FOSUN 复星

FOSUN INTERNATIONAL LIMITED

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

(Stock Code: 0656)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

FINANCIAL SUMMARY

	For the year ended 31 December	
In RMB million	**2008**	2007
Revenue	**40,250.3***	31,977.1*
Contribution of each segment to revenue		
Pharmaceuticals	**3,699.2**	3,631.6
Property development	**3,733.3**	3,976.6
Steel	**30,930.0**	23,972.1
Mining	**3,106.6**	743.5
Profit attributable to equity holders of the parent	**1,328.4**	3,354.3
Contribution of each segment to the profit attributable to equity holders of the parent		
Pharmaceuticals	**261.4**	164.5
Property development	**57.6**	383.8
Steel	**118.0**	1,845.1
Mining	**1,285.1**	592.9
Retail, service and others (including unallocated expenses)	**(393.7)**	368.0
Earnings per share *(in RMB)*	**0.21**	0.59
Dividend per share *(in HKD)*	**0.08**	0.17

*Notes: Intersegment sales in the amounts of RMB 1,218.8 million and RMB 346.7 million have been eliminated in the consolidated revenue for the years 2008 and 2007, respectively.

The board of directors (the "**Board**") of Fosun International Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2008 (the "**Reporting Period**") as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 RMB'000	2007 RMB'000
REVENUE	3	**40,250,293**	31,977,105
Cost of sales		**(32,221,179)**	(25,024,737)
Gross profit		**8,029,114**	6,952,368
Other income and gains	3	**1,673,586**	3,128,064
Selling and distribution costs		**(1,170,007)**	(1,039,606)
Administrative expenses		**(1,659,109)**	(1,344,499)
Other expenses		**(1,792,158)**	(552,637)
Finance costs	5	**(1,362,623)**	(1,276,181)
Share of profits and losses of:			
Jointly-controlled entities		**(6,307)**	5,631
Associates		**154,456**	1,074,964
PROFIT BEFORE TAX	4	**3,866,952**	6,948,104
Tax	6	**(1,149,068)**	(1,439,991)
PROFIT FOR THE YEAR		**2,717,884**	5,508,113
Attributable to:			
Equity holders of the parent		**1,328,391**	3,354,326
Minority interests		**1,389,493**	2,153,787
		2,717,884	5,508,113
Dividends			
Proposed final	7	**453,051**	1,022,219
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
- Basic (RMB)	8	**0.21**	0.59

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	Notes	2008 RMB'000	2007 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**16,378,577**	15,598,578
Investment properties		**429,000**	456,000
Prepaid land lease payments		**893,404**	908,376
Exploration and evaluation assets		**386,645**	-
Mining rights		**1,110,721**	546,469
Intangible assets		**28,826**	25,352
Goodwill		**90,591**	108,152
Interests in jointly-controlled entities		**632,481**	381,055
Interests in associates		**5,947,063**	6,847,994
Held-to-maturity investments		**63,761**	-
Available-for-sale investments		**1,905,289**	2,188,057
Properties under development		**6,666,100**	6,009,593
Loans receivable		**220,000**	220,000
Prepayments		**1,156,383**	1,547,278
Deferred tax assets		**663,330**	283,426
Total non-current assets		**36,572,171**	35,120,330
CURRENT ASSETS			
Cash and bank balances		**11,691,015**	14,144,004
Equity investments at fair value through profit or loss		**1,534,899**	90,437
Available-for-sale investments		-	205,000
Trade and notes receivables	9	**2,441,440**	2,924,246
Prepayments, deposits and other receivables		**2,793,980**	3,320,208
Inventories		**6,203,675**	6,470,854
Completed properties for sale		**987,604**	746,538
Properties under development		**6,121,600**	3,405,440
Due from related companies		**830,953**	530,506
		32,605,166	31,837,233
Non-current assets held for sale		**594,430**	-
Total current assets		**33,199,596**	31,837,233

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008 (continued)

	Notes	2008 RMB'000	2007 RMB'000
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**15,228,528**	14,890,502
Trade and notes payables	10	**5,180,426**	4,486,157
Accrued liabilities and other payables		**5,931,574**	7,612,814
Tax payable		**1,385,710**	972,091
Due to the holding company		**568,819**	-
Due to related companies		**864,135**	815,464
Total current liabilities		**29,159,192**	28,777,028
NET CURRENT ASSETS		**4,040,404**	3,060,205
TOTAL ASSETS LESS CURRENT LIABILITIES		**40,612,575**	38,180,535
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**9,169,761**	6,879,740
Loans from related companies		**152,193**	147,719
Deferred income		**47,702**	21,735
Other long-term payables		**634,251**	737,472
Deferred tax liabilities		**565,581**	423,244
Total non-current liabilities		**10,569,488**	8,209,910
Net assets		**30,043,087**	29,970,625
EQUITY			
Equity attributable to equity holders of the parent:			
Issued capital		**621,497**	622,962
Reserves		**18,795,730**	18,188,934
Proposed final dividend		**453,051**	1,022,219
		19,870,278	19,834,115
Minority interests		**10,172,809**	10,136,510
Total equity		**30,043,087**	29,970,625

NOTES TO THE ACCOUNTS

1.1 BASIS OF PRESENTATION

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

1.2 ADOPTION OF NEW AND REVISED HKFRSs

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

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement* and HKFRS 7 *Financial Instruments: Disclosures – Reclassification of Financial Assets*
HK(IFRIC)-Int 11	HKFRS 2 *Group and Treasury Share Transactions*
HK(IFRIC)-Int 12	*Service Concession Arrangements*
HK(IFRIC)-Int 14	HKAS 19 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The adoption of these new interpretations and amendments has had no significant financial effect on these financial statements.

1.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

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

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*[1]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment - Vesting Conditions and Cancellations*[1]
HKFRS 3 (Revised)	*Business Combinations*[2]
HKFRS 8	*Operating Segments*[1]
HKAS 1 (Revised)	*Presentation of Financial Statements*[1]
HKAS 23 (Revised)	*Borrowing Costs*[1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*[1]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*[2]
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*[3]
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*[1]
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*[4]
HK(IFRIC)-Int 17	*Distribution of Non-cash Assets to Owners*[2]
HK(IFRIC)-Int 18	*Transfers of Assets from Customers*[2]

Apart from the above, the Hong Kong Institute of Certified Public Accountants has also issued *Improvements to HKFRSs** which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendment to HKFRS 5 which is effective for annual periods beginning on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 July 2008
[4] Effective for annual periods beginning on or after 1 October 2008
*Improvements to HKFRSs contains amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

1.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs (continued)

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

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

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

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

HKFRS 8, which will replace HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group expects to adopt HKFRS 8 from 1 January 2009.

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group expects to adopt HKAS 1 (Revised) from 1 January 2009.

Except as stated above, the Group expects that the adoption of the above new and revised HKFRSs is unlikely to have a significant impact on the Group's financial statements in the period of initial application.

2. SEGMENT INFORMATION

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Mainland China, and over 90% of the Group's assets are located in Mainland China.

The Group’s operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group’s business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

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

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

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

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

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

2. SEGMENT INFORMATION (continued)
Year ended 31 December 2008

	Pharmaceutical RMB'000	Property development RMB'000	Steel RMB'000	Mining RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:							
Sales to external customers	3,699,190	3,731,754	30,929,970	1,889,379	-	-	40,250,293
Intersegment sales	-	1,501	-	1,217,288	-	(1,218,789)	-
Other income and gains	441,406	27,223	706,620	164,815	28,064	(15,657)	1,352,471
Total	4,140,596	3,760,478	31,636,590	3,271,482	28,064	(1,234,446)	41,602,764
Segment results	**470,720**	**913,408**	**1,860,431**	**1,885,381**	**(272,253)**	**-**	**4,857,687**
Interest and dividend income	27,107	23,223	96,607	19,894	154,284	-	321,115
Unallocated expenses	-	-	-	-	-	-	(97,376)
Finance costs	(154,097)	(44,421)	(930,521)	(45,603)	(187,981)	-	(1,362,623)
Share of profits and losses of							
- jointly-controlled entities	47	(6,354)	-	-	-	-	(6,307)
- associates	375,666	1,222	(601,623)	319,292	59,899	-	154,456
Profit before tax	719,443	887,078	424,894	2,178,964	(246,051)	-	3,866,952
Tax	(74,745)	(645,472)	(141,046)	(233,720)	(54,085)	-	(1,149,068)
Profit for the year	644,698	241,606	283,848	1,945,244	(300,136)	-	2,717,884
Segment assets	4,376,768	19,076,154	25,735,633	5,667,837	14,372,385	(6,036,554)	63,192,223
Interests in jointly-controlled entities	3,249	629,232	-	-	-	-	632,481
Interests in associates	2,503,136	256,278	1,474,648	585,769	1,127,232	-	5,947,063
Total assets	**6,883,153**	**19,961,664**	**27,210,281**	**6,253,606**	**15,499,617**	**(6,036,554)**	**69,771,767**
Segment and total liabilities	**3,093,008**	**14,111,465**	**18,498,453**	**1,909,569**	**7,958,467**	**(5,842,282)**	**39,728,680**
Other segment information:							
Depreciation and amortisation	152,185	19,276	1,281,742	212,382	5,785	-	1,671,370
Impairment losses for non-current assets	18,875	197,191	700	114,516	47,238	-	378,520
Provision and impairment for current assets	3,592	80,456	660,480	27,597	-	-	772,125
Research and development costs	57,447	-	82,111	8,703	-	-	148,261
Fair value loss on fair value adjustments of investment properties	-	27,000	-	-	-	-	27,000
Fair value loss on equity investments at fair value through profit or loss	24	-	-	-	9,276	-	9,300
Capital expenditure	241,329	35,835	1,894,997	697,614	20,081	-	2,889,856

2. SEGMENT INFORMATION (continued)

Year ended 31 December 2007

	Pharmaceutical RMB'000	Property development RMB'000	Steel RMB'000	Mining RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue:							
Sales to external customers	3,631,649	3,974,620	23,972,085	398,751	-	-	31,977,105
Intersegment sales	-	2,027	-	344,765	-	(346,792)	-
Other income and gains	333,281	528,929	1,235,650	53,196	426,233	(15,576)	2,561,713
Total	3,964,930	4,505,576	25,207,735	796,712	426,233	(362,368)	34,538,818
Segment results	**360,414**	**1,282,486**	**4,479,835**	**417,313**	**184,436**	**-**	**6,724,484**
Interest and dividend income	23,864	8,447	117,077	27,563	389,400	-	566,351
Unallocated expenses							(147,145)
Finance costs	(132,524)	(15,140)	(826,397)	(23,567)	(278,553)	-	(1,276,181)
Share of profits and losses of							
- jointly-controlled entities	225	5,406	-	-	-	-	5,631
- associates	217,417	31,270	221,330	357,014	247,933	-	1,074,964
Profit before tax	469,396	1,312,469	3,991,845	778,323	543,216	-	6,948,104
Tax	(61,412)	(551,487)	(775,035)	(24,010)	(28,047)	-	(1,439,991)
Profit for the year	407,984	760,982	3,216,810	754,313	515,169	-	5,508,113
Segment assets	4,586,395	17,539,030	25,202,744	3,774,173	12,061,089	(3,434,917)	59,728,514
Interests in jointly-controlled entities	3,725	377,330	-	-	-	-	381,055
Interests in associates	2,194,706	406,519	2,279,825	890,143	1,076,801	-	6,847,994
Total assets	**6,784,826**	**18,322,879**	**27,482,569**	**4,664,316**	**13,137,890**	**(3,434,917)**	**66,957,563**
Segment and total liabilities	**3,104,844**	**12,713,292**	**18,001,728**	**1,508,010**	**5,070,505**	**(3,411,441)**	**36,986,938**
Other segment information:							
Depreciation and amortisation	278,353	14,858	1,219,503	64,975	4,656	-	1,582,345
Impairment losses for non-current assets	84,384	3,683	7,445	12,083	8,000	-	115,595
Provision and impairment for current assets	5,653	438	49,030	(1,015)	-	-	54,106
Research and development costs	39,261	270	36,859	2,117	-	-	78,507
Fair value gains on value adjustments of investment properties	-	(10,000)	-	-	-	-	(10,000)
Fair value loss on equity investments at fair value through profit or loss	-	-	-	-	3,124	-	3,124
Capital expenditure	537,156	52,580	1,695,947	372,654	7,464	-	2,665,801

3. REVENUE, OTHER INCOME AND GAINS

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

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

	2008	2007
	RMB'000	RMB'000
Sale of goods:		
Pharmaceutical products	**3,683,947**	3,610,898
Properties	**3,857,386**	4,022,390
Iron and steel products	**30,441,286**	24,115,805
Iron concentrates	**2,596,142**	507,611
	40,578,761	32,256,704
Rendering of services:		
Property agency	**48,098**	160,034
Construction supervisory	**9,234**	4,779
Property sales planning and advertising	**6,167**	9,847
Others	**84,243**	60,165
	147,742	234,825
Subtotal	**40,726,503**	32,491,529
Less: Government surcharges	**(476,210)**	(514,424)
	40,250,293	31,977,105
Other income		
Interest income	**252,179**	522,299
Dividends from available-for-sale investments	**66,763**	42,635
Dividends from equity investments at fair value through profit or loss	**2,173**	1,417
Gross rental income	**45,170**	35,036
Sale of scrap materials	**88,864**	41,059
Government grants	**416,624**	90,358
Consultancy income	**87,970**	31,151
Excess over the cost of business combinations realised as income	**6,520**	141,187
Others	**54,110**	26,235
	1,020,373	931,377

3. REVENUE, OTHER INCOME AND GAINS (continued)

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

	2008 **RMB'000**	2007 RMB'000
Gains		
Gain on disposal of subsidiaries	**4,710**	41,656
Gain on disposal of partial interests in subsidiaries	**246,183**	1,350,577
Gain on disposal of associates	**172,541**	46,667
Gain on disposal of jointly controlled entities	**-**	93,614
Gain on disposal of partial interests in associates	**4,347**	364,741
Gain on deemed disposal of an interest in an associate	**28,658**	-
Gain on disposal of items of property, plant and equipment	**21,019**	9,504
Gain on disposal of available-for-sale investments	**161,305**	153,433
Gain on disposal of equity investments at fair value through profit or loss	**14,450**	118,110
Gain on fair value adjustment of investment properties	**-**	10,000
Gain on termination of derivative investment	**-**	8,385
	653,213	2,196,687
Other income and gains	**1,673,586**	3,128,064
Total revenue, other income and gains	**41,923,879**	35,105,169

4. PROFIT BEFORE TAX

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

	2008 **RMB'000**	2007 RMB'000
Cost of sales	**32,221,179**	25,024,737
Staff costs (including Directors' emoluments):		
Wages and salaries	**1,482,515**	1,255,637
Accommodation benefits:		
Defined contribution fund	**98,761**	85,705
Retirement costs:		
Defined contribution fund	**239,434**	189,378
Total staff costs	**1,820,710**	1,530,720

4. PROFIT BEFORE TAX (continued)

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

	2008 **RMB'000**	2007 RMB'000
Research and development costs	**148,261**	78,507
Auditors' remuneration	**15,500**	14,450
Inventories written off	**1,754**	14,200
Depreciation of items of property, plant and equipment	**1,554,480**	1,531,988
Amortisation of prepaid land lease payments	**18,962**	19,589
Amortisation of mining rights	**72,011**	19,504
Amortisation of intangible assets	**25,917**	11,264
Provision/(reversal) for impairment of receivables	**16,125**	(11,509)
Provision for inventories	**675,544**	65,615
Provision for properties under development	**80,456**	-
Provision for impairment of items of property, plant and equipment	**133,391**	10,845
Provision for impairment of available-for-sale investments	**238,164**	8,000
Provision for impairment of goodwill	**6,965**	96,750
Operating lease rentals	**32,182**	48,850
Exchange loss, net	**159,113**	81,167
Loss on disposal of subsidiaries	**-**	2,698
Loss on disposal of available-for-sale investments	**2,476**	-
Loss on deemed disposal of an interest in an associate	**25,238**	-
Loss on disposal of items of property, plant and equipment	**19,362**	52,784
Provision for indemnity of LAT	**15,624**	30,354
Fair value loss on equity investments at fair value through profit or loss	**9,300**	3,124
Fair value loss on fair value adjustments of investment properties	**27,000**	-

5. FINANCE COSTS

	2008 **RMB'000**	2007 RMB'000
Interest on bank and other borrowings	**1,721,830**	1,409,868
Incremental interest on other long term payables	**33,873**	12,936
	1,755,703	1,422,804
Less: Interest capitalised, in respect of bank and other borrowings	**(467,356)**	(275,512)
Interest expenses, net	**1,288,347**	1,147,292
Interest on discounted bills	**60,244**	96,036
Interest on finance leases	**272**	11,028
Bank charges and other financial costs	**13,760**	21,825
Total finance costs	**1,362,623**	1,276,181

6. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. The lower Hong Kong profits tax rate is effective from the year of assessment 2008/2009, and so is applicable to the assessable profits arising in Hong Kong for the whole year ended 31 December 2008. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The provision for Mainland China current income tax is based on a statutory rate of 25% (2007: 33%) of the assessable profits of the Group as determined in accordance with PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China, which are exempted or taxed at preferential rates of 12.5% to 20%.

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

The major components of income tax expenses for the years ended 31 December 2008 and 2007 are as follows:

	2008	2007
	RMB'000	RMB'000
Group:		
Current – Hong Kong	**37,832**	11,893
Current – Mainland China		
- Income tax in Mainland China for the year	**914,217**	1,330,851
- LAT in Mainland China for the year	**477,578**	317,335
Deferred tax	**(280,559)**	(220,088)
Income tax expenses for the year	**1,149,068**	1,439,991

7. DIVIDENDS

	2008	2007
	RMB'000	RMB'000
Proposed final –HKD0.08 (2007: HKD0.17) per ordinary share	**453,051**	1,022,219

On 11 March 2009, the Board resolved to propose a final dividend for the year ended 31 December 2008 of HKD0.08 per ordinary share, subject to the approval of the forthcoming annual general meeting of the Company.

The proposed final dividend of HKD0.17 per ordinary share for the year ended 31 December 2007 was declared payable and approved by the shareholders at the annual general meeting of the Company on 17 June 2008.

8. EARNINGS PER SHARE

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

	2008	2007
Profit attributable to equity holders of the parent (RMB thousands)	**1,328,391**	3,354,326
Weighted average number of ordinary shares in issue (thousands)	**6,423,147**	5,660,103
Earnings per share (RMB)	**0.21**	0.59

The weighted average number of shares used to calculate the basic earnings per share for the year ended 31 December 2008 is the number of ordinary shares in issue during the year, after taking into account the repurchase of ordinary shares by the Company.

No diluted earnings per share amount is presented for the years ended 31 December 2008 and 2007, as no diluting events existed during these years.

9. TRADE AND NOTES RECEIVABLES

	2008 RMB'000	2007 RMB'000
Trade receivables	**1,068,676**	1,454,074
Notes receivable	**1,372,764**	1,470,172
	2,441,440	2,924,246

An aged analysis of trade receivables as at the balance sheet date is as follows:

	2008 RMB'000	2007 RMB'000
Outstanding balances with ages:		
Within 90 days	**939,067**	1,129,012
91 - 180 days	**75,258**	159,254
181 - 365 days	**35,977**	150,071
1 - 2 years	**26,742**	25,988
2 - 3 years	**8,906**	10,003
Over 3 years	**61,040**	109,108
	1,146,990	1,583,436
Less: Provision for impairment of trade receivables	**(78,314)**	(129,362)
	1,068,676	1,454,074

10. TRADE AND NOTES PAYABLES

	2008 RMB'000	2007 RMB'000
Trade payables	**3,173,599**	3,326,879
Notes payables	**2,006,827**	1,159,278
	5,180,426	4,486,157

An aged analysis of the trade payables as at the balance sheet date is as follows:

	2008 RMB'000	2007 RMB'000
Outstanding balances with ages:		
Within 90 days	**2,484,540**	1,990,063
91 - 180 days	**402,703**	676,200
181 - 365 days	**54,503**	383,744
1 - 2 years	**175,311**	188,341
2 - 3 years	**34,965**	52,563
Over 3 years	**21,577**	35,968
	3,173,599	3,326,879

11. SUBSEQUENT EVENTS

(a) Subsequent to the balance sheet date and up to the date when the financial statements are approved by the Board, the Company has acquired an aggregate of 12,472,347 American depositary shares of Focus Media Holding Limited ("**Focus Media ADSs**") for a total consideration of approximately RMB618,096,000 on the open market in NASDAQ. As at the date when the financial statements are approved by the Board, the Company holds an aggregate of 34,358,577 Focus Media ADSs, representing approximately 26.53% of the total issued share capital of Focus Media Holding Limited ("**Focus Media**") (NASDAQ: FMCN).

(b) On 16 February 2009, Shanghai Qishen Investment Co., Ltd. ("**Qishen Investment**"), a subsidiary of the Company, and China National Pharmaceutical Group Corporation ("**Sinopharm Group**") agreed to inject capital of RMB294,000,000 and RMB306,000,000 respectively, into Sinopharm Industrial Investment Company Limited ("**Sinopharm Investment**") in proportion to their shareholdings in Sinopharm Investment. Upon completion of the capital increase, Qishen Investment and Sinopharm Group will continue to hold 49% and 51% equity interests in Sinopharm Investment, respectively.

(c) On 27 February 2009, Nanjing Iron & Steel United Co., Ltd. ("**Nanjing Steel United**"), a 60% owned subsidiary of the Company, and Hangzhou Iron and Steel Group Company ("**Hangzhou Iron & Steel**") entered into a share transfer agreement, pursuant to which, Nanjing Steel United has agreed to dispose of its entire 20% equity interest in Ningbo Iron & Steel Co., Ltd. ("**Ningbo Steel**") to Hangzhou Iron & Steel, at a consideration of RMB720,000,000.

(d) On 27 February 2009, Shanghai Fosun Industrial Investment Co., Ltd. ("**Fosun Industrial Investment**"), a wholly-owned subsidiary of the Company, and Shanghai Xingye Investment Development Co., Ltd. ("**Xingye Investment**") entered into a share transfer agreement, pursuant to which, Fosun Industrial Investment has agreed to dispose of its entire 19.74% equity interest in Tebon Securities Co., Ltd. ("**Tebon Securities**") to Xingye Investment at a consideration of RMB243,041,000.

(e) On 27 February 2009, Nanjing Steel United, commenced public offer of the corporate bonds amounting to not more than RMB2,500,000,000 with maturity of seven years to domestic institutional investors in the People's Republic of China to satisfy its operational needs and improve its debt structure after obtaining the approval of the National Development and Reform Commission of the PRC.

BUSINESS REVIEW

2008 saw tough domestic and international economic conditions and severe fluctuations in cyclical industries. Confronting the crisis head on, the Group on one hand, persisted in the further development of its three core values, continuing to optimise management, identify and capture investment opportunities and raise high quality capital through multiple channels; on the other hand, the Group made timely optimal adjustments to the structure of its asset portfolio in according to market change and strengthened its ability to cope with the crisis. During the Reporting Period, although steel and property development businesses were being challenged, the financial status of the Group remained sound and the Group had abundant cash on hand. With the efforts of all staff and the Group's fundamental competitive advantages, the Group continued to make steady improvements in aspects such as cost control, product innovation, market development, risk management and brand building. The profits contributed from the pharmaceuticals and mining segments of the Group recorded substantial growth. With its diversified source of profit, the Group can better resist the crisis as compared to other companies which are engaged in a single industry.

During the Reporting Period, the consolidated revenue of the Group amounted to RMB40,250.3 million, representing a year-on-year increase of 25.9%. The profit attributable to equity holders of the parent was RMB1,328.4 million, representing a year-on-year decrease of 60.4%.

1. ANALYSIS OF MAIN REASONS AFFECTING THE GROUP'S PERFORMANCE

The two main reasons for the decline in profit of the Group in the Reporting Period were (i) non-recurring loss during the Reporting Period while there were significant non-recurring incomes and gains recorded in 2007, and (ii) the losses recorded by the steel segment in the second half of 2008 while there was a substantial profit contribution from this segment.

The major reason for non-recurring loss was impairment provisions for part of long-term assets of the Group and exchange loss incurred at the holding companies level.

The major reason for the loss recorded by the steel segment for the second half of 2008 was the substantial operating pressure endured by Ningbo Steel in the second half of 2008 amid a sharp industrial-wide correction. Other reasons for the declines in performance of this segment included drastic declines in steel prices in the second half of 2008, provision for inventory and reduced product output from portfolio companies because of weak market demand for iron and steel.

2. CONTINUOUSLY OPTIMISE MANAGEMENT AND STEADILY ENHANCE CORE COMPETITIVENESS

2.1 Pharmaceuticals

The Group is engaged in the pharmaceuticals business through Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("**Fosun Pharma**") (600196.SH), a subsidiary of the Company listed on the Shanghai Stock Exchange. The major business areas of Fosun Pharma include the manufacture, research and development, distribution and retail of pharmaceuticals.

During the Reporting Period, the pharmaceuticals segment contributed RMB261.4 million to profit attributable to equity holders of the parent, representing an increase of 58.9% compared to 2007.

The performance of the pharmaceuticals segment was mainly reflected in the following two aspects:

1) During the Reporting Period, the pharmaceutical manufacturing and research and development business of Fosun Pharma recorded a year-on-year growth of profit.

2) Sinopharm Holding Co., Ltd. ("**Sinopharm Holding**"), a major associate of the Group, continued to maintain its rapid growth and further consolidated its dominant industry ranking in the market.

2.2 Property Development

The Group is engaged in the property development business through Shanghai Forte Land Co., Ltd. ("**Forte**") (2337.HK), a subsidiary of the Company listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Confronted with a continued downward trend in the property market, Forte promptly adopted various measures including responding to market changes by, among others, actively slow down land acquisition plans and stepping up efforts in sales promotion to mitigate operational risks. During the Reporting Period, the newly acquired land reserve in terms of planned gross floor area (“**GFA**”) attributable to Forte was approximately 1,270,000 sq.m., a decrease of approximately 54% compared to 2007.

Forte's main achievements during the Reporting Period are as follows:

Project Development

During the Reporting Period, Forte had a total of 34 projects under development (including projects undertaken by joint ventures of Forte) with an aggregate GFA of approximately 3,307,175 sq.m., of which the aggregate GFA attributable to Forte was approximately 2,393,126 sq.m..

Land Bank

As at the end of the Reporting Period, the planned aggregate GFA of Forte's land bank amounted to 7,783,498 sq.m. (the planned GFA attributable to Forte was approximately 4,905,340 sq.m.) located in 11 cities, including Shanghai, Beijing, Chengdu, Wuhan, Wuxi, Hangzhou, Chongqing, Tianjin, Nanjing, Xi’an and Changchun.

Property Sales

During the Reporting Period, Forte sold properties with an aggregate GFA of approximately 540,314 sq.m., of which approximately 356,407 sq.m. was attributable to Forte, representing a year-on-year decrease of 34.4%.

Property Booked

During the Reporting Period, total GFA booked amounted to 550,765 sq.m., and the GFA booked attributable to Forte amounted to 361,051 sq.m., representing a year-on-year decrease of 33.7%.

2.3 Steel

The Group is engaged in iron and steel operations mainly through Nanjing Steel United, and has investments in Tangshan Jianlong Industrial Co., Ltd. (“**Jianlong Group**”) and Ningbo Steel, both are associates of the Group.

The major portfolio companies of the Group in the steel segment include:

Major portfolio companies	Major products	Output of crude steel in 2008 (million tonnes)	Effective equity interest
Nanjing Steel United	Medium and heavy plates and bars and wire rods	5.74	60.0%
Jianlong Group	Medium wide hot and cold strips, hot-rolled coils, bars and wire rods	6.54	26.7%
Ningbo Steel	Steel billets and hot rolled coils	2.84	20.0%*

*The Group owned 20% equity interest in Ningbo Steel through Nanjing Steel United and held 30.5% equity interest in Ningbo Steel through Jianlong Group.

During the Reporting Period, the steel industry experienced significant fluctuations. Nanjing Steel United sold 5.22 million tonnes of steel in 2008. According to the statistics of the China Iron & Steel Association, among steelmakers with a production capacity of over 5 million tonnes, Nanjing Steel United ranked number 2 in total asset contribution, number 3 in return on net assets and number 4 in the overall efficiency index, per capita profit and per capita profit tax.

After prudent evaluation, the Group considered that the shareholding structure of Ningbo Steel was unfavourable to bringing the advantages of integration into full play and entered into an agreement to dispose of its equity interest in Ningbo Steel for RMB720.0 million on 27 February 2009.

2.4 Mining

During the Reporting Period, contribution of the mining segment to the profit attributable to equity holders of the parent was RMB1,285.1 million, representing a year-on-year increase of 116.7%. The major portfolio companies of the Group in the mining segment include:

Major portfolio companies	Major products	Output in 2008	Effective equity interest	Notes to changes in effective equity interest
Hainan Mining United Co., Ltd. (“**Hainan Mining**”)	Lump ore and refined ferrous powder	A total of 2.75 million tonnes of lump ore and refined ferrous powder	60%	No change

Anhui Jin'an Mining Co., Ltd. ("**Jin'an Mining**")	Refined ferrous powder	0.63 million tonnes of refined ferrous powder	60%	No change
Beijing Huaxia Jianlong Mining Technology Co., Ltd. ("**Huaxia Mining**")	Refined ferrous powder	2.74 million tonnes of refined ferrous powder	18.4%	No change
Shanxi Coking Coal Group Wulin Coal Coke Development Co., Ltd. ("**Shanjiaowulin**")	Coke, methanol and raw coal	0.78 million tonnes of coke	20%	No change
Zhaojin Mining Industry Co., Ltd. ("**Zhaojin Mining**") (1818.HK)	Gold	17,619 kg (approximately 499.5 thousand ounces) of gold	17.1%*	Agreement has been entered into in relation to the transfer of 10.91% equity interest during the Reporting Period
Zunyi County Shiji Nonferrous Metals Liability Company ("**Zunyi Shiji**")	Ammonium molybdate	24.9 tonnes of ammonium molybdate	55%	Subsidiary acquired during the Reporting Period

* The Group directly owned 14.5% equity interest in Zhaojin Mining and indirectly held 15.3% equity interest in Zhaojin Mining through Yuyuan.

Since August 2008, prices of iron ore have dropped significantly, but the Group's mining business segment recorded remarkable earnings. The major strengths and results of the mining segment are attributable to:

1) the production cost advantages of the Group's subsidiaries such as Hainan Mining;

2) the cost advantages of the initial investment in the mining business segment by the Group;

3) the prompt adjustment made by Hainan Mining to its production plan and its enhanced efforts in the mining of ores amidst high ore prices in the first half of 2008;

4) the continued improvement in management and operations of Hainan Mining, which enhanced the pricing and sales ability of its products.

2.5 Retail, Service and Strategic Investments

The Group's major investments in the retail and service industries include its 17.3% equity interest in Shanghai Yuyuan Tourist Mart Co., Ltd. ("**Yuyuan**") (600655.SH). The Group is the largest single shareholder of Yuyuan. During the Reporting Period, contribution of Yuyuan to profit attributable to equity holders of the parent was RMB51.9 million. Revenue was RMB7,805.9 million, the highest recorded over the past years. The improvement in the results of the principal business of Yuyuan was mainly attributable to the steady growth of its core retail business, in particular of gold. During the Reporting Period, the Group's investments in the retail industry and service industry also included its 19.74% equity interest in Tebon Securities. The contribution of Tebon Securities to profit attributable to equity holders of the parent was RMB23.9 million. The Group entered into an agreement to dispose of its interests in Tebon Securities on 27 February 2009.

Strategic investment is a major business of the Group. It also demonstrates the Group's ability to identify promising investment opportunities in the PRC. During the Reporting Period, the Group invested in various strategic investment projects, including Focus Media, one of the largest digital media groups in the PRC.

The Group considers new media to belong to the light asset industry which generates steady cash flow, benefits from the development of demand in the PRC and meets the Group's needs in optimising and adjusting its asset structure. Focus Media is a leading enterprise in its industry and its products cover various media such as visual media in commercial buildings targeting special respondents which can be mutually integrated. Amid the drastic decline of overseas capital markets, the Group has captured the opportunity to invest in Focus Media at just the right time. At the end of the Reporting Period, the Group acquired 16.9% equity interest in Focus Media for USD193.1 million. The Group is currently the single largest shareholder of Focus Media.

3. CONTINUE TO IDENTIFY AND CAPTURE INVESTMENT OPPORTUNITIES

With the development of the global financial crisis and drastic declines in asset values during the Reporting Period, many valuable investment opportunities have emerged. The Group anticipates that the worst is yet to come for the current economic crisis. Bearing this in mind, the Group will, on the basis of prudent evaluation and upholding the principle of maximising shareholders' interests, make proper use of existing financial resources to propel integration among segments, actively drive members of the Group to participate in industry integration at low costs, moderately increase the proportion of light assets and weak cyclical industry assets, increase asset liquidity and optimise and adjust the asset structure of the Group.

In respect of driving industry integration among segments: During the Reporting Period, Fosun Pharma completed the transfer of its 23% equity interest in Shanghai Friendship Fosun (Holding) Co., Ltd. to Yuyuan, basically completing the integration of the internal retail business of the Group. Meanwhile, Yuyuan entered into an agreement with the Group to acquire 10.91% equity interest in Zhaojin Mining Industry Company Limited ("**Zhaojin Mining**"). Upon completion of the transfer, the percentage of shares held by Yuyuan in Zhaojin Mining will have increased from 15.27% to 26.18%, thus enhancing the integration of upstream industries by Yuyuan.

In respect of driving the participation of existing industries in industry integration and acquisition: In the pharmaceuticals segment, Fosun Pharma invested in an overseas-listed pharmaceutical enterprise during the Reporting Period. As at the end of the Reporting Period, Fosun Pharma had invested USD13.1 million acquiring 12.1% equity interest in Tongjitang Chinese Medicines Company (NYSE: TCM), one of the largest domestic orthopaedic pharmaceutical manufacturing enterprises listed overseas. In the property development segment, Forte has, on one hand, continued acquiring interest in land at low costs and added a total GFA of approximately 1,270,000 sq.m. attributable to Forte to its land bank through the acquisition of project companies and by way of auction after prudent feasibility studies, and on the other hand, taken advantage of the opportunities of significant declines in the capital markets, acquiring additional shares of approximately 1.15% in Shanghai Zendai Property Limited ("**Zendai**") during the Reporting Period. In the mining segment, the Group has, at the same time, continued to expand investment in mining. During the Reporting Period, the Group acquired 55% equity interest of Zunyi Shiji at RMB190.0 million to fund the construction of a platform for non-ferrous mining. Meanwhile, Hainan Mining continues to aim at building up itself as a leading enterprise in small and medium mine exploration, and invested RMB223.3 million in mining projects in Xinjiang and Yunnan.

In respect of the optimisation of asset structure and allocation: The Group has a positive stance towards industries which benefit from the growth momentum of China, particularly those industries closely related to internal PRC demand such as pharmaceuticals, branded consumer products, commercial chains, new media and internet applications. The Company believes that these industries can not only better resist the current declining economic conditions but also generate steady cash flow, which is favourable to the optimisation of the Group's current asset structure. In late 2008, the Group invested in Focus Media, one of the largest digital media groups in the PRC, through securities trading on NASDAQ. During the Reporting Period, Fosun Pharma acquired 20% equity interest in the Chinese-style fast-food chain, Old Uncle Catering, which was one of the "Top 10 Catering Brands in the PRC" for RMB56.0 million. Also during the Reporting Period, Yuyuan acquired 5% equity interest in Asia Christine International Holding Co., Ltd., one of the largest western-style food chain enterprises in Shanghai for USD15.1 million. At the same time, the Group continued to pay attention to and seek investment opportunities which are currently undervalued and may enjoy sustained high growth in the future, such as investment opportunities in the resources industry.

In response to the current market changes, the Group promptly adjusted its investment strategy and shifted its investment focus from enterprises proposed to be listed to listed projects in the second half of 2008. In particular, it has increased investment in severely undervalued PRC enterprises listed overseas. Under the current special economic environment, the Group strictly evaluates various existing investment projects within the Group when increasing external investment. Assets which are incapable of meeting the Group's investment return requirements will be disposed of in a timely manner, thus reducing risk and releasing funds to allow the Group to capture different investment opportunities.

4. CONSTRUCT A MULTI-CHANNEL FINANCING SYSTEM

During the Reporting Period, relatively satisfactory results were achieved in multi-channel financing under the backdrop of banks being prudent in granting loans as a result of the overseas financial crisis and domestic macro-economic control measures.

As at the end of the Reporting Period, the Group's total debt to total capitalisation ratio was 45.0%. Cash and bank deposits were RMB11,691.0 million. Unused credit facilities amounted to RMB19,055.2 million. In line with state policy, the Group has made full use of the advantages of financing platforms in the PRC and Hong Kong to step up efforts in medium-to-long-term debt financing, and switched from fixed rates to floating rates of interest in a timely manner. It has also taken advantage of reduced interest rates to reduce financing costs. After obtaining the approval of the National Development and Reform Commission of the PRC, Nanjing Steel United commenced the issue of 7-year RMB2.5 billion corporate bonds in February 2009. As at 31 December 2008, the percentage of medium-to-long-term debts in total interest-bearing debts of the Group reached 37.6% and 76.2% of the interest-bearing debts are subject to floating rates. The optimised debt structure and declining financing costs facilitate the Group in better coping with the crisis.

5. ENHANCE RISK CONTROL

During the Reporting Period, the Group did not purchase any high-risk, high-leverage financial derivatives, ensuring the security of assets and a reasonable debt ratio with controlled operating risk.

FINANCIAL REVIEW

PROFIT CONTRIBUTION OF EACH BUSINESS SEGMENT

The profit attributable to equity holders of the parent in 2008 was RMB1,328.4 million, representing a decrease of 60.4% compared with RMB3,354.3 million in 2007. Details of the reasons for the decrease in profit are described below.

Pharmaceuticals: Profit contributed by the pharmaceuticals segment increased to RMB261.4 million in 2008 from RMB164.5 million in 2007. The significant increase was mainly due to rapid growth in the research and development and manufacture business of Fosun Pharma in 2008 and the continued and rapid growth in the performance of its associate Sinopharm Holding.

Property Development: Profit contributed by the property development segment decreased to RMB57.6 million in 2008 from RMB383.8 million in 2007. The decrease in profit contribution was primarily due to the impairment provision for available-for-sale investment in 2008 as opposed to the gains on disposal of equity interests in certain project companies in 2007.

Steel: Profit contributed by the steel segment decreased to RMB118.0 million in 2008 from RMB1,845.1 million in 2007. The significant decrease was due to the downturn of the steel market as a result of the price of steel products plummeting in the second half of 2008 within a short period. Furthermore, Nanjing Steel United, Ningbo Steel and Jianlong Group made impairment provision for inventories due to the decreasing price of steel products and raw materials, which further added to the decrease in profit contributed by the steel segment in 2008 as compared with that of 2007.

Mining: Profit contributed by the mining segment increased to RMB1,285.1 million in 2008 from RMB592.9 million in 2007. This substantial increase was mainly attributable to Hainan Mining, the subsidiary acquired in August 2007, the operating results of which were consolidated for the whole year of 2008. Jin'an Mining, a subsidiary of the Group and Huaxia Mining, an associate, contributed further to the operating profit of the mining segment with their increases in production capacity and average selling prices. In addition, the mining segment recognised an excess over the cost of business combination realised as income of RMB129.0 million arising from its acquisition of equity interest in Huaxia Mining in 2007. There was no such gain during the Reporting Period, and this partially offset the growth of operating profit in the mining business.

Retail, Service and Others: Profit contributed by the retail, service and others segment decreased to a loss of RMB393.7 million in 2008 from the profit of RMB368.0 million in 2007. During the Reporting Period, the core retail businesses, in particular the gold retail business operated by Yuyuan, an associate of the Group, maintained stable growth. However, profit contributed by the other retail businesses decreased compared with that of 2007, as the gain from the share transfer of equity interest in a property company was recognised in 2007 and there was no such gain in 2008. During the Reporting Period, affected by negative market conditions in 2008, profit contributed by Tebon Securities, decreased as compared with that of 2007. In addition, the Group recognised interest income of RMB211.7 million for frozen proceeds from the listing, a gain of RMB180.1 million on the disposal of part of its equity interest in Yuyuan, and an excess over the cost of business combination realised as income of RMB141.2 million arising from the acquisition of 60% equity interest in Hainan Mining. There were no such gains during the Reporting Period, and this expanded the difference in the profit contributed by the retail, service and others segment between 2007 and 2008.

REVENUE

In 2008, total consolidated revenue of the Group was RMB40,250.3 million, an increase of 25.9 % compared to RMB31,977.1 million in 2007. The growth of revenue was mainly due to the increase in revenue of the steel and mining segments in 2008 as compared to 2007, the details of which are described below.

Pharmaceuticals: Revenue of the pharmaceuticals segment was RMB3,699.2 million in 2008, which remained almost the same as compared with RMB3,631.6 million in 2007. Despite the deconsolidation of a former subsidiary Guangxi Huahong Pharmaceutical

(Group) Company Limited, which no longer qualified as a subsidiary from December 2007, and the deconsolidation of revenue of the subsidiary Hubei Tianxiaming Pharmaceutical Company Limited after it was disposed of in August 2008, the rapid development of the pharmaceutical manufacturing business still maintained stable revenue levels for the pharmaceuticals segment.

Property Development: Revenue of the property development segment decreased to RMB3,733.3 million in 2008 from RMB3,976.6 million in 2007. The decrease in revenue was mainly due to the decrease in GFA booked by Forte in 2008 as compared to 2007.

Steel: Revenue of the steel segment increased to RMB30,930.0 million in 2008 from RMB23,972.1 million in 2007. The revenue from the steel segment increased by 29.0%. Selling prices in the domestic steel market remained at high levels pushed by increasing costs in the first half of 2008, which resulted in a higher average selling price of steel products for Nanjing Steel United for the whole year of 2008 as compared to 2007. The increase was due to a further optimised product structure and continuous increases in the proportion of high value-added products, in particular medium and heavy plates. The volume and revenue of sales from medium and heavy plates were higher in 2008 as compared to 2007.

Mining: Revenue of the mining segment increased to RMB3,106.6 million in 2008 from RMB743.5 million in 2007. The significant increase was due to the incorporation of a newly acquired subsidiary, Hainan Mining into the account of the whole year of 2008 and the expansion in production capacity of the subsidiary, Jin'an Mining.

INTEREST EXPENSES

The interest expenses net of the capitalised amount of the Group increased from RMB1,254.4 million in 2007 to RMB1,348.9 million in 2008. This was mainly attributable to an increase in the loan amount. In 2008, the interest rate of the borrowings cost was approximately between 1.60% and 9.34%, compared with 2.13% and 9.84% in 2007.

TAXATION

Tax paid decreased from RMB1,440.0 million in 2007 to RMB1,149.1 million in 2008. The decrease was mainly attributable to the fall in the taxable profit of the steel business, which resulted in a decrease of income tax charge.

INDEBTEDNESS AND LIQUIDITY OF THE GROUP

As at 31 December 2008, total debt of the Group increased to RMB24,550.5 million from RMB21,918.0 million as at 31 December 2007, in particular, attributable to the increase in long-term borrowings. As at 31 December 2008, the ratio of total debt to total capitalisation was 45.0% as compared to 42.3% in 2007, and this was maintained at relatively stable levels throughout the year. Cash and bank balances of the Group was RMB11,691.0 million as at 31 December 2008. Healthy gearing ratios and sufficient financial resources will enhance the Group's ability to defend against risk exposure and provide support to the Group in its proposed capture of investment opportunities.

PLEDGED ASSET

As at 31 December 2008, the Group had pledged assets of RMB10,297.3 million (31 December 2007: RMB8,900.4 million) in order to obtain bank borrowings.

CONTINGENT LIABILITIES

The Group's contingent liabilities were RMB4,297.0 million as at 31 December 2008.

PROPOSED FINAL DIVIDEND

The Board has recommended the payment of a proposed final dividend of HKD 0.08 per ordinary share for the year ended 31 December 2008. Subject to the approval of the Company's equity holders at the Company's annual general meeting to be held on 19 June 2009, the proposed final dividend will be paid to the Company's equity holders on or around 16 July 2009.

FUTURE PROSPECTS

At the beginning of 2009, the economy of several developed countries and regions including the United States, Europe and Japan showed signs of recession. Despite positive support from the government and huge domestic demand, it is still difficult for China to achieve positive performance in a globalised economy. As the worst may yet be to come, international and domestic economic environments will remain tough throughout 2009. The Group believes that the fundamentals of China's economy and the core impetus fueling China's development remain intact. The prolonged industrialisation and urbanisation processes and the great consumption and investment demands will provide strong and sustained driving forces for the growth of enterprises in China. Moreover, through the 30 years of implementation of reform and open policies, the Chinese Government has accumulated extensive experience in the operation and management of the market economy so as to better respond to the crisis. As such, the Group has full confidence in the medium to long term development of China's economy.

In 2009, the Group will continue to attend to funding, secure further high quality capital through various channels and in the mean time, reduce the costs and risks of financing having taken the leverage of the flexible financing environment in the PRC for optimising the debt structure of the Group. The Group will provide support and assistance to all business segments in their involvement in industrial integration and consolidation to continuously enhance the Group's competitiveness and position in those industries. The Group will also further invest in industries such as natural resources, consumption industry and famous brands, appropriately increase the proportion of light assets and weak cyclical industry assets in its asset portfolio, optimise and adjust asset structure, adjust its investment portfolio to lower costs and further invest in overseas assets. The Group will continue to work towards attracting entrepreneurs and highly skilled individuals. Meanwhile, the Group will enhance consolidation of its various high quality research resources, further reinforce management control and risk prevention, and raise the standard and quality of service of its functional departments. Riding on its role as a corporate citizen and its attempt to be one of the best employers in China, the Group will continue to strive towards building its corporate brand.

Looking forward, 2009 is likely to be a year full of uncertainties for macro-economic development. Adhering to its corporate core values, the Group will respond to market changes and provide its portfolio companies with guidance and support in their strategic decisions, personnel deployment and comparison management. Meanwhile, the Group will continue to raise its competitive edge, enhance its ability to respond to risk and capture new opportunities. The Group's operations all benefit from the momentum of Chinese economic development. The Group has confidence to emerge from the crisis, develop rapidly and create value for its shareholders through its three core competitive strengths and the efforts of its employees.

POST BALANCE SHEET EVENTS

The post balance sheet events of the Group are set out in note 11 to the accounts.

CHANGE OF COMPANY SECRETARY

The Board announces that, with effect from 11 March 2009, Ms. Kam Mei Ha, Wendy ("**Ms. Kam**") resigned as the company secretary of the Company and Ms. Sze Mei Ming ("**Ms. Sze**") was appointed as the company secretary of the Company with effect from 11 March 2009. Ms. Sze is currently the senior compliance manager of the Company, holds a bachelor degree in Arts from the University of Hong Kong, a bachelor degree in Laws from the University of London and a master degree in Chinese and Comparative Law from the City University of Hong Kong. Ms. Sze is an associate member of the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

Ms. Kam confirmed that there was no disagreement between her and the Board and that there is no matter in relation to her resignation as the company secretary of the Company that needed to be brought to the attention of the shareholders of the Company or the Stock Exchange. The Board would like to thank Ms. Kam for her contributions to the Company during her tenure of office.

CORPORATE GOVERNANCE

The directors of the Company consider that except for the deviation from Code provision A.2.1, the Company has complied with all provisions of the Code on Corporate Governance Practices (the "**Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") throughout the whole year of 2008. The Company ratified the deviation on 16 January 2009.

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr Guo Guangchang ("**Mr. Guo**") held the offices of chairman and chief executive officer of the Company during the Reporting Period. The Board considered that vesting the roles of chairman and chief executive officer in the same person would not impair the balance of power and authority between the Board and the management of the Company.

In order to further enhance the administrative and management responsibilities of members of the senior management of the Company, Mr. Liang Xinjun ("**Mr. Liang**") was appointed as the chief executive officer of the Company in place of Mr. Guo with effect from 16 January 2009 and Mr. Wang Qunbin was appointed as the president of the Company in place of Mr. Liang with effect from 16 January 2009. Mr. Guo remains as the chairman and executive director of the Company.

AUDIT COMMITTEE

The audit committee of the Company consists of three independent non-executive directors, namely Mr. Zhang Shengman (Chairman), Dr. Chen Kaixian and Mr. Andrew Y. Yan. The main duties of the audit committee are to review and monitor the financial reporting procedures and internal control system of the Company, and make recommendations and comments to the Board. The audit committee has reviewed the 2008 annual results of the Company.

ANNUAL GENERAL MEETING

The annual general meeting of the Company ("**AGM**") will be held on 19 June 2009, Friday. The notice of the AGM will be issued and sent in accordance with the Listing Rules.

DIVIDEND AND CLOSURE OF REGISTER

The Board has recommended the payment of a final dividend of HKD 0.08 per ordinary share for the year ended 31 December 2008 to shareholders of the Company whose names appear on the Company's register of members on 19 June 2009. Subject to approval by the Company's shareholders at the AGM to be held on 19 June 2009, the proposed final dividend is expected to be paid on or around 16 July 2009 to shareholders.

The register of members of the Company will be closed from 16 June 2009, Tuesday to 19 June 2009, Friday, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and be eligible to attend and vote at the AGM to be held on 19 June 2009, all transfer documents accompanied by relevant share certificates and other relevant documents, if any, must be lodged with Computershare Hong Kong Investor Services Limited, the Company's Share Registrar, at Shops 1712–1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 15 June 2009, Monday.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Company repurchased 15,905,500 of its shares on the Stock Exchange. All the shares repurchased by the Company were cancelled. Details of shares acquired by date are as follows:

Date of Repurchase	Number of shares Repurchased	Highest Price Paid (HKD)	Lowest Price Paid (HKD)	Total Amount Paid (HKD)
30 January 2008	3,000,000	5.50	5.30	16,194,900.00
31 January 2008	3,000,000	5.26	5.08	15,482,400.00
01 February 2008	4,000,000	5.20	5.02	20,514,800.00
15 February 2008	5,905,500	5.50	5.26	32,292,455.10
Total	15,905,500			84,484,555.10

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

FORWARD-LOOKING STATEMENTS

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Group. These forward-looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

ANNUAL REPORT

A copy of the announcement can be found on the Company's website (www.fosun-international.com) and the Stock Exchange's website (www.hkexnews.hk). The full annual report will be made available on the website of the Company and the Stock Exchange on or before 30 April 2009.

By Order of the Board
Fosun International Limited
Guo Guangchang
Chairman

11 March 2009, Shanghai, the PRC

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