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Available-for-sale investments:				
Equity investments (note 24)	1,729,254	944,927	—	2,674,181
Equity investments at fair value through profit or loss	10,656,075	—	—	10,656,075
	12,385,329	944,927	—	13,330,256

Company

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	**Significant observable inputs Level 2 RMB'000**	**Significant unobservable inputs Level 3 RMB'000**	**Total RMB'000**
Equity investments at fair value through profit or loss	**4,805,031**	**—**	**—**	**4,805,031**

As at 31 December 2012

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Equity investments at fair value through profit or loss	7,171,355	—	—	7,171,355

During the year, fair value of the available for sale investments in level 2 as at 31 December 2012 amounted to RMB287,829,000 were transferred out to level 1 due to the end of the lock up period for these equity investments in 2013. During the year, there were no transfers of fair value measurement into or out of Level 3 for both financial assets and financial liabilities.

55. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Assets for which fair values are disclosed:

Group

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Loans receivable (non-current portion)	—	3,161,103	—	3,161,103

As at 31 December 2012

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Loans receivable (non-current portion)	—	1,944,236	—	1,944,236

The Company did not have financial assets for which fair values are disclosed as at 31 December 2013 (31 December 2012: Nil).

55. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Liabilities measured at fair value:

Group

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	**Significant observable inputs Level 2 RMB'000**	**Significant unobservable inputs Level 3 RMB'000**	**Total RMB'000**
Financial liabilities included in other long-term payables	**—**	**—**	**99,804**	**99,804**

As at 31 December 2012

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Due to related companies	—	—	502,251	502,251
Financial liabilities included in other long-term payables	—	—	68,138	68,138
	—	—	570,389	570,389

The Company did not have any financial liabilities measured at fair value as at 31 December 2013 (31 December 2012: Nil).

The movements in fair value measurements in Level 3 during the year are as follows:

	2013 RMB'000	2012 RMB'000
Amounts included in other long-term payables and due to related companies:		
At 1 January	**570,389**	312,636
Total losses recognised in the statement of profit or loss included in finance costs	**22,109**	11,055
Addition	**55,440**	323,138
Reclassification	**(548,134)**	(76,440)
At 31 December	**99,804**	570,389

55. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Liabilities for which fair values are disclosed:

Group

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	16,387,166	50,802,845	—	67,190,011
Convertible bonds	3,051,095	—		3,051,095
Due to related companies (non-current portion)	—	157,851	—	157,851
Financial liabilities included in other long-term payables	—	2,928,187	—	2,928,187
Finance lease payables	—	89,672	—	89,672
	19,438,261	53,978,555	—	73,416,816

As at 31 December 2012

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	12,894,884	44,055,929	—	56,950,813
Loans from related companies (non-current portion)	—	90,250	—	90,250
Due to related companies (non-current portion)	—	510,869	—	510,869
Financial liabilities included in other long-term payables	—	375,662	—	375,662
Finance lease payables	—	125,422	—	125,422
	12,894,884	45,158,132	—	58,053,016

55. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Liabilities for which fair values are disclosed: *(Continued)*

Company

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	**Significant observable inputs Level 2 RMB'000**	**Significant unobservable inputs Level 3 RMB'000**	**Total RMB'000**
Interest-bearing bank and other borrowings	**1,909,218**	**4,330,748**	**—**	**6,239,966**
	1,909,218	**4,330,748**	**—**	**6,239,966**

As at 31 December 2012

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	1,951,531	4,837,647	—	6,789,178
	1,951,531	4,837,647	—	6,789,178

56. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans and other borrowings, finance lease payables, due from/to related companies, loan receivable and loan from related companies and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and notes receivables, trade and notes payables and deposit from customers, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. At 31 December 2013, approximately 46% (2012: 34%) of the Group's interest-bearing borrowings bore interest at fixed rates.

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

56. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Interest rate risk *(Continued)*

Group:

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
2013	**75**	**(122,267)**
	(25)	**40,756**
2012	75	(154,313)
	(25)	51,438

Foreign currency risk

The Group has transactional currency exposures. These exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in United States dollar and Hong Kong dollar exchange rates, with all other variables held constant, of the Group's profit before tax due to differences arising on settlement or translation of monetary assets and liabilities and the Group's equity excluding the impact of retained earnings due to the changes of exchange fluctuation reserve of certain overseas subsidiaries, of which the functional currencies are currencies other than RMB.

Group:

	Increase/ (decrease) in foreign currency rate %	Increase/ (decrease) in profit before tax RMB'000
2013		
If RMB weakens against the United States dollar	**5**	**(753,441)**
If RMB strengthens against the United States dollar	**(5)**	**753,441**
If RMB weakens against the Hong Kong dollar	**5**	**(104,313)**
If RMB strengthens against the Hong Kong dollar	**(5)**	**104,313**
2012		
If RMB weakens against the United States dollar	5	(421,239)
If RMB strengthens against the United States dollar	(5)	421,239
If RMB weakens against the Hong Kong dollar	5	(7,962)
If RMB strengthens against the Hong Kong dollar	(5)	7,962

56. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and bank balances, available-for-sale investments, equity investments at fair value through profit or loss, loan receivables, amounts due from related companies and other receivables, arises from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in note 51 to the financial statements.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and notes receivables are disclosed in note 31 to the financial statements.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans and other borrowings and loan from related companies. The Group's policy is that not more than 80% of the borrowings should mature in any 12-month period. 45% (2012: 48%) of the Group's debts would mature in less than one year as at 31 December 2013 based on the carrying value of borrowings reflected in the financial statements.

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

2013 Group

	On demand RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	—	31,539,941	37,322,433	3,807,051	72,669,425
Convertible bonds	—	—	3,477,646	—	3,477,646
Loans from related companies	—	196,477	—	—	196,477
Trade and notes payables	1,185,649	13,742,634	—	—	14,928,283
Due to related companies and the holding company	5,536,973	—	176,404	—	5,713,377
Financial liabilities included in accrued liabilities and other payables	4,807,307	4,772,698	—	—	9,580,005
Other long-term payables	—	—	3,027,991	—	3,027,991
Finance lease payables	—	46,587	43,085	—	89,672
	11,529,929	50,298,337	44,047,559	3,807,051	109,682,876

56. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

2012 Group

	On demand RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	—	26,717,695	29,532,442	6,196,462	62,446,599
Loans from related companies	—	115,000	125,014	—	240,014
Trade and notes payables	5,136,308	10,490,457	—	—	15,626,765
Due to related companies and the holding company	5,087,999	678,088	1,087,580	—	6,853,667
Financial liabilities included in accrued liabilities and other payables	8,891,267	959,788	—	—	9,851,055
Other long-term payables	—	—	443,800	—	443,800
Finance lease payables	—	41,981	83,441	—	125,422
	19,115,574	39,003,009	31,272,277	6,196,462	95,587,322

In addition, the guarantees provided by the Group will be called in case of default in payments by the guaranteed companies as set out in note 52.

2013 Company

	On demand RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	—	1,874,025	4,763,904	—	6,637,929
Due to the holding company	3,144,864	—	—	—	3,144,864
Due to subsidiaries	3,140,013	—	—	—	3,140,013
Financial liabilities included in accrued liabilities and other payables	45,533	—	—	—	45,533
	6,330,410	1,874,025	4,763,904	—	12,968,339

2012 Company

	On demand RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	—	866,773	6,447,161	—	7,313,934
Due to the holding company	2,440,986	—	—	—	2,440,986
Financial liabilities included in accrued liabilities and other payables	53,376	—	—	—	53,376
	2,494,362	866,773	6,447,161	—	9,808,296

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group was exposed to equity price risk arising from individual equity investments classified as equity investments at fair value through profit or loss (note 30) and available-for-sale investments measured at fair value (note 24) as at 31 December 2013. The Group's listed investments are listed on Stock Exchange of Hong Kong, Shenzhen, Shanghai, NASDAQ, Athens, Tokyo and other European countries are valued at quoted market prices at the end of the reporting period.

56. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Equity price risk *(Continued)*

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the available-for-sale equity investments, the impact is deemed to be on the available-for-sale investment revaluation reserve and no account is given for factors such as impairment which might impact the statement of profit or loss.

		Carrying amount of equity investments RMB'000	Increase in profit before tax RMB'000	Increase in equity RMB'000*
2013 Group				
Investments listed in:				
Hong Kong	– Available-for-sale	**206,752**	**—**	**10,338**
	– Held-for-trading	**5,561,544**	**278,077**	**—**
Shenzhen	– Available-for-sale	**1,436,252**	**—**	**71,813**
	– Held-for-trading	**—**	**—**	**—**
Shanghai	– Available-for-sale	**674,184**	**—**	**33,709**
	– Held-for-trading	**4,148,031**	**207,402**	**—**
United States	– Available-for-sale	**335,508**	**—**	**16,775**
	– Held-for-trading	**1,825,218**	**91,261**	**—**
Europe	– Available-for-sale	**—**	**—**	**—**
	– Held-for-trading	**1,838,625**	**91,931**	**—**
Japan	– Available-for-sale	**—**	**—**	**—**
	– Held-for-trading	**92,561**	**4,628**	**—**

* Excluding retained profits

		Carrying amount of equity investments RMB'000	Increase in profit before tax RMB'000	Increase in equity RMB'000*
2012 Group				
Investments listed in:				
Hong Kong	– Available-for-sale	172,498	—	8,625
	– Held-for-trading	2,599,442	129,972	—
Shenzhen	– Available-for-sale	908,358	—	45,418
	– Held-for-trading	—	—	—
Shanghai	– Available-for-sale	1,320,262	—	66,013
	– Held-for-trading	2,304,364	115,218	—
United States	– Available-for-sale	273,063	—	13,653
	– Held-for-trading	4,626,351	231,318	—
Europe	– Held-for-trading	1,125,918	56,296	—

* Excluding retained profits

56. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Equity price risk *(Continued)*

		Carrying amount of equity investments RMB'000	Increase in profit before tax RMB'000	Increase in equity* RMB'000
2013 Company				
Investments listed in:				
Hong Kong	– Held-for-trading	4,242,921	212,146	—
United States	– Held-for-trading	562,110	28,106	—
2012 Company				
Investments listed in:				
Hong Kong	– Held-for-trading	2,058,249	102,912	—
United States	– Held-for-trading	4,396,344	219,817	—
Europe	– Held-for-trading	716,762	35,838	—

* Excluding retained profit.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustment to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2013 and 31 December 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio between 20% and 60%. Net debt includes interest-bearing bank and other borrowings, convertible bonds, the liability component and loans from related companies, less cash and cash equivalents. Total equity includes equity attributable to owners of the parent and non-controlling interests. The gearing ratios as at the end of the reporting periods were as follows:

Group

	2013 RMB'000	2012 RMB'000
Interest-bearing bank and other borrowings	**66,568,264**	56,697,346
Loans from related companies	**196,477**	205,250
Convertible bonds, the liability component	**2,319,675**	—
Less: Cash and cash equivalents	**(12,501,071)**	(19,196,603)
Net debt	**56,583,345**	37,705,993
Total equity	**61,299,829**	57,218,396
Total equity and net debt	**117,883,174**	94,925,389
Gearing ratio	**48%**	40%

57. EVENTS AFTER THE REPORTING PERIOD

(a) On 7 February 2014, Millennium Gain Limited (an indirect wholly owned subsidiary of the Company) and the Company entered into the Direct Reference Sale Agreement with Caixa Geral de Depósitos S.A. ("CGD", an state-owned bank in Portugal) and Caixa Seguros e Saúde, SGPS, S.A ("CSS", an direct wholly owned subsidiary of CGD), to acquire each of the 80% of the share capital and voting rights of Fidelidade – Companhia de Seguros, S.A. ("Fidelidade"), Multicare - Seguros de Saúde, S.A. ("Multicare"), and Cares - Companhia de Seguros, S.A. (collectively referred as the "Insurance Companies"), all of which are wholly-owned subsidiaries of CSS for an aggregate consideration of Euro 1 billion (the "Acquisition") in order to expand the global insurance business of the Group. The consideration is subject to further adjustment based on the Insurance Companies' asset variations between 30 June 2013 and the end of the month prior to the completion of the Acquisition. The Acquisition is subject to the approval of the regulatory body of Portugal, which has not been completed by the date of this announcement.

(b) On 28 February 2014, Shanghai Pingrun Investment Management Co., Ltd. ("Pingrun Investment"), an indirect subsidiary of the Company and Shanghai Fosun Chuanghong Equity Investment Fund Partnership (L.P.) ("Fosun Chuanghong", a fund managed by the Group) entered into a share subscription agreement with Beijing Sanyuan Foods Co., Ltd. ("Sanyuan", whose A shares are listed on the Shanghai Stock Exchange) regarding a private placement by Sanyuan of A shares (the "Subscription Agreement").

Pursuant to the Subscription Agreement, Pinrun Investment and Fosun Chuanghong will subscribe 249,617,151 and 56,661,562 ordinary A Shares (the "A share") of Sanyuan at a subscription price of RMB6.53 per A Share. The total consideration will be RMB1,630,000,000 and RMB370,000,000 approximately for Pinrun Investment and Fosun Chuanghong respectively. Upon the completion of the subscription, Pingrun Investment and Fosun Chuanghong will hold approximately 16.67% and 3.78% of the enlarged number of issued shares of Sanyuan respectively.

The completion of the subscription is subject to the fulfilment of certain condition precedents, including, among others, the approval by the shareholders at the general meeting of Sanyuan.

58. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the adoption of revised HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

59. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2014.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTOR

Fan Wei

INDEPENDENT NON-EXECUTIVE DIRECTORS

Zhang Shengman
Andrew Y. Yan
Zhang Huaqiao
David T. Zhang

AUDIT COMMITTEE

Zhang Shengman *(Chairman)*
Andrew Y. Yan
Zhang Huaqiao
David T. Zhang

REMUNERATION COMMITTEE

Andrew Y. Yan *(Chairman)*
Liang Xinjun
Zhang Shengman
David T. Zhang

NOMINATION COMMITTEE

Zhang Huaqiao *(Chairman)*
Wang Qunbin
Zhang Shengman
Andrew Y. Yan

COMPANY SECRETARY

Sze Mei Ming

AUTHORIZED REPRESENTATIVES

Qin Xuetang
Ding Guoqi

AUDITORS

Ernst & Young

LEGAL ADVISOR AS TO HONG KONG LAW

Herbert Smith Freehills

LEGAL ADVISOR AS TO PRC LAW

Chen & Co. Law Firm

PRINCIPAL BANKERS

China Development Bank
Agricultural Bank of China
Industrial and Commercial Bank of China
China Construction Bank
Bank of Communications
Standard Chartered Bank
Bank of China
China Merchants Bank
Shanghai Pudong Development Bank
The Bank of East Aisa
Union Bank of Switzerland
Bank of Beijing

REGISTERED OFFICE

Room 808, ICBC Tower
3 Garden Road
Central
Hong Kong

PRINCIPAL OFFICE

No. 2 East Fuxing Road
Shanghai 200010
PRC

CORPORATE INFORMATION

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

00656

WEBSITE

http://www.fosun.com

GLOSSARY

FORMULA

EBITDA	=	profit for the year + tax + net interest expenditures + depreciation and amortisation
Total debt	=	current and non-current interest-bearing borrowings + convertible bonds + loans from related parties
Total capitalization	=	equity attributable to owners of the parent + non-controlling interests + total debt
Interest coverage	=	EBITDA/net interest expenditures
Capital employed	=	equity attributable to owners of the parent + total debt

DEFINITION

Articles of Association	the current articles of association of the Company with the latest amendments made on 17 June 2008
the Board	the board of Directors
Cainiao	Cainiao Network Technology Co., Ltd.
Carlye-Fosun	Fosun-Carlye (Shanghai) Equity Investment Fund L.P.
Caruso	Raffaele Caruso S.p.A
CG Code	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules
Chuangfu Finance Leasing	Chuangfu Finance Leasing Shanghai Co., Ltd.
CITS	China International Travel Service Corporation Limited
Club Med	Club Méditerranée SA
the Company	Fosun International Limited
the Director(s)	the director(s) of the Company
EU	European Union
Euro	Euro, the official currency of the Eurozone
Focus Media	Focus Media Holding Limited
Folli Follie	Folli Follie Group
Forte	Shanghai Forte Land Co., Ltd.
Fosun Capital	Shanghai Fosun Capital Equity Investment Fund Partnership (L.P.)
Fosun Chuanghong	Shanghai Fosun Chuanghong Equity Investment Fund Partnership (L.P.)
Fosun Group	Shanghai Fosun High Technology (Group) Co., Ltd
Fosun Holdings	Fosun Holdings Limited
Fosun International Holdings	Fosun International Holdings Ltd.
Fosun Insurance Portugal	Fidelidade-Companhia de Seguros, S.A., Multicare-Seguros de Saúde,S.A. and Cares-Companhia de Seguros, S.A.
Fosun Pharma	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.
GFA	gross floor area
the Group or Fosun	the Company and its subsidiaries
Hainan Mining	Hainan Mining Co., Ltd.
HKD	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of China
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Huaxia Mining	Beijing Huaxia Jianlong Mining Technology Co., Ltd.
Jianlong Group	Tianjin Jianlong Iron & Steel Industrial Co., Ltd.
Jin'an Mining	Anhui Jin'an Mining Co., Ltd.

Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Minsheng Bank	China Minsheng Banking Corp., Ltd.
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
Nanjing Iron & Steel	Nanjing Iron & Steel Co., Ltd.
Nanjing Nangang	Nanjing Nangng Iron & Steel United Co., Ltd.
Peak Reinsurance	Peak Reinsurance Company Limited
Perfect World	Perfect World Co., Ltd.
Pingrun Investment	Shanghai Pingrun Investment Management Co., Ltd.
Pramerica - Fosun China Opporunity Fund	Pramerica – Fosun China Opportunity Fund, L.P.
Pramerica Fosun Life Insurance	Pramerica Fosun Life Insurance Co., Ltd.
PRC	the People's Republic of China
Reporting Period	the year ended 31 December 2013
Resource Property	Shanghai Resource Property Consultancy Co., Ltd.
RMB	Renminbi, the lawful currency of the PRC
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Sanyuan	Beijing Sanyuan Foods Co., Ltd.
Shanjiaowulin	Shanxi Coking Coal Group Wulin Coal Coke Development Co., Ltd.
Shares	the shares of the Company
Share Option Scheme	the share option scheme of the Company adopted on 19 June 2007
Sinopharm	Sinopharm Group Co. Ltd.
Star Capital	Shanghai Star Equity Investment L.P.
Starcastle Senior Living	Starcastle Senior Living Corporation
St. John	St. John Knits International, Incorporated
USD	United States dollars, the lawful currency of the United States
Weishi Fund	Shanghai Fosun Weishi Phase I Equity Investment Fund Partnership (L.P.)
Xinghong Fund	Shanghai Xinghong Phase I Equity Investment Fund Partnership L.P.
Yong'an P&C Insurance	Yong'an Property Insurance Company Limited
Yuyuan	Shanghai Yuyuan Tourist Mart Co., Ltd.
Zendai	Shanghai Zendai Property Limited
Zhaojin Mining	Zhaojin Mining Industry Co., Ltd.

China

Expertise Global

Capacity