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FOSUN 复星

FOSUN INTERNATIONAL LIMITED

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

(Stock Code: 00656)

PROPOSED ISSUE OF USD SENIOR NOTES

The Issuer, an indirect subsidiary of the Company, proposes to conduct an international offering of USD senior notes. In connection with the offering, the Company will provide certain institutional investors with recent corporate and financial information regarding the Group and some of such information may not have previously been made public. An extract of such recent information is attached to this announcement, and can also be viewed at the Company's website www.fosun.com and the Stock Exchange's website www.hkexnews.hk at approximately the same time when such information is released to the institutional investors.

The pricing of the 2013 Notes, including the aggregate principal amount, the Offer Price and the interest rate, will be determined through a book building exercise to be conducted by HSBC, Standard Chartered and UBS as the joint lead managers and the joint bookrunners of the 2013 Notes Issue. Upon finalising the terms of the 2013 Notes, it is expected that HSBC, Standard Chartered, UBS, the Issuer, the Company and the Subsidiary Guarantors, among others, will enter into the Purchase Agreement.

The Group intends to use the net proceeds to (i) refinance our existing indebtedness, and (ii) the remainder for working capital and general corporate purposes.

Approval in-principle has been received for the listing and quotation of the 2013 Notes on the SGX-ST. Admission to the Official List of the SGX-ST and quotation of any 2013 Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Company, the 2013 Notes, the Parent Guarantee, the Subsidiary Guarantees, the Subsidiary Guarantors or their respective subsidiaries or associated companies (if any).

As no binding agreement in relation to the 2013 Notes Issue has been entered into as at the date of this announcement, the 2013 Notes Issue may or may not materialise. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

A further announcement in respect of the 2013 Notes Issue will be made by the Company should the Purchase Agreement be signed.

THE 2013 NOTES ISSUE

Introduction

The Issuer, an indirect subsidiary of the Company, proposes to conduct an international offering of USD senior notes. In connection with the offering, the Company will provide certain institutional investors with recent corporate and financial information regarding the Group and some of such information may not have previously been made public. An extract of such recent information is attached to this announcement, and can also be viewed at the Company's website www.fosun.com and the Stock Exchange's website www.hkexnews.hk at approximately the same time when such information is released to the institutional investors.

The pricing of the 2013 Notes, including the aggregate principal amount, the Offer Price and the interest rate, will be determined through a book building exercise to be conducted by HSBC, Standard Chartered and UBS as the joint lead managers and the joint bookrunners of the 2013 Notes Issue. The terms and conditions of the 2013 Notes are still being determined and will likely include guarantees to be provided by the Company and Subsidiary Guarantors as well as pledges of shares in these Subsidiary Guarantors. Upon finalising the terms of the 2013 Notes, it is expected that HSBC, Standard Chartered, UBS, the Issuer, the Company and the Subsidiary Guarantors, among others, will enter into the Purchase Agreement, pursuant to which HSBC, Standard Chartered and UBS will be the initial purchasers of the 2013 Notes. The Company or any of its subsidiaries or affiliates may from time to time purchase a portion of the 2013 Notes.

The 2013 Notes, the Parent Guarantee and the Subsidiary Guarantees have not been and will not be registered under the U.S. Securities Act or any state securities laws and, unless so registered, may not be offered or sold within the United States and may only be offered, sold or delivered outside the United States in offshore transactions to non-U.S. persons in reliance on Regulation S under the U.S. Securities Act. Accordingly, the 2013 Notes are being offered and sold only outside the United States in offshore transactions to non-U.S. persons in reliance on Regulation S. None of the 2013 Notes will be offered to the public in Hong Kong and none of the 2013 Notes will be placed with any connected persons of the Company.

The Company, the Issuer and reasons for the 2013 Notes Issue

The Group is a large holding company with a portfolio focused on businesses benefiting from China's growth momentum. The Group's goal is to achieve sustainable and rapid long-term value growth through the continuous portfolio optimisation and improvement of the performances of its investee companies. As a result of the Group's rapid growth since its incorporation, the Group has established what it believes to be a high-quality business combination which has benefited from China's economic growth, urbanisation and industrialisation. The Group has significant experience in managing different businesses in China and has successfully grown its core businesses into strong players with well recognised brands within their respective industries. The Group has a strong investment platform which enables it to identify investment opportunities that the Group believes will benefit from China's rapid growth.

Currently, the Group's operation consists of seven business segments: (i) insurance; (ii) pharmaceuticals and healthcare; (iii) property; (iv) steel; (v) mining; (vi) retail, services, finance and other investments; and (vii) asset management.

The Issuer has no business operations. It was solely established for the purpose of issuing the 2013 Notes.

The Group intends to use the net proceeds to (i) refinance our existing indebtedness, and (ii) the remainder for working capital and general corporate purposes.

Listing

Approval in-principle has been received for the listing and quotation of the 2013 Notes on the SGX-ST. Admission to the Official List of the SGX-ST and quotation of any 2013 Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Company, the 2013 Notes, the Parent Guarantee, the Subsidiary Guarantees, the Subsidiary Guarantors or their respective subsidiaries or associated companies (if any). No listing of the 2013 Notes has been sought in Hong Kong.

GENERAL

As no binding agreement in relation to the 2013 Notes Issue has been entered into as at the date of this announcement, the 2013 Notes Issue may or may not materialise. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

A further announcement in respect of the 2013 Notes Issue will be made by the Company should the Purchase Agreement be signed.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

"2013 Notes"	the USD senior notes to be issued by the Issuer subject to the terms and conditions of the Purchase Agreement
"2013 Notes Issue"	the proposed issue of the 2013 Notes by the Issuer
"Board"	the board of Directors
"Company"	Fosun International Limited (復星國際有限公司), a company incorporated under the laws of Hong Kong and whose shares are listed and traded on the main board of the Stock Exchange
"connected person"	has the meaning ascribed to it under the Listing Rules
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HSBC"	The Hongkong and Shanghai Banking Corporation Limited, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the 2013 Notes
"Issuer"	Sparkle Assets Limited, a company with limited liability incorporated under the laws of the British Virgin Islands which is an indirect subsidiary of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Offer Price"	the final price at which the 2013 Notes will be sold
"Parent Guarantee"	the guarantee provided by the Company in respect of the 2013 Notes

"PRC"	the People's Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan for the purpose of this announcement
"Purchase Agreement"	the agreement proposed to be entered into by and among, *inter alia*, the Company, the Issuer, the Subsidiary Guarantors, HSBC, Standard Chartered and UBS, in relation to the 2013 Notes Issue
"SGX-ST"	Singapore Exchange Securities Trading Limited
"Standard Chartered"	Standard Chartered Bank, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the 2013 Notes
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary Guarantees"	the guarantees provided by the Subsidiary Guarantors in respect of the 2013 Notes Issue
"Subsidiary Guarantors"	certain existing non-PRC subsidiaries of the Company guaranteeing the 2013 Notes
"UBS"	UBS AG, Hong Kong Branch, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the 2013 Notes
"U.S." or "United States"	the United States of America
"USD"	United States dollars
"U.S. Securities Act"	the United States Securities Act of 1933, as amended

By Order of the Board
Fosun International Limited
Guo Guangchang
Chairman

Shanghai, the PRC, 11 January 2013

As at the date of this announcement, the executive directors of the Company are Mr. Guo Guangchang, Mr. Liang Xinjun, Mr. Wang Qunbin, Mr. Fan Wei, Mr. Ding Guoqi, Mr. Qin Xuetang and Mr. Wu Ping; and the independent non-executive directors are Mr. Zhang Shengman, Mr. Andrew Y. Yan, Mr. Zhang Huaqiao and Mr. David T. Zhang.

GLOSSARY OF TERMS

This glossary contains certain conventions and technical terms we use when referring to our business. The English names of PRC companies are directly translated from their Chinese names and are furnished for ease of reference only, and should any inconsistencies between the Chinese names and the English names exist, the Chinese names shall prevail. The technical terms may not correspond to standard industry definitions.

Companies

Holding Companies within Our Group

Our Company	復星國際有限公司 (Fosun International Limited)
Our Group	Our Company and its subsidiaries

The PRC Holding Company

Fosun Group	上海復星高科技(集團)有限公司 (Shanghai Fosun High Technology (Group) Co., Ltd.), a wholly-owned subsidiary of our Company

Issuer of the Notes

Sparkle Assets	Sparkle Assets Limited, a wholly-owned subsidiary of China Alliance

Principal Portfolio Companies

Fosun Pharma	上海復星醫藥(集團)股份有限公司 (Shanghai Fosun Pharmaceutical (Group) Co., Ltd.), a subsidiary of Fosun Group
Forte	復地(集團)股份有限公司 (Shanghai Forte Land Co., Ltd.), a subsidiary of Fosun Group
Nanjing Iron & Steel	南京鋼鐵股份有限公司 (Nanjing Iron & Steel Co., Ltd.), a subsidiary of Nanjing Nangang
Hainan Mining	海南礦業股份有限公司 (Hainan Mining Co., Ltd.), a subsidiary of Fosun Group

Other Portfolio Companies in the Insurance Business

Yong'An P&C Insurance	永安財產保險股份有限公司 (Yong'An Property Insurance Company Limited), in which Fosun Group holds an effective equity interest of 19.93% as at December 31, 2012
Pramerica Fosun Life Insurance .	復星保德信人壽保險有限公司 (Pramerica Fosun Life Insurance Co., Ltd.), a jointly-controlled entity of the Company
Peak Reinsurance	鼎睿再保險有限公司 (Peak Reinsurance Company Limited), a wholly-owned subsidiary of Peak Reinsurance Holdings
Peak Reinsurance Holdings	Peak Reinsurance Holdings Limited, a subsidiary of China Alliance

Other Portfolio Companies in the Pharmaceuticals and Healthcare Business

Beijing Jinxiang	北京金象復星醫藥股份有限公司 (Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd.), an associate of Fosun Pharma
Chongqing Yaoyou	重慶藥友製藥有限責任公司 (Chongqing Yaoyou Pharmaceuticals Co., Ltd.), a subsidiary of Fosun Pharma
For Me Pharmacy	上海復美益星大藥房連鎖有限公司 (Shanghai For Me Pharmacy Co., Ltd.), a subsidiary of Fosun Pharma
Guilin Pharma	桂林南藥股份有限公司 (Guilin South Pharma Company Limited), a company limited by shares established in the PRC on June 22, 2001, and a 94.25% owned subsidiary of Fosun Pharmaceutical Industrial
Guilin Pharmaceutical	桂林製藥有限責任公司 (Guilin Pharmaceutical Company Limited), a limited liability company established in the PRC on December 11, 1989, and an 89.9% owned subsidiary of Fosun Pharmaceutical Industrial, which was merged with and absorbed by Guilin Pharma in December 2010. Guilin Pharmaceutical was de-registered on May 17, 2011
Jiangsu Wanbang	江蘇萬邦生化醫藥股份有限公司 (Jiangsu Wanbang Biopharmaceutical Company Limited), a subsidiary of Fosun Pharma
Golden Elephant Pharmacy	北京金象大藥房醫藥連鎖有限責任公司 (Beijing Golden Elephant Pharmacy Medicine Chain Co., Ltd.), a subsidiary of Fosun Pharma

Fosun Pharmaceutical Industrial ...	上海復星醫藥產業發展有限公司 (Shanghai Fosun Pharmaceutical Industrial Development Company Limited), a subsidiary of Fosun Pharma
Sinopharm	國藥控股股份有限公司 (Sinopharm Group Co. Ltd.), a company listed on the Hong Kong Stock Exchange (1099.HK) and an associate of Fosun Pharma
Sinopharm Investment	國藥產業投資有限公司 (Sinopharm Industrial Investment Co., Ltd.), an associate of Fosun Pharma
Fosun Chemical	上海復星化工醫藥創業投資有限公司 (Shanghai Fosun Chemical Pharmaceutical Investment Company Limited), a subsidiary of Fosun Pharma
Fosun Pharma Investment	上海復星醫藥投資有限公司 (Shanghai Fosun Pharmacy Investment Co., Ltd.), a subsidiary of Fosun Pharma
Handa Pharmaceuticals	Handa Pharmaceuticals, LLC, in which Fosun Pharma holds a 10% equity interest
Shanghai Henlius	上海復宏漢霖生物技術有限公司 (Shanghai Henlius Biotech Co., Ltd.), a subsidiary of Fosun Pharma
Shenyang Hongqi	瀋陽紅旗製藥有限公司 (Shenyang Hongqi Pharmaceutical Co., Ltd.), a subsidiary of Fosun Pharma
Handan Moluodan	邯鄲摩羅丹藥業股份有限公司(Handan Moluodan Pharmaceutical Co., Ltd.), a subsidiary of Fosun Pharma
Chindex	美中互利醫療有限公司 (Chindex International, Inc.), a NASDAQ-listed (NASDAQ: CHDX), leading independent American provider of Western healthcare products and services in the PRC in which Fosun Pharma holds a 18.52% equity interest. Chindex has entered into a joint venture with Fosun Pharma, Chindex Medical Limited, which focuses on manufacturing and distributing medical devices in China and in which Fosum Pharma holds a 51% equity interest
Guangji Hospital............................	岳陽廣濟醫院有限公司 (Yueyang Guangji Hospital Company Limited), a subsidiary of Fosun Pharma
Jimin Hospital Management...........	安徽濟民醫院經營管理有限公司 (Anhui Jimin Hospital Management Company Limited), a subsidiary of Fosun Pharma

Jimin Cancer Hospital	安徽濟民腫瘤醫院 (Anhui Jimin Cancer Hospital), a subsidiary of Fosun Pharma

Other Portfolio Companies in the Property Business

Zhejiang Forte	浙江復地置業發展有限公司 (Zhejiang Forte Property Development Co., Ltd.), a subsidiary of Forte
Shanghai Forte Investment	上海復地投資管理有限公司 (Shanghai Forte Investment Management Co., Ltd.), a subsidiary of Forte
Wuhan Zhongbei	武漢中北房地產開發有限公司 (Wuhan Zhongbei Real Estate Development Co., Ltd.), a subsidiary of Forte
China Alliance	中合置業有限公司 (China Alliance Properties Limited), a subsidiary of Forte
Haizhimen	上海海之門房地產投資管理有限公司 (Shanghai Haizhimen Property Investment and Management Co., Ltd.), a joint venture in which our Company holds a 50% equity interest
Zendai	上海証大房地產有限公司 (Shanghai Zendai Property Limited), a company incorporated on August 19, 1992 as an exempted company with limited liability under the laws of Bermuda, the shares of which are listed on the Hong Kong Stock Exchange, of which China Alliance holds 19.55% of the total registered capital
Resource Property	上海策源置業顧問有限公司 (Shanghai Resource Property Consultancy Co., Ltd.), a subsidiary of Fosun Group
Forte Pearl	成都復地明珠置業有限公司 (Chengdu Forte Pearl Real Estate Co., Ltd.), an indirect subsidiary of Forte

Other Portfolio Companies in the Steel Business

Nanjing Nangang	南京南鋼鋼鐵聯合有限公司 (Nanjing Nangang Iron & Steel United Co., Ltd.), a subsidiary of Fosun Group
Nanjing Steel United	南京鋼鐵聯合有限公司 (Nanjing Iron & Steel United Co., Ltd.), a wholly-owned subsidiary of Nanjing Nangang
Nanjing Iron & Steel Development.	南京南鋼產業發展有限公司 (Nanjing Nangang Iron & Steel Industry Development Co., Ltd.), a wholly-owned subsidiary of Nanjing Iron & Steel

Nanjing Steel	南京鋼鐵有限公司 (Nanjing Iron & Steel Limited), a wholly owned subsidiary of Nanjing Iron & Steel Development
Nanjing Jinteng Steel	南京金騰鋼鐵有限公司 (Nanjing Jinteng Iron & Steel Co., Ltd.), a subsidiary of Nanjing Steel
Hong Kong Jinteng	香港金騰國際有限公司 (Hong Kong Jinteng International Company Limited), a wholly-owned subsidiary of Nanjing Iron & Steel Development
Nanjing Steel Trading	南京鋼鐵集團國際經濟貿易有限公司 (Nanjing Steel Group International Trading Co., Ltd.), a wholly-owned subsidiary of Nanjing Iron & Steel Development
Jianlong Group	天津建龍鋼鐵實業有限公司 (Tianjing Jianlong Iron & Steel Industrial Co., Ltd.), a former associate of Industrial Investment, now an associate of Industrial Development

Other Portfolio Companies in the Mining Business

Jin'an Mining	安徽金安礦業有限公司 (Anhui Jin'an Mining Co., Ltd.), a subsidiary of Nanjing Iron & Steel Development
Shanjiaowulin	山西焦煤集團五麟煤焦開發有限責任公司 (Shanxi Coking Coal Group Wulin Coal Coke Development Co., Ltd.), an associate of Fosun Group
Zhaojin Mining	招金礦業股份有限公司 (Zhaojin Mining Industry Co., Ltd.), a former associate of Fosun Group, now an investee company of Fosun Group

Portfolio Companies and Entities in the Retail, Services, Finance and Other Investments

Yuyuan	上海豫園旅遊商城股份有限公司 (Shanghai Yuyuan Tourist Mart Co., Ltd.), an associate of Fosun Group
Focus Media	分眾傳媒控股有限公司 (Focus Media Holding Limited), a company whose American Depository Shares are listed on NASDAQ
Club Med	Club Méditerranée S.A., a leisure and hospitality company listed on the Euronext Paris in which our Company holds an equity interest of 9.96%

Folli Follie	Follie Folllie Group, a Greek-based company fashion retail company in which our Company and Pramerica-Fosun China Opportunity Fund hold an equity interest of 9.96% and 3.89%, respectively
Minsheng Bank	中國民生銀行股份有限公司 (China Minsheng Banking Corp., Ltd.), a national joint-stock commercial bank in which our Company holds 2.19% of its total issued share capital and Pramerica-Fosun China Opportunity Fund holds 0.1% of the total number of shares
Fosun Group Finance	上海復星高科技集團財務有限公司 (Fosun Group Finance Corporation Limited), a wholly-owned subsidiary of Fosun Group
Vigor Kobo	維格餅家股份有限公司 (Vigor Kobo), a Taiwan-based renowned bakery in which our Company holds an equity interest of 20%
Industrial Development	上海復星工業技術發展有限公司 (Shanghai Fosun Industrial Technology Development Co., Ltd.), a wholly-owned subsidiary of Industrial Investment
Industrial Investment	上海復星產業投資有限公司 (Shanghai Fosun Industrial Investment Co., Ltd.), a wholly-owned subsidiary of Fosun Group

Portfolio Companies and Funds in the Asset Management Business

Carlyle-Fosun Management.........	復星凱雷(上海)股權投資管理有限公司 (Carlyle-Fosun (Shanghai) Equity Investment Management Co., Ltd.), general partner of Carlyle-Fosun Fund
Fosun Capital Management.........	上海復星創富投資管理有限公司 (Shanghai Fosun Capital Investment Management Co., Ltd.), a wholly-owned subsidiary of Fosun Group
Pramerica-Fosun China Opportunity Fund Management	Fosun Equity Investment Ltd., a wholly-owned subsidiary of our Company
Star Capital Management	上海星浩股權投資管理有限公司 (Shanghai Star Capital Investment Management Co., Ltd.), a subsidiary of Fosun Group

Fosun Chuanghong Management	西藏復星投資管理有限公司 (Tibet Fosun Investment Management Co., Ltd), a wholly-owned subsidiary of Fosun Group
Carlyle-Fosun Fund	凱雷復星(上海)股權投資基金企業(有限合伙)(Shanghai Carlyle-Fosun Shanghai Investment Fund) a private equity fund managed by Carlyle-Fosun Management
Fosun Chuanghong Fund	上海復星創泓股權投資基金合伙企業(有限合伙)(Shanghai Fosun Chuanghong Equity Investment Fund Partnership L.P.), a private equity fund managed by Fosun Chuanghong Management
Fosun Capital Fund	上海復星創富股權投資基金合伙企業(有限合伙) (Shanghai Fosun Capital Equity Investment Fund Partnership L.P.), a private equity fund managed by Fosun Capital Management
Pramerica-Fosun China Opportunity Fund	復星—保德信中國機會基金(有限合伙)(Pramerica — Fosun China Opportunity Fund, L.P.), a private equity fund managed by Pramerica-Fosun China Opportunity Fund Management
Star Capital Fund..........................	上海星浩股權投資中心(有限合伙)(Shanghai Star Equity Investment L.P.), consisting of Star Capital I and Star Capital II, private equity funds formed by Star Capital Management in March 2011 and April 2012, respectively managed by Star Capital Management

Parent Companies and Other Related Parties

Fosun Holdings	復星控股有限公司 (Fosun Holdings Limited) which holds a 79.08% equity interest in our Company
Fosun International Holdings	復星國際控股有限公司 (Fosun International Holdings Ltd.) which holds a 100% equity interest in Fosun Holdings
Nanjing Steel Group	南京鋼鐵集團有限公司 (Nanjing Iron & Steel Group Co., Ltd.), a shareholder of Nanjing Nangang
Sinopharm Group	中國醫藥集團總公司 (China National Pharmaceutical Group Corporation), a shareholder of Sinopharm Investment

Initial Subsidiary Guarantors of the Notes

Billion Infinity	茂億投資有限公司 (Billion Infinity Investment Limited), a wholly-owned subsidiary of our Company
Financial Holdings	復星金融控股有限公司 (Fosun Financial Holdings Limited), a wholly-owned subsidiary of our Company
Gold Holdings	復星黃金控股有限公司 (Fosun Gold Holdings Limited), a wholly-owned subsidiary of our Company
Industrial Holdings	復星產業控股有限公司 (Fosun Industrial Holdings Limited), a wholly-owned subsidiary of our Company
Property Holdings	復星地產控股有限公司 (Fosun Property Holdings Limited), a wholly-owned subsidiary of our Company
Spread Grand	領弘有限公司 (Spread Grand Limited), a wholly-owned subsidiary of our Company
Topper Link	Topper Link Limited, a wholly-owned subsidiary of Industrial Holdings
Laxton Investments	Laxton Investments Limited, a wholly-owned subsidiary of our Company

CAPITALIZATION

The following table sets forth on an actual basis of our consolidated cash and bank balances and capitalization as of June 30, 2012 and as adjusted to give effect to the Notes now being issued (after deducting underwriting discounts and commissions and estimated expenses) and the use of proceeds as described under "Use of Proceeds."

	As of June 30, 2012			
	Actual		As adjusted	
	RMB	US$	RMB	US$
	(in thousands)			
Cash and bank balances[1]	10,937,300	1,721,596		
Interest-bearing bank and other borrowings				
Bank loans	35,512,276	5,589,844		
Enterprise bonds and corporate bonds	10,919,358	1,718,772		
Medium-term notes	2,571,442	404,760		
Senior notes	1,873,511	294,902		
Senior notes to be issued	—	—		
Other borrowings, secured	252,996	39,823		
Other borrowings, unsecured	1,122,791	176,734		
Portion classified as short-term debt	22,058,841	3,472,193		
Long-term portion	30,193,533	4,752,642		
	52,252,374	8,224,835		
Equity				
Issued capital	621,497	97,827		
Reserves	31,949,452	5,029,034		
Proposed final dividend	—	—		
Non-controlling interests	19,042,708	2,997,436		
Total equity	51,613,657	8,124,297		
Total capitalization[2]	81,807,190	12,876,938		

Notes:

1. Cash and bank balances, as adjusted, include the net cash proceeds of the Notes offered hereby, after deducting underwriting discounts and other estimated expenses related to the offering of the Notes.
2. Total capitalization includes total long-term debt plus total equity.

The following discussion should be read in conjunction with our audited consolidated financial statements as of and for the years ended December 31, 2009, 2010 and 2011 and the unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2011 and 2012 included elsewhere in this offering memorandum. The consolidated financial statements have been prepared in accordance with HKFRS.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements as a result of any number of factors.

Selected Segmental Information

The following tables set forth, for the years and periods indicated, our selected consolidated financial information by operating segment.

Revenue(1)

	Year ended December 31,						Six months ended June 30,				
	2009		2010		2011		2011		2012		
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except percentages)										
Pharmaceuticals and healthcare	3,775,859	10.8%	4,459,332	10.0%	6,432,589	11.3%	3,041,974	11.9%	3,464,107	545,271	13.5%
Property	5,184,804	14.9%	8,846,689	19.8%	9,742,702	17.1%	2,260,319	8.8%	3,432,251	540,257	13.3%
Steel	24,611,399	70.6%	29,652,180	66.4%	38,224,060	67.3%	19,013,642	74.4%	17,637,009	2,776,170	68.5%
Mining	1,967,953	5.6%	3,180,171	7.1%	3,898,746	6.9%	2,038,943	8.0%	1,732,581	272,719	6.7%
Retail, services, finance and other investments(2)(3)	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	—	0.0%
Insurance(2)(3)	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	—	0.0%
Asset Management(2)(3)	—	0.0%	—	0.0%	56,156	0.1%	23,152	0.1%	61,099	9,617	0.2%
Eliminations(4)	(684,197)	(1.9%)	(1,494,670)	(3.3%)	(1,538,038)	(2.7%)	(809,225)	(3.2%)	(596,301)	(93,861)	(2.2%)
Total	34,855,818	100.0%	44,643,702	100.0%	56,816,215	100.0%	25,568,805	100.0%	25,730,746	4,050,173	100.0%

(1) Revenue comprises sales of goods and rendering of services to external customers only, except for (i) our mining segment which also includes intersegment sales to our steel segment of RMB684.2 million in 2009, RMB1,494.7 million in 2010, RMB1,529.8 million in 2011 and RMB592.4 million in the six months ended June 30, 2011 and RMB592.4 million in the six months ended June 30, 2012; and (ii) our property segment which also includes intersegment rendering of services to our other business segments of zero in 2009, zero in 2010, RMB8.2 million in 2011, zero in the six months ended June 30, 2011 and RMB3.9 million in the six months ended June 30, 2012.

(2) We recorded zero revenue in this segment because we have no subsidiaries that generated revenue in this segment for the relevant period.

(3) Due to the change of reportable segments in 2011, the financial data for all seven segments are available for the year ended December 31, 2011 and for the six months ended June 30, 2012. The financial data for all seven segments are also available for the year ended December 31, 2010 and for the six months ended June 30, 2011 for comparison purposes. For the period to period comparison, "others" in our audited consolidated financial

statements as of and for the period ended December 31, 2009 is equivalent to “retail, services, finance and other investments”; and “others” in our audited financial statements as of and for the period ended December 31, 2010 consists “retail, services, finance and other investments,” “insurance” and “asset management.”

(4) Intersegment sales are excluded from total revenue.

Gross Profit

	Year ended December 31,						Six months ended June 30,				
	2009		2010		2011		2011		2012		
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except percentages)										
Pharmaceuticals and healthcare	1,204,923	21.2%	1,520,531	16.2%	2,441,443	23.1%	1,016,599	21.1%	1,529,277	240,717	31.8%
Property	1,529,043	26.9%	3,312,377	35.4%	3,729,545	35.3%	993,180	20.6%	1,065,404	167,701	22.2%
Steel	1,915,375	33.6%	2,264,606	24.2%	1,558,098	14.7%	1,276,812	26.5%	926,853	145,892	19.3%
Mining	1,076,293	18.9%	2,138,843	22.8%	2,663,989	25.2%	1,467,031	30.5%	1,138,752	179,246	23.7%
Retail, services, finance and other investments(1) (2)	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	—	0.0%
Insurance(1) (2)	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	—	0.0%
Asset Management(2)	—	0.0%	—	0.0%	56,156	0.5%	23,152	0.5%	61,098	9,617	1.3%
Eliminations(3)	(31,246)	(0.6%)	130,188	1.4%	117,081	1.2%	35,282	0.8%	87,065	13,705	1.7%
Total	5,694,388	100.0%	9,366,545	100.0%	10,566,312	100.0%	4,812,056	100.0%	4,808,449	756,878	100.0%

(1) For the period to period comparison, “others” in our audited consolidated financial statements as of and for the period ended December 31, 2009 is equivalent to “retail, services, finance and other investments”; and “others” in our audited financial statements as of and for the period ended December 31, 2010 consists “retail, services, finance and other investments,” “insurance” and “asset management.”

(2) We recorded zero gross profit in this segment because we have no subsidiaries that generated revenue or incurred cost of sales in this segment for the relevant period.

(3) Gross profit derived from our intersegment transactions is hereby excluded from total gross profit.

Profit/(loss) for the year/period

	Year ended December 31,						Six months ended June 30,				
	2009		2010		2011		2011		2012		
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except percentages)										
Pharmaceuticals and healthcare	2,495,941	36.6%	766,060	12.5%	1,385,417	27.4%	966,768	20.7%	857,770	135,018	37.4%
Property	608,855	8.9%	1,914,399	31.1%	1,832,763	36.2%	485,244	10.4%	688,674	108,401	30.0%
Steel	1,525,521	22.4%	681,671	11.1%	40,583	0.8%	448,262	9.6%	(190,679)	(30,014)	(8.3%)
Mining	359,570	5.3%	1,496,661	24.3%	1,786,950	35.3%	1,060,671	22.7%	765,330	120,467	33.4%
Retail, services, finance and other investments(1)	2,072,143	30.4%	1,536,918	25.0%	253,450	5.0%	1,806,189	38.7%	425,567	66,987	18.5%
Insurance(1)	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	—	0.0%
Asset Management(1)	—	0.0%	(22,948)	(0.4%)	(41,088)	(0.8%)	7,124	0.2%	(24,349)	(3,833)	(1.1%)
Unallocated expenses	(112,850)	(1.7%)	(174,758)	(2.8%)	(316,227)	(6.2%)	(150,505)	(3.2%)	(196,315)	(30,901)	(8.6%)
Eliminations(2)	(130,809)	(1.9%)	(51,301)	(0.8%)	122,876	2.3%	38,614	0.9%	(31,193)	(4,910)	(1.3%)
Total	6,818,371	100.0%	6,146,702	100.0%	5,064,724	100.0%	4,662,367	100.0%	2,294,805	361,215	100.0%

(1) For the period to period comparison, “others” in our audited consolidated financial statements as of and for the period ended December 31, 2009 is equivalent to “retail, services, finance and other investments”; and “others” in our audited financial statements as of and for the period ended December 31, 2010 consists “retail, services, finance and other investments,” “insurance” and “asset management.”

(2) Profit for the year/period derived from our intersegment transactions is hereby excluded from total profit for the year/period.

Six Months Ended June 30, 2012 Compared with the Six Months Ended June 30, 2011

Revenue. Revenue increased by 0.6% to RMB25,730.7 million (US$4,050.2 million) in the six months ended June 30, 2012 from RMB25,568.8 million in the same period in 2011. The increase was mainly attributable to increases in revenue of the pharmaceuticals and healthcare segment, as well as the property segment. We recorded zero revenue under our insurance segment and retail, services, finance and other investments segment for the six months ended June 30, 2012 and zero revenue under these two segments for the six months ended June 30, 2011.

- Pharmaceuticals and healthcare segment — Revenue in the pharmaceuticals and healthcare segment increased by 13.9% to RMB3,464.1 million (US$545.3 million) in the six months ended June 30, 2012 from RMB3,042.0 million in the same period in 2011. The increase in revenue was mainly due to increase in sales of products manufactured by Fosun Pharma as well as increase revenue from distribution of diagnostic products and medical devices.

- Property segment — Revenue in the property segment increased by 51.8% to RMB3,432.3 million (US$540.3 million) in the six months ended June 30, 2012 from RMB2,260.3 million in the same period in 2011. The increase was mainly due to the increase in the GFA booked by Forte in the six months ended June 30, 2012 as compared with the same period in 2011.

- Steel segment — Revenue in the steel segment decreased by 7.2% to RMB17,637.0 million (US$2,776.2 million) in the six months ended June 30, 2012 from RMB19,013.6 million in the same period in 2011. The decrease was primarily due to decrease in the prices of steel products.

- Mining segment — Revenue in the mining segment in the six months ended June 30, 2012 decreased by 15.0% to RMB1,732.6 million (US$272.7 million), including intersegment sales of RMB592.4 million, from RMB2,038.9 million, including intersegment sales of RMB809.2 million, in the same period in 2011. Revenue in the mining segment from inter-segment sales decreased by 26.8% to RMB592.4 million in the six months ended June 30, 2012 from RMB809.2 million in the same period in 2011. The decrease of revenue was mainly due to decrease in selling price of iron ore.

- Asset management segment — Revenue in the asset management segment increased by 163.4% to RMB61.1 million (US$9.6 million) in the six months ended June 30, 2012 from RMB23.2 million in the same period in 2011. This increase was primarily due to additional management fee income in line with the asset management business scale expansion.

Cost of sales. Cost of sales increased by 0.8% to RMB20,922.3 million (US$3,293.3 million) in the six months ended June 30, 2012 from RMB20,756.7 million in the same period in 2011. We recorded zero cost of sales under our insurance segment and retail, services, finance and other investments segment for the six months ended June 30, 2012 and zero cost of sales under these two segments for the six months ended June 30, 2011.

- Pharmaceuticals and healthcare segment — Cost of sales in the pharmaceuticals and healthcare segment decreased by 4.5% to RMB1,934.8 million (US$304.5 million) in the six months ended June 30, 2012 from RMB2,025.4 million in the same period in 2011. Such decrease was primarily due to the change of product mix in Fosun Pharma's pharmaceutical manufacturing business.

- Property segment — Cost of sales in the property segment increased by 86.8% to RMB2,366.8 million (US$372.5 million) in the six months ended June 30, 2012 from RMB1,267.1 million in the same period in 2011. Such increase was in line with the growth of GFA booked.

- Steel segment — Cost of sales in the steel segment decreased by 5.8% to RMB16,710.1 million (US$2,630.3 million) in the six months ended June 30, 2012 from RMB17,736.8 million in the same period in 2011. Such decrease was primarily due to decrease in sales volume as well as decreases in prices of raw materials, including iron ore, in the six months ended June 30, 2012 as compared with the same period in 2011.

- Mining segment — Cost of sales in the mining segment increased by 3.8% to RMB593.8 million (US$93.5 million) in the six months ended June 30, 2012 from RMB571.9 million in the same period in 2011. Such increase was mainly due to the increase in sales volume.

Gross Profit. As a result of the foregoing, gross profit slightly decreased by 0.1% to RMB4,808.4 million (US$756.9 million) in the six months ended June 30, 2012 from RMB4,812.1 million in the same period in 2011. We recorded zero gross profit under our insurance segment and retail, services, finance and other investments segment for the six months ended June 30, 2012 and zero gross profit under these two segments for the six months ended June 30, 2011.

- Pharmaceuticals and healthcare segment — Gross profit in the pharmaceuticals and healthcare segment increased by 50.4% to RMB1,529.3 million (US$240.7 million) in the six months ended June 30, 2012 from RMB1,106.6 million in the same period in 2011. Gross profit margin increased to 44.1% from 33.4%, primarily due to change in product mix with the addition of new products with higher gross profit margin.

- Property segment — Gross profit in the property segment increased by 7.3% to RMB1,065.4 million (US$167.7 million) in the six months ended June 30, 2012 from RMB993.2 million in the same period in 2011. The gross profit margin decreased to 31.0% in the six months ended June 30, 2012 from 43.9% in the same period in 2011 mainly due to change in property sales mix which included more delivery of projects with lower gross profit margin.

- Steel segment — Gross profit in the steel segment decreased by 27.4% to RMB926.9 million (US$145.9 million) in the six months ended June 30, 2012 from RMB1,276.8 million in the same period in 2011. Gross profit margin decreased to 5.3% in the six months ended June 30, 2012 from 6.7% in the same period in 2011 because the extent of decrease in the average selling price of steel products far exceeded that of decrease in average price of upsteam raw materials.

- Mining segment — Gross profit in the mining segment decreased by 22.4% to RMB1,138.8 million (US$179.2 million) in the six months ended June 30, 2012 from RMB1,467.0 million in the same period in 2011. Gross profit margin decreased to 65.7% in the six months ended June 30, 2012 from 72.0% in the same period in 2011 because the average selling prices of our iron ore products decreased.

- Asset management segment — Gross profit in the asset management was equal to the revenue as we recorded zero cost of sales in this segment because we had no subsidiaries that incurred cost of sales in this segment.

Other Income and Gains. Other income and gains decreased to RMB1,752.9 million (US$275.9 million) in the six months ended June 30, 2012 from RMB3,701.7 million in the same period in 2011. The decrease was mainly attributable to the decrease in gain on fair value adjustment of equity investments at fair value through profit or loss, as well as gain on deemed disposal of interest in associates, offset in part by increases in gain on disposal of an associate, gain on disposal of a subsidiary, and dividends from equity investments at fair value through profit or loss.

- Gain on fair value adjustment of equity investments at fair value through profit or loss — Gain on fair value adjustment of equity investments at fair value through profit or loss decreased to RMB501.9 million in the six months ended June 30, 2012 from RMB1,872.4 million in the same period in 2011. Our investments held for trading are recognized at their fair value through profit or loss. The decrease was therefore mainly attributable to decreases in the amount of adjustment to the market value of these investments. The fair value adjustment was mainly from the investment in Focus Media shares contributed a lower gain in the six months ended June 30, 2012 than in the same period in 2011.

- Gain on deemed disposal of associates — Gain on deemed disposal of interest in associates decreased to zero in the six months ended June 30, 2012 from RMB888.5 million in the same period in 2011. In May 2011, one of Fosun Pharma's associates Sinopharm, completed its placement of H shares. The gains on deemed disposal of Sinopharm was amounting to RMB672.7 million. In March 2011, one of associate

Shenzhen Jasic Technology Co., Ltd., completed its initial public offering and the shares of Shenzhen Jasic Technology Co., Ltd. were listed on the Shenzhen Stock Exchange. The gain on the deemed disposal of Shenzhen Jasic Technology Co., Ltd. was RMB158.4 million.

- Gain on disposal of an associate — In March 2012,Fosun Pharma further reduced its equity interest in Zhejiang Crystal to 5.03% by disposal of its 2.96% equity interest in Zhejiang Crystal-Optech Co., Ltd ("Zhejiang Crystal") and lost its significant influence on the board of directors as well as the operating and financial policies of Zhejiang Crystal. Then, Fosun Pharma started to account for Zhejiang Crystal as an available-for-sale investment from 1 April 2012. The disposal gain was RMB232.7 million.

- Gain on disposal of a subsidiary — Gain on disposal of a subsidiary increased to RMB85.0 million in the six months ended June 30, 2012 from RMB5.5 million in the same period in 2011. In March 2012, Industrial Investment disposed of its entire 70% equity interest in Hongshan Mining（新疆托里縣紅山礦業有限公司）and recognized gain of RMB85.0 million.

- Dividends from equity investments at fair value through profit or loss — The dividends received from equity investments at fair value through profit or loss increased to RMB208.5 million in the six months ended June 30, 2012 from RMB34.7 million in the same period in 2011. The dividends received from equity investments at fair value through profit or loss in the six months ended June 30, 2012 was mainly from the investment in Minsheng Bank which was purchased from the open market in June 2011.

Operating Expenses. Operating expenses increased by 6.4% to RMB3,009.7 million (US$473.7 million) in the six months ended June 30, 2012 from RMB2,829.3 million in the same period in 2011. The increase was mainly attributable to increases in the operating expenses in the pharmaceuticals and healthcare segment, as well as the asset management segment. We recorded zero operating expenses under our insurance segment and retail, services, finance and other investments segment for the six months ended June 30, 2012 and zero operating expenses under these two segments for the six months ended June 30, 2011.

- Pharmaceuticals and healthcare segment — Operating expenses in the pharmaceuticals and healthcare segment increased by 18.2% to RMB1,253.4 million (US$197.3 million) in the six months ended June 30, 2012 from RMB1,060.6 million in the same period in 2011. As a percentage of revenue, operating expenses in this segment increased to 36.2% in the six months ended June 30, 2012 from 34.9% in the same period in 2011.

    - Selling and distribution costs — Selling and distribution costs increased by 33.2% to RMB716.6 million (US$112.8 million) in the six months ended June 30, 2012 from RMB538.1 million in the same period in 2011. Such increase was in line with the growth in revenue.

- Administrative expenses — Administrative expenses increased by 34.3% to RMB419.1 million (US$66.0 million) in the six months ended June 30, 2012 from RMB312.1 million in the same period in 2011. Such increase was primarily due to increases in staff costs and the amortization expenses of certain intangible assets.

- Other expenses — Other expenses decreased by 44.1% to RMB117.7 million (US$18.5 million) in the six months ended June 30, 2012 from RMB210.5 million in the same period in 2011. Such decrease was primarily due to the impairment of non-current assets held-for-sale in the amount of RMB74.0 million in the same period in 2011.

- Property segment — Operating expenses in the property segment increased by 2.0% to RMB414.7 million (US$65.3 million) in the six months ended June 30, 2012 from RMB406.5 million in the same period in 2011. As a percentage of revenue, operating expenses in this segment decreased to 12.1% in the six months ended June 30, 2012 from 18.0% in the same period in 2011.

  - Selling and distribution costs — Selling and distribution costs decreased by 31.9% to RMB133.3 million (US$21.0 million) in the six months ended June 30, 2012 from RMB195.7 million in the same period in 2011. Such decrease was primarily due to cut-down of selling expenses as a result of the decline in China real estate market.

  - Administrative expenses — Administrative expenses increased by 30.7% to RMB272.4 million (US$42.9 million) in the six months ended June 30, 2012 from RMB208.4 million in the same period in 2011. Such increase was primarily due to increase in professional and consulting fees in connection with business expansion.

  - Other expenses — Other expenses increased by 270.8% to RMB8.9 million (US$1.4 million) in the six months ended June 30, 2012 from RMB2.4 million in the same period in 2011.

- Steel segment — Operating expenses in the steel segment decreased by 2.6% to RMB673.2 million (US$106.0 million) in the six months ended June 30, 2012 from RMB691.2 million in the same period in 2011. As a percentage of revenue, operating expenses in this segment increased slightly to 3.8% in the six months ended June 30, 2012 from 3.6% in the same period in 2011.

  - Selling and distribution costs — Selling and distribution costs decreased by 3.7% to RMB183.0 million (US$28.8 million) in the six months ended June 30, 2012 from RMB190.0 million in the same period in 2011.

  - Administrative expenses — Administrative expenses decreased by 3.7% to RMB364.1 million (US$57.3 million) in the six months ended June 30, 2012 from RMB377.9 million in the same period in 2011.

- Other expenses — Other expenses increased by 2.3% to RMB126.1 million (US$19.8 million) in the six months ended June 30, 2012 from RMB123.3 million in the same period in 2011.

- Mining segment — Operating expenses in the mining segment decreased by 2.9% to RMB252.3 million (US$39.7 million) in the six months ended June 30, 2012 from RMB259.8 million in the same period in 2011. As a percentage of revenue, operating expenses in this segment increased to 14.6% in the six months ended June 30, 2012 from 12.7% in the same period in 2011.

  - Selling and distribution costs — Selling and distribution costs decreased, by 12.1% to RMB42.2 million (US$6.6 million) in the six months ended June 30, 2012 from RMB48.0 million in the same period in 2011. Such decrease was in line with decrease in revenue.

  - Administrative expenses — Administrative expenses increased by 7.0% to RMB176.7 million (US$27.8 million) in the six months ended June 30, 2012 from RMB165.2 million in the same period in 2011. Such increase was primarily due to increase in headcounts.

  - Other expenses — Other expenses decreased by 28.1% to RMB33.5 million (US$5.3 million) in the six months ended June 30, 2012 from RMB46.6 million in the same period in 2011. Such decrease was due to our cut-down of miscellaneous expenses.

- Retail, services, finance and other investments segment – Operating expenses in this segment decreased by 38.9% to RMB142.5 million (US$22.4 million) in the six months ended June 30, 2012 from RMB233.4 million in the same period in 2011, primarily as a result of a decrease in administrative expenses.

- Asset management segment — Operating expenses in this segment increased by 152.5% to RMB100.0 million (US$15.7 million) in the six months ended June 30, 2012 from RMB39.6 million in the same period in 2011, primarily as a result of asset management business expansion.

Finance Costs. Finance costs increased by 28.9% to RMB1,395.7 million (US$219.7 million) in the six months ended June 30, 2012 from RMB1,082.7 million in the same period in 2011. The increase was mainly attributable to increases in both average interest rates and the outstanding amount of borrowings of subsidiaries in all segments, other than insurance segments. We recorded zero finance costs under our insurance segment and asset management segment for the six months ended June 30, 2012 and zero finance costs under these two segments for the six months ended June 30, 2011.

- Pharmaceuticals and healthcare segment — Finance costs in the pharmaceuticals and healthcare segment increased by 34.7% to RMB198.1 million (US$31.2 million) in the six months ended June 30, 2012 from RMB147.1 million in the same period in 2011.

- Property segment — Finance costs in the property segment increased by 24.8% to RMB182.1 million (US$28.7 million) in the six months ended June 30, 2012 from RMB145.9 million in the same period in 2011.

- Steel segment — Finance costs in the steel segment increased by 22.6% to RMB610.6 million (US$96.1 million) in the six months ended June 30, 2012 from RMB497.9 million in the same period in 2011.

- Mining segment — Finance costs in the mining segment increased by 83.1% to RMB28.2 million (US$4.4 million) in the six months ended June 30, 2012 from RMB15.4 million in the same period in 2011.

- Retail, services, finance and other investments segment — Finance costs in this segment increased by 27.1% to RMB378.1 million (US$59.5 million) in the six months ended June 30, 2012 from RMB297.5 million in the same period in 2011.

Share of Profits and Losses of Jointly-Controlled Entities. Share of profits of jointly-controlled entities decreased to RMB13.8 million (US$2.2 million) in the six months ended June 30, 2012 from RMB33.6 million in the same period in 2011. The share of profit of jointly-controlled entities in both years was primarily contributed by the property, pharmaceuticals and healthcare and steel segments. The operating results of share of profits of jointly-controlled entities tend to fluctuate according to the delivery schedules of property projects and investment in steel and pharmaceuticals and healthcare segments. We did not have significant jointly-controlled entities in the insurance, pharmaceuticals and healthcare, mining and retail, services, finance and other investments segments in 2012 or 2011.

Share of Profits and Losses of Associates. Share of profits of associates decreased to RMB445.4 million (US$70.1 million) in the six months ended June 30, 2012 from RMB951.9 million in the same period in 2011. The decrease was mainly attributable to the decrease in share of profits of associates in the pharmaceuticals and healthcare, property, steel, mining and retail, services, finance and other investment segments.

- Pharmaceuticals and healthcare segment — Share of profits of associates in the pharmaceuticals and healthcare segment decreased by 12.1% to RMB378.7 million (US$59.6 million) in the six months ended June 30, 2012 from RMB430.7 million in the same period in 2011. Such decrease was mainly attributable to the privatization of Tongjitang China Medicines Company.

- Property segment — Share of profits of associates in the property segment was RMB110.2 million (US$17.3 million) in the six months ended June 30, 2012, as compared to share of losses of associates of RMB224.2 million in the same period in 2011. Such decrease was mainly because the results of operations of our associates fluctuate according to the delivery schedule of their property projects.

- Steel segment — Share of profits of associates in the steel segment decreased by 201.2% to loss of RMB122.9 million (loss: US$19.3 million) in the six months ended June 30, 2012 from RMB121.4 million in the same period in 2011. This decrease was primarily attributable to the deterioration in the operating results of Jianlong Group, our major associate in the steel segment in the six months ended June 30, 2012.

- Mining segment — Share of losses of associates in the mining segment was RMB2.4 million (US$0.4 million) in the six months ended June 30, 2012, as compared to share of profits of associates in the mining segment of RMB77.0 million in the same period in 2011.

- Retail, services, finance and other investments segment — Share of profits of associates in this segment decreased by 17.0% to RMB81.8 million (US$12.9 million) in the six months ended June 30, 2012 from RMB98.6 million in the same period in 2011. Such decrease was mainly attributable to decrease in profit realized by Yuyuan in the six months ended June 30, 2012.

Tax. Tax decreased by 65.4% to RMB320.3 million (US$50.4 million) in the six months ended June 30, 2012 from RMB924.9 million in the same period in 2011. We recorded zero tax under our insurance segment and asset management segment for the six months ended June 30, 2012 and zero tax under these two segments for the six months ended June 30, 2011.

- Pharmaceuticals and healthcare segment — Tax for the pharmaceuticals and healthcare segment decreased to RMB129.5 million (US$20.4 million) in the six months ended June 30, 2012 from RMB255.7 million in the same period in 2011. Such decrease was mainly attributable to decrease in profit before tax as well as the offset of our profit by the accumulated loss from the prior year.

- Property segment — Tax for the property segment decreased by 100.7% to tax credit of RMB2.0 million (tax credit of US$0.3 million) in the six months ended June 30, 2012 from tax provision of RMB296.9 million in the same period in 2011. Such decrease was mainly attributable to reversal of previous LAT provision.

- Steel segment — Tax for the steel segment decreased by 196.3% to tax credit of RMB41.6 million (tax credit of US$6.6 million) in the six months ended June 30, 2012 from tax provision of RMB43.2 million in the same period in 2011. Such decrease was primarily due to decrease in profit before tax.

- Mining segment — Tax for the mining segment decreased by 18.9% to RMB219.8 million (US$34.6 million) in the six months ended June 30, 2012 from RMB271.0 million in the same period in 2011. Such decrease was mainly attributable to decrease in profit before tax.

- Retail, services, finance and other investments segment — Tax for this segment decreased by 33.8% to RMB32.5 million (US$5.1 million) in the six months ended June 30, 2012 from RMB49.1 million in the same period in 2011. Such decrease was mainly attributable to decrease in profit before tax.

Profit for the period. As a result of the foregoing, profit for the period decreased by 50.8% to RMB2,294.8 million (US$361.2 million) in the six months ended June 30, 2012 from RMB4,662.4 million in the same period in 2011. We recorded zero profit for the period under our insurance segment for the six months ended June 30, 2012 and zero profit for the period under the same segment for the six months ended June 30, 2011.

- Pharmaceuticals and healthcare segment — Profit for the period in the pharmaceuticals and healthcare segment decreased by 11.3% to RMB857.8 million (US$135.0 million) in the six months ended June 30, 2012 from RMB966.8 million in the same period in 2011.

- Property segment — Profit for the period in the property segment increase by 41.9% to RMB688.7 million (US$108.4 million) in the six months ended June 30, 2012 from RMB485.2 million in the same period in 2011.

- Steel segment — Loss for the period in the steel segment was RMB190.7 million (US$30.0 million) in the six months ended June 30, 2012 compared with profit for the period of RMB448.3 million in the same period in 2011.

- Mining segment — Profit for the period in the mining segment decreased by 27.8% to RMB765.3 million (US$120.5 million) in the six months ended June 30, 2012 from RMB1,060.7 million in the same period in 2011.

- Retail, services, finance and other investments segment — Profit for the period in this segment decreased by 76.4% to RMB425.6 million (US$67.0 million) in the six months ended June 30, 2012 from RMB1,806.2 million in the same period in 2011.

- Asset management segment — Loss for the period in the asset management segment was RMB24.3 million (US$3.8 million) in the six months ended June 30, 2012 compared with profit for the period of RMB7.1 million in the same period in 2011.

Non-controlling interests. Non-controlling interests decreased by 41.0% to RMB744.7 million (US$117.2 million) in the six months ended June 30, 2012 from RMB1,263.2 million in the same period in 2011.

- Pharmaceuticals and healthcare segment — Non-controlling interests in the pharmaceuticals and healthcare segment decreased by 6.0% to RMB520.1 million (US$81.9 million) in the six months ended June 30, 2012 from RMB553.1 million in the same period in 2011. The decrease reflected a decrease in profit for the six months ended June 30, 2012.

- Property segment — Non-controlling interests in the property segment decreased by 77.7% to RMB27.2 million (US$4.3 million) in the six months ended June 30, 2012 from RMB122.1 million in the same period in 2011. Such decrease was mainly due to the decrease of interests of Forte held by individual shareholders. The non-controlling interests in Forte decreased to 1.0% as at 31 December 2011 due to the completion of delisting of H Shares of Forte from the Hong Kong Stock Exchange on 13 May 2011.

- Steel segment — Non-controlling interests in the steel segment decreased by 107.2% to loss of RMB12.7 million (loss of US$2.0 million) in the six months ended June 30, 2012 from RMB176.4 million in the same period in 2011. The decrease reflected a decrease in profit for the six months ended June 30, 2012.

- Mining segment — Non-controlling interests in the mining segment decreased by 38.0% to RMB264.3 million (US$41.6 million) in the six months ended June 30, 2012 from RMB426.0 million in the same period in 2011. The decrease reflected a decrease in profit for the six months ended June 30, 2012.

- Retail, services, finance and other investments segment — Non-controlling interests in this segment shared losses in both years, or, specifically, of RMB9.6 million (US$1.5 million) in the six months ended June 30, 2012 and RMB9.7 million in the same period in 2011.

- Asset management segment — Non-controlling interests in the asset management segment shared a loss of RMB15.8 million (US$2.5 million) in the six months ended June 30, 2012 as compared to a gain of RMB3.7 million in the same period in 2011.

Year Ended December 31, 2011 Compared with Year Ended December 31, 2010

Revenue. Revenue increased by 27.3% to RMB56,816.2 million in 2011 from RMB44,643.7 million in 2010. The increase was mainly attributable to increase in revenue of each of our property, mining and steel segments. We recorded zero revenue under our insurance segment and retail, services, finance and other investments segment for the year ended December 31, 2011 and zero revenue under these two segments for the year ended December 31, 2010.

- Pharmaceuticals and healthcare segment — Revenue in the pharmaceuticals and healthcare segment increased by 44.3% to RMB6,432.6 million in 2011 from RMB4,459.3 million in 2010. The increase in revenue was mainly due to our increased sales of pharmaceutical products manufactured by Fosun Pharma as well as an increase of revenue from distribution of diagnostic products and medical devices.

- Property segment — Revenue in the property segment increased by 10.1% to RMB9,742.7 million in 2011 from RMB8,846.7 million in 2010. The increase was mainly due to the increase in the GFA booked by Forte in 2011 as compared with 2010.

- Steel segment — Revenue in the steel segment increased by 28.9% to RMB38,224.1 million in 2011 from RMB29,652.2 million in 2010. The increase was primarily due to an increase in the prices of steel products as well as the sales volume.

- Mining segment — Revenue in the mining segment in 2011 increased by 22.6% to RMB3,898.7 million, including intersegment sales of RMB1,529.8 million, from RMB3,180.2 million, including intersegment sales of RMB1,494.7 million, in 2010. The increase of revenue was mainly due to the sustaining high price of iron ore as well as increased sales volume attributable to our flexible sales strategy.

- Asset management segment — Revenue in the asset management segment increased by 100% to RMB56.2 million in 2011 from RMB0 million in 2010. We commenced our asset management business in 2011 and the revenue in this segment reflects the management fees we received from our clients.

Cost of sales. Cost of sales increased by 31.1% to RMB46,249.9 million in 2011 from RMB35,277.2 million in 2010. The increase was mainly attributable to increases in cost of sales in most of our business segments. We recorded zero cost of sales under our insurance segment and retail, services, finance and other investments segment for the year ended December 31, 2011 and zero cost of sales under these two segments for the year ended December 31, 2010.

- Pharmaceuticals and healthcare segment — Cost of sales in the pharmaceuticals and healthcare segment increased by 35.8% to RMB3,991.1 million in 2011 from RMB2,938.8 million in 2010. Such increase was primarily due to the increase in sales volume in Fosun Pharma's pharmaceutical manufacturing business.

- Property segment — Cost of sales in the property segment increased by 8.7% to RMB6,013.2 million in 2011 from RMB5,534.3 million in 2010. Such increase was attributable to the increase in GFA booked by Forte in 2011 as compared to 2010.

- Steel segment — Cost of sales in the steel segment increased by 33.9% to RMB36,666.0 million in 2011 from RMB27,387.6 million in 2010. Such increase was primarily due to the increase in prices of raw materials, including iron ore, in 2011 as compared with 2010.

- Mining segment — Cost of sales in the mining segment increased by 18.6% to RMB1,234.8 million in 2011 from RMB1,041.3 million in 2010. Such increase was mainly due to the increase in labor costs in 2011 as compared with 2010.

- Asset management segment — We did not incur any cost of sales in our asset management segment in either 2010 and 2011.

Gross Profit. As a result of the foregoing, gross profit increased by 12.8% to RMB10,566.3 million in 2011 from RMB9,366.5 million in 2010. We recorded zero gross profit under our insurance segment and retail, services, finance and other investments segment for the year ended December 31, 2011 and zero gross profit under these two segments for the year ended December 31, 2010.

- Pharmaceuticals and healthcare segment — Gross profit in the pharmaceuticals and healthcare segment increased by 60.6% to RMB2,441.4 million in 2011 from RMB1,520.5 million in 2010. Gross profit margin increased to 38.0% from 34.1%, primarily as a result of (i) an increase in the contribution from our major products with higher margin, and (ii) improved gross profit margin of our major products as a result of technological improvements and increased production scale.

- Property segment — Gross profit in the property segment increased by 12.6% to RMB3,729.5 million in 2011 from RMB3,312.4 million in 2010. The property segment's gross profit margin slightly increased to 38.3% in 2011 from 37.4% in 2010.

- Steel segment — Gross profit in the steel segment decreased by 31.2% to RMB1,558.1 million in 2011 from RMB2,264.6 million in 2010. Gross profit margin decreased to 4.1% in 2011 from 7.6% in 2010 mainly due to decrease of the average selling prices of our steel products since September 2011 and the decrease in the average selling prices of our steel products exceeded the decrease in the average purchase prices of the raw materials used in our steel products.

- Mining segment — Gross profit in the mining segment increased by 24.5% to RMB2,664.0 million in 2011 from RMB2,138.8 million in 2010. Gross profit margin slightly increased to 68.3% in 2011 from 67.3% in 2010.

- Asset management segment — Gross profit in the asset management increased by 100% to RMB56.2 million in 2011 from RMB0.0 million in 2010. Gross profit margin increased to 100% in 2011 from 0.0% in 2010 because our asset management business did not incur any cost of sales since its commencement of operations in 2011.

Other Income and Gains. Other income and gains decreased to RMB4,111.8 million in 2011 from RMB4,304.9 million in 2010. The decrease was mainly attributable to the decrease in gain on disposal of subsidiaries, gain on fair value adjustment of equity investments at fair value through profit or loss, gain on disposal of equity investments at fair value through profit or loss, gain on fair value adjustment of investment properties, as well as gain on disposal of partial interests in associates, offset in part by increases in gain on deemed disposal of partial interests in associates, gain on disposal of available-for-sale investments, dividends from available-for-sale investments and equity investments at fair value through profit or loss and interest income.

- Gain on disposal of subsidiaries — Gain on disposal of subsidiaries decreased to RMB59.3 million in 2011 from RMB964.2 million in 2010. In 2011, Forte disposed its 49% equity interest in Chengdu Honghui Property Development Co., Ltd.（成都鴻匯置業有限公司）and recognized a gain of RMB49.6 million. In 2010, such gain was much higher due to the gains recognized by Forte through the disposal of its 100% equity interest in Shanghai Yizhou Investment Management Co., Ltd. and its 50% equity interest in Shiner Way Limited.

- Gain on fair value adjustment of equity investments at fair value through profit or loss — Gain on fair value adjustment of equity investments at fair value through profit or loss decreased to zero in 2011 from RMB912.9 million in 2010. Our investments held for trading are recognized at their fair value through profit or loss. The decrease was therefore attributable to a loss in the amount of adjustment to the market value of these investments, reflected in other expenses.

- Gain on disposal of equity investments at fair value through profit or loss — Gain on disposal of equity investments at fair value through profit or loss decreased to RMB578.6 million in 2011 from RMB917.6 million in 2010. In 2011, we disposed of 59,877,000 shares in American International Insurance and 6,516,310 ADSs in Focus Media and recognized gains of RMB193.1 million and RMB367.0 million, respectively.

- Gain on fair value adjustment of investment properties — Gain on fair value adjustment of investment properties decreased to RMB97.5 million in 2011 from RMB264.6 million in 2010, due primarily to the decreased fair value adjustment of our investment properties in Beijing and Hangzhou.

- Gain on disposal of partial interests in associates — Gain on disposal of partial interests in associates decreased to RMB34.7 million in 2011 from RMB194.7 million in 2010. In 2011, Fosun Pharma further disposed its partial equity interest in Zhejiang Crystal-optech Co., Ltd. and recognized a gain of approximately RMB29.3 million. In 2010, such gain was primarily results of disposal of entire equity interest in Nanjing Laoshan Pharmaceutical Company and 3.9% of equity interest in Zhejiang Crystal-optech Co., Ltd. by Fosun Pharma.

- Gain on deemed disposal of partial interests in associates — Gain on deemed disposal of partial interests in associates increased to RMB910.9 million in 2011 from RMB97.8 million in 2010. In May 2011, Sinopharm, our major associate in the pharmaceuticals and healthcare segment, completed its placement of 138,056,825 H shares and our indirect equity interest in Sinopharm through Fosun Pharma was diluted from 34.00% to 32.05%. The gain on deemed disposal of Sinopharm was RMB672.7 million. In addition, in March 2011, one of our associates, Shenzhen Jasic Technology Co., Ltd., completed its initial public offering and the shares of Shenzhen Jasic Technology Co., Ltd. were listed on Shenzhen Stock Exchange. The gain on the deemed disposal of Shenzhen Jasic Technology Co., Ltd. was RMB158.4 million.

- Gain on disposal of available-for-sale investments — Gain on disposal of available for sale investments increased to RMB843.6 million in 2011 from RMB95.9 million in 2010. In 2011, Fosun Industrial Investment disposed its entire equity interest in Xi'an Shaangu Power Co., Ltd. (西安陝鼓動力股份有限公司) and recognized a gain of RMB650.8 million. In addition, Fosun Pharma disposed its equity interests in several available-for-sale investments and recognized gains of RMB192.8 million in aggregate. In 2010, such gain was primarily from disposal of its entire equity interest in Guotai Junan Securities by Nanjing Steel United.

- Interest income — Interest income increased by 56% to RMB380.6 million in 2011 from RMB244.5 million in 2010. The increase was mainly attributable to both the increase in average bank balances and interest rates in 2011 as compared to 2010.

Operating Expenses. Operating expenses increased by 59.7% to RMB6,984.2 million in 2011 from RMB4,372.3 million in 2010. We recorded zero operating expenses under our insurance segment and retail, services, finance and other investments segment for the year ended December 31, 2011 and zero operating expenses under these two segments for the year ended December 31, 2010.

- Pharmaceuticals and healthcare segment — Operating expenses in the pharmaceuticals and healthcare segment increased by 48.7% to RMB2,309.7 million in 2011 from RMB1,552.8 million in 2010. As a percentage of revenue, operating expenses in this segment increased to 35.9% in 2011 from 34.8% in 2010.

  - Selling and distribution costs — Selling and distribution costs increased by 51.6% to RMB1,210.0 million in 2011 from RMB798.3 million in 2010. Such increase was primarily due to Fosun Pharma's strategy to streamline its distribution system by restructuring the selling channels of its manufacturing business.

  - Administrative expenses. Administrative expenses increased by 62.3% to RMB696.7 million in 2011 from RMB429.3 million in 2010. Such increase was mainly attributable to increases in expenses associated with new investments and increased staff costs in 2011.

  - Other expenses — Other expenses increased by 24.0% to RMB403.1 million in 2011 from RMB325.2 million in 2010. Such increase was primarily due to a provision for the impairment of non-current assets classified as held for sale in the amount of RMB148.0 million and an increase in research and development costs in 2011.

- Property segment — Operating expenses in the property segment increased by 37.9% to RMB1,104.5 million in 2011 from RMB801.2 million in 2010. As a percentage of revenue, operating expenses in this segment increased to 11.3% in 2011 from 9.1% in 2010.

  - Selling and distribution costs — Selling and distribution costs increased by 34.1% to RMB452.0 million in 2011 from RMB337.1 million in 2010. Such increase was primarily due to increases in advertising expenses, staff costs and sales commission.

  - Administrative expenses — Administrative expenses increased by 32.8% to RMB507.0 million in 2011 from RMB381.7 million in 2010. Such increase was primarily due to increases in staff costs and expenses associated with new property projects in 2011.

  - Other expenses — Other expenses increased by 76.6% to RMB145.5 million in 2011 from RMB82.4 million in 2010. Such increase was primarily due to a provision for the impairment of a property held for sale located in Shanghai.

- Steel segment — Operating expenses in the steel segment increased by 23.6% to RMB1,540.0 million in 2011 from RMB1,246.4 million in 2010. As a percentage of revenue, operating expenses in this segment slightly decreased to 4.0% in 2011 from 4.2% in 2010.

  - Selling and distribution costs — Selling and distribution costs increased by 38.4% to RMB362.3 million in 2011 from RMB261.8 million in 2010. Such increase was primarily due to an increase in sales volume in 2011, resulting in higher transportation fees and staff costs.

  - Administrative expenses — Administrative expenses increased by 6.4% to RMB712.8 million in 2011 from RMB670.1 million in 2010, primarily due to increased staff costs and maintenance costs.

  - Other expenses — Other expenses increased by 47.8% to RMB464.9 million in 2011 from RMB314.5 million in 2010. Such increase was primarily due to provision of impairment for inventories amounted to RMB188.0 million in 2011.

- Mining segment — Operating expenses in the mining segment increased by 28.9% to RMB598.0 million in 2011 from RMB463.9 million in 2010. As a percentage of revenue, operating expenses in this segment slightly increased to 15.3% in 2011 from 14.6% in 2010.

  - Selling and distribution costs — Selling and distribution costs increased, by 29.9%, to RMB95.6 million in 2011 from RMB73.6 million in 2010. Such increase was primarily due to increase in transportation fees.

  - Administrative expenses — Administrative expenses increased by 29.1% to RMB403.2 million in 2011 from RMB312.4 million in 2010. Such increase was primarily due to the increase in staff costs in 2011 as compared with 2010.

  - Other expenses — Other expenses increased by 27.2% to RMB99.1 million in 2011 from RMB77.9 million in 2010 which was primarily due to provision for impairment of inventories.

- Asset management segment — Operating expenses in this segment increased by 100% to RMB145.9 million in 2011 from zero in 2010, because we commenced our asset management services in 2011.

Finance Costs. Finance costs increased by 51.5% to RMB2,381.7 million in 2011 from RMB1,572.1 million in 2010. The increase was mainly attributable to increases in both interest rates and outstanding amount of our bank borrowings in the pharmaceuticals and healthcare, property, steel and retail, services, finance and other investments segments. We recorded zero finance costs under our insurance segment and asset management segment for the year ended December 31, 2011 and zero finance costs under these two segments for the year ended December 31, 2010.

- Pharmaceuticals and healthcare segment — Finance costs in the pharmaceuticals and healthcare segment increased by 93.0% to RMB314.0 million in 2011 from RMB162.7 million in 2010.

- Property segment — Finance costs in the property segment increased by 7.1% to RMB333.0 million in 2011 from RMB310.9 million in 2010.

- Steel segment — Finance costs in the steel segment increased by 34.3% to RMB1,041.8 million in 2011 from RMB775.5 million in 2010.

- Mining segment — Finance costs in the mining segment increased by 9.1% to RMB35.8 million in 2011 from the RMB32.8 million in 2010.

- Retail, services, finance and other investments segment — Finance costs in this segment increased by 135.2% to RMB682.6 million in 2011 from RMB290.2 million in 2010.

Share of Profits and Losses of Jointly-Controlled Entities. Share of profits and losses of jointly-controlled entities represented a profit of RMB32.1 million in 2011 compared to a loss of RMB23.2 million in 2010. The share of profit of jointly-controlled entities in 2011 was primarily contributed by the steel segment from its normal course of business, while in 2010 the share of loss of jointly-controlled entities was primarily contributed by the property segment.

Share of Profits and Losses of Associates. Share of profits of associates increased to RMB1,538.8 million in 2011 from RMB949.4 million in 2010. The increase was mainly attributable to the increase in share of profits of associates in the steel, property, pharmaceuticals and healthcare, mining and retail, services, finance and other investments segments.

- Insurance segment — We realized zero share of profits or losses under our insurance segment.

- Pharmaceuticals and healthcare segment — Share of profits of associates in the pharmaceuticals and healthcare segment increased by 30.8% to RMB723.8 million in 2011 from RMB553.4 million in 2010. Such increase was mainly attributable to increases in the operating profit of Sinopharm, the major associate of Fosun Pharma, as well as the gain recognized due to the privatization of Tongjitang.

- Property segment — Share of profits of associates in the property segment increased to RMB275.6 million in 2011 from RMB94.5 million in 2010. Such increase was mainly contributed by Shanghai Qiaobei Property Co., Ltd., due to the sale of completed properties in 2011.

- Steel segment — Share of profits of associates in the steel segment increased by 69.7% to RMB159.7 million in 2011 from RMB94.1 million in 2010 which was primarily due to improved operating results of Jianlong Group, the major associate in the steel segment.

- Mining segment — Share of profits of associates in the mining segment increased by 54.5% to RMB116.8 million in 2011 from RMB75.6 million in 2010. Such increase was mainly attributable to improved operating results of Huaxia Mining, our major associate in the mining segment.

- Retail, services, finance and other investments segment — Share of profits of associates in this segment increased by 99.2% to RMB262.8 million in 2011 from RMB131.9 million in 2010. Such increase was mainly attributable to improved operating results of Yuyuan. In addition, one of our associate, recognized a gain on disposal of available-for-sale investment named Zhejiang Aishida Electric Co., Ltd., and we shared the gain based on our percentage of equity interest in this associate.

- Asset management segment — We realized zero share of profits or losses under our asset management segment.

Tax. Tax decreased by 27.5% to RMB1,818.4 million in 2011 from RMB2,506.6 million in 2010. We recorded zero tax under our insurance segment and asset management segment for the year ended December 31, 2011 and zero tax under these two segments for the year ended December 31, 2010.

- Pharmaceuticals and healthcare segment — Tax for the pharmaceuticals and healthcare segment increased to RMB341.8 million in 2011 from RMB201.6 million in 2010. Such increase was mainly attributable to the increase in taxable profits of our pharmaceuticals and healthcare segment.

- Property segment — Tax for the property segment decreased by 29.7% to RMB1,212.3 million in 2011 from RMB1,724.0 million in 2010. Such decrease was mainly attributable to (i) an decrease in land appreciation tax accrued on GFA booked mainly as a result of a decrease in gross profit margin; and (ii) a decrease in taxable profits in 2011 as compared with 2010.

- Steel segment — Tax for the steel segment decreased by 283.3% to a tax credit of RMB211.0 million in 2011 from a tax provision of RMB115.1 million in 2010. Such decrease was primarily due to decrease of taxable profits in 2011 as compared with 2010, as well as tax refund enjoyed in 2011,.

- Mining segment — Tax for the mining segment increased by 31.4% to RMB460.0 million in 2011 from RMB350.2 million in 2010. Such increase was mainly attributable to increase of tax rate of Hainan Mining from 22% in 2010 to 24% in 2011.

- Retail, services, finance and other investments segment — Tax for this segment decreased by 89.2% to RMB14.5 million in 2011 from RMB134.8 million in 2010. Such decrease was mainly attributable to decrease of taxable profits in 2011 as compared to 2010.

Profit for the Year. As a result of the foregoing, profit for the year decreased by 17.6% to RMB5,064.7 million in 2011 from RMB6,146.7 million in 2010. We recorded zero profit of the year under our insurance segment for the year ended December 31, 2011 and zero profit of the year under the same segment for the year ended December 31, 2010.

- Pharmaceuticals and healthcare segment — Profit for the year in the pharmaceuticals and healthcare segment increased by 80.8% to RMB1,385.4 million in 2011 from RMB766.1 million in 2010.

- Property segment — Profit for the year in the property segment decreased by 4.3% to RMB1,832.8 million in 2011 from RMB1,914.4 million in 2010.

- Steel segment — Profit for the year in the steel segment decreased by 94.0% to RMB40.6 million in 2011 from RMB681.7 million in 2010.

- Mining segment — Profit for the year in the mining segment increased by 19.4% to RMB1,787.0 million in 2011 from RMB1,496.7 million in 2010.

- Retail, services, finance and other investments segment — Profit for the year in this segment decreased by 83.5% to RMB253.5 million in 2011 from RMB1,536.9 million in 2010.

- Asset management segment — Loss for the year in the asset management segment increased by 79.5% to RMB41.1 million in 2011 from RMB22.9 million in 2010.

Non-controlling interests. Non-controlling interests decreased by 13.5% to RMB1,661.1 million in 2011 from RMB1,919.6 million in 2010.

- Pharmaceuticals and healthcare segment – Non-controlling interests in the pharmaceuticals and healthcare segment increased by 78.0% to RMB825.1 million in 2011 from RMB463.5 million in 2010. The increase reflected a increase in profit for the year the 2011.

- Property segment — Non-controlling interests in the property segment decreased by 66.8% to RMB213.5 million in 2011 from RMB642.6 million in 2010. The decrease was mainly due to the decrease of interests of Forte held by individual shareholders. The non-controlling interests in Forte decreased to 1.0% as at 31 December 2011 due to the completion of delisting of H Shares of Forte from the Hong Kong Stock Exchange on 13 May 2011.

- Steel segment — Non-controlling interests in the steel segment decreased by 97.7% to RMB6.3 million in 2011 from RMB271.7 million in 2010. The decrease reflected a decrease in profit for the year the 2011.

- Mining segment — Non-controlling interests in the mining segment increased by 18.2% to RMB667.1 million in 2011 from RMB564.6 million in 2010. The increase reflected an increase in profit for the year the 2011.

- Retail, services, finance and other investments segment — Non-controlling interests in this segment shared losses in both years, or, specifically, of RMB1.3 million in 2011 and RMB2.9 million in 2010.

- Asset management segment — Non-controlling interests in the asset management segment shared losses in both years, or, speccifically, of RMB47.6 million in 2011 and RMB20.0 million in 2010.

Capital Expenditures

The following table sets forth, for the periods indicated, our capital expenditures, which primarily consist of additions to property, plant and equipment, prepaid land lease payments, exploration and evaluation assets, mining rights and intangible assets:

	Year ended December 31,			Six months ended June 30,	
	2009	**2010**	**2011**	**2012**	**2012**
	RMB	**RMB**	**RMB**	**RMB**	**US$**
			(in thousands)		
Pharmaceuticals and healthcare segment	300,901	430,946	920,530	590,061	92,879
Property segment	99,605	124,706	30,684	7,710	1,214
Steel segment	2,858,838	3,873,577	1,412,097	1,076,860	169,504
Mining segment	350,740	322,674	621,419	280,071	44,085
Asset Management segment	—	2,806	8,328	—	—
Retail, services, finance and other investments segment	9,394	37,237	13,576	64,422	10,140
Total	3,619,478	4,791,946	3,006,634	2,019,124	317,822

As part of our business strategy, we plan to continue to expand our business through organic growth within our group as well as through mergers and acquisitions and strategic investments in other operating companies or assets. Cash requirements relating to potential acquisitions can vary significantly based on market opportunities.

Indebtedness, Contractual Obligations and Off-balance Sheet Arrangements

Indebtedness

As of June 30, 2012, our total consolidated debt was RMB52,404.6 million. The table below presents the amounts due by year of maturity for our total debt obligations outstanding as of June 30, 2012.

	Amount due				
	within one year or on demand	in the second year	in the third to fifth year	over five years	Total
	(RMB in millions)				
Interest bearing bank and other borrowings					
Bank loans and other borrowings	22,058.8	6,526.9	7,369.8	932.5	36,888.0
Loans from related companies	65.0	87.3	—	—	152.3
Debt securities					
Nanjing Steel United enterprise bonds	—	—	2,489.6	3,965.8	6,455.4
Forte domestic corporate bonds	—	—	1,884.5	—	1,884.5
Fosun Group corporate bonds	—	—	—	1,092.1	1,092.1
Fosun Pharma medium-term notes	—	—	4,058.8	—	4,058.8
Senior notes	—	—	1,873.5	—	1,873.5
	22,123.8	6,614.2	17,676.2	5,990.4	52,404.6

As of June 30, 2012, the Group had unutilized banking facilities of RMB41,756.8 million.

Operating Lease Arrangements and Commitments

We lease certain of our office properties, shop lots, land and plant buildings under operating lease arrangements. As of June 30, 2012, our total future minimum lease payments under non-cancellable operating leases were RMB873.1 million.

We enter into purchase contracts from time to time in order to continue our expansion through organic growth as well as mergers and acquisitions. We finance our capital commitments through a combination of cash generated from operations, equity capital, bank borrowings and issuance of debt securities. As of June 30, 2012, our Group's capital commitments contracted but not provided for were RMB9,446.9 million.

Certain information furnished in this section is sourced from official government and other third-party publications. While we have exercised reasonable care in compiling and reproducing the information from such publications, such information has not been independently verified by the Company, the Initial Purchasers, the Trustee, the Principal Paying and Transfer Agent, the Registrar, the Collateral Agent or any of their respective directors, officers and advisers. The information sourced from official government publications may not be consistent with other information compiled within or outside the PRC. We do not make any representation as to its accuracy and investors should not unduly rely on such information contained in this section.

Overview

We are a large holding company with a portfolio focused on businesses benefiting from China's growth momentum. As a result of our rapid growth since our incorporation, we have established what we believe is a high-quality business combination which has benefited from China's economic growth, urbanization and industrialization. We have significant experience in managing different businesses in China and have successfully grown our core businesses into strong players with widely recognized brands within their respective industries. We seek to achieve sustainable and rapid growth of our investment portfolio value through the continued optimization of the existing portfolio and upgrading the management of our investee companies. Our past superior investment returns and our rich experience in improving the management of investee companies in a variety of industries in China give us what we believe to be a strong competitive advantage in continuously capturing investment opportunities. We have a strong investment platform which enables us to identify investment opportunities that we believe will benefit from China's rapid growth.

We believe our in-depth understanding of China's macroeconomic and microeconomic trends and our established operational experience in managing different business lines in China position us to capture more investment opportunities benefiting from China's growth momentum. We have extensive experience in brand promotion, enhancing management structures and building sales networks, which effectively facilitate the development of an investee company's business. In addition, as a large diversified, non-state-owned enterprise in a rapidly growing market, we have developed strong execution capabilities that allow us to respond quickly to opportunities and challenges emerging from rapid economic development. We also have a diversified financing platform which gives us access to a wide range of capital resources for our Group's sustainable development.

Currently, our core operation consists of seven business segments: (i) insurance, (ii) pharmaceuticals and healthcare, (iii) property, (iv) steel, (v) mining, (vi) retail, services, finance and other investments, and (vii) asset management. Our principal portfolio companies include Fosun Pharma, Forte, Nanjing Iron & Steel and Hainan Mining. We believe that our principal portfolio companies enjoy competitive advantages within their respective industries and significant growth potential. We invest in a number of listed and unlisted companies, such as Jianlong Group, Yuyuan, Club Med, Focus Media, Folli Follie, Minsheng Bank and Vigor Kobo. We believe our insurance and asset management business segment, although recently established, have shown great growth potential. Our insurance segment has the platform to provide a variety of insurance products, including property and casualty insurance, life insurance, health insurance, reinsurance and others. Our asset management business segments managed US dollar and RMB funds with a total committed amount of RMB16.61 billion as of June 30, 2012.

For the three years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2011 and 2012, our consolidated revenue was RMB34,855.8 million, RMB44,643.7 million, RMB56,816.2 million, RMB25,568.8 million and RMB25,730,7 million, respectively, and our profit was RMB6,818.4 million, RMB6,146.7 million, RMB5,064.7 million, RMB4,662.4 million and RMB2,294.8 million, respectively.

Our founders, Messrs. Guo Guangchang, Liang Xinjun, Wang Qunbin and Fan Wei, are members of our core management team. As of the date of this offering memorandum, they owned a 58%, 22% 10% and 10% equity interest in Fosun International Holdings, respectively, which in turn held a 79.08% equity interest indirectly in our Company through its wholly-owned subsidiary, Fosun Holdings.

Our Businesses

The following table sets forth our principal portfolio companies in each of our businesses as of December 31, 2012:

Business segment	Principal Portfolio Companies	Equity Interest[1]	Principal Products and Services
Insurance	Yong'An P&C Insurance	18.1%	Property and casualty insurance
	Pramerica Fosun Life Insurance	50%	Life insurance and health insurance
	Peak Reinsurance	84.3%	Reinsurance
Pharmaceuticals and healthcare	Fosun Pharma	41.09%[2]	Pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services and diagnosis products and medical devices
Property	Forte	99.05%	Development and sale of residential and non-residential property and related business
	Resource Property	76.9%	Real estate sales agent, real estate consulting and related services
	Haizhimen	50%	Property development with a focus on high-end city complex project(s) in Shanghai
Steel	Nanjing Iron & Steel	50.3%	Production and sale of medium and heavy steel plates, steel bars, wire rods, steel strips and section steel
	Jianlong Group	25.7%	Production and sale of medium wide hot and cold strips, hot-rolled coils, and bars and wire rods
Mining	Hainan Mining	60%	Iron ore mining and ancillary processing
	Jin'an Mining	50.3%	Iron ore mining and ancillary processing

Business segment	Principal Portfolio Companies	Equity Interest(1)	Principal Products and Services
	Shanjiaowulin	20%	Coking coal mining and ancillary processing
	Zhaojin Mining	8.0%	Gold mining and ancillary processing
Retail, services, finance and other investments...	Yuyuan	17.3%	Gold jewelry retail and wholesale, food and beverage business, and non-residential property leasing
	Focus Media	16.75%	Media advertising platforms
	Club Med	9.96%	Leisure and hospitality
	Folli Follie(3)	9.96%	Fashion retail shop
	Minsheng Bank(4)	2.19%	Commercial bank
	Vigor Kobo	20%	Bakery
	Other investments	N/A	Minority interest investments in pre-IPO or post-IPO projects
Asset management.................................	Fosun Capital Management	100%	Private equity investments
	Star Capital Management	80%	Real estate fund management
	Fosun Chuanghong Management	100%	Private equity investment
	Carlyle-Fosun Management	50%	Private equity investment
	Pramerica-Fosun China Opportunity Fund Management	100%	Private equity investment

Notes:

(1) Includes our direct or indirect and effective equity interests in these portfolio companies as of December 31, 2012.

(2) Fosun Pharma is accounted for as a subsidiary in our financial statements, in conformance with HKFRS, by virtue of our control over Fosun Pharma's board of directors and operating and financial policies.

(3) In addition, Pramerica-Fosun China Opportunity Fund held 3.89%.

(4) In addition, Pramerica-Fosun China Opportunity Fund, L.P. held 0.1% of the total number of shares of Minsheng Bank.

Insurance Business

Our insurance segment mainly includes Yong'An P&C Insurance, which is a property and casualty insurance company headquartered in Xi'An with nationwide presence, Pramerica Fosun Life Insurance, which was recently established in Shanghai in October 2012 and focuses on providing life and health insurance, and Peak Reinsurance, which recently obtained its certificate of authorization in respect of reinsurance business from the OCI in December 2012 and will focus on providing reinsurance services and investing its investment assets.

Pharmaceuticals and Healthcare Business

We operate our pharmaceuticals and healthcare business through 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 (2196.HK). Fosun Pharma's business operations strategically cover multiple important segments in the healthcare value chain. Fosun Pharma is a leading domestic pharmaceutical companies in PRC by revenue from the pharmaceutical manufacturing segment in 2011. Fosun Pharma's business segments include pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services, and diagnostic products and medical products. Its core business is the research and development, manufacturing, and sales and marketing of pharmaceutical products. The pharmaceutical manufacturing business has grown rapidly since we entered the segment in 2002. Fosun Pharma has established a leading position in the pharmaceutical distribution sector through its strategic investment in Sinopharm. According to the public release of Sinopharm, it is the largest pharmaceutical distributor in China and a leading provider of supply chain services for pharmaceutical and healthcare products in China in terms of its market share and the geographical coverage of its distribution network and operates the largest pharmaceutical distribution network in China in 2011. Fosun Pharma also participates in China's high-end healthcare service sector through its joint venture with, and strategic investment in, Chindex. Our senior management team in Fosun Pharma consists of Messrs. Chen Qiyu, Yao Fang and Qiao Zhicheng.

Property Business

We operate our property business mainly through our subsidiaries Forte and Resource Property. Currently, our property development projects are located in 19 cities, consisting of Shanghai, Beijing, Tianjin, Nanjing, Chongqing, Chengdu, Xi'an, Wuhan, Datong, Wuxi, Hangzhou, Taiyuan, Changsha, Changchun, Dalian, Harbin, Ningbo, Nantong and Sanya. We aim to gradually build up the product lines of commercial, culture, senior housing and tourism properties.

Forte holds a 19.55% equity interest in Zendai, a company listed on the Hong Kong Stock Exchange (00755.HK). On January 20, 2011, we announced the Forte Offer, pursuant to which we made a voluntary conditional offer to acquire all of Forte's issued H shares that we did not hold and, subject to such offer for H shares becoming unconditional, a voluntary conditional offer to acquire all of Forte's issued domestic shares that we did not hold. In May 2011, we successfully completed our general offer to Forte's shareholders and Forte was delisted from the Hong Kong Stock Exchange. Forte's senior management consists of Messrs. Zhang Hua, Chen Zhihua and Ye Jiansheng.

We also conduct our property business through other companies. Headquartered in Shanghai, Resource Property is a nation-wide integrated real estate service provider. Its main businesses include real estate sales and consulting.

Our Company has also directly invested in several real estate projects, including Shanghai Zhenru Project and Dalian Project.

As of June 30, 2012, our attributable GFA of under development amounted to 4,284,471 sq.m., attributable GFA of newly commenced projects amounted to 1,165,753 sq.m., and attributable GFA of completed projects amounted to 271,720 sq.m. As of June 30, 2012, we have attributable GFA of 12,329,554 sq.m. as project reserve.

Steel Business

We operate our steel business principally through Nanjing Iron & Steel, a publicly traded company with its A shares 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. Its principal products include medium and heavy steel plates, steel bars, wire rods, steel strips and section steel. As of June 30, 2012, the crude steel production capacity of Nanjing Iron & Steel amounted to 8.0 million tons. Nanjing Iron & Steel is one of the few steel product producers in China with the ability to produce 9%Ni steel. Our senior management in Nanjing Iron & Steel consists of Messrs. Yang Siming, Lü Peng and Wang Jiafu.

We also own an equity interest of 25.7% in Jianlong Group, one of the largest steel producers in North and Northeast China. Its principal products include hot rolling medium wide strips, cold rolling medium wide strips, hot rolling narrow strips, cold rolling narrow strips, hot rolling coil, bars and wire rods and sectional material.

Mining Business

We operate our mining business principally through 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 existing mining projects and other mining companies, Hainan Mining aims to accelerate the increase of its scale and industrial position. Through Nanjing Iron & Steel, we also hold interests in Jin'an Mining. We have also invested in other natural resources such as coking coal and gold through our investments in mining companies such as Shanjiaowulin and Zhaojin Mining, respectively. Our senior management in Hainan Mining consists of Messrs. Chen Guoping, Liu Mingdong and Feng Yilin.

Retail, Services, Finance and Other Investments

We adhere to our investment model of "combining China's growth momentum with global resources" and seek to invest in industries in China, Europe and the United States which may benefit from China's growth momentum. Our investments in sectors such as retail, services, finance and other investments mainly include investments in: (i) Yuyuan, a well-known Shanghai company listed on the Shanghai Stock Exchange (600655.SH) with main operations in the sales of gold and jewelry, (ii) Focus Media, the largest outdoor electronic media advertisement operator in China listed on NASDAQ (FMCN. NASDAQ), (iii) Club Med, a global leisure and resort group listed on the Euronext Paris since 1966 (CU. EPA), (iv) Folli Follie, a global renowned fashion retail group listed on Athens Stock Exchange (FFGRP.AT), (v) Minsheng Bank, a national large scale joint-stock commercial bank listed on both the Hong Kong Stock Exchange (01988.HK) and the Shanghai Stock Exchange (600016.SH), and (vi) Vigor Kobo, a famous bakery based in Taiwan focusing on producing pineapple cakes, an iconic Taiwanese pastry.

Asset Management

In 2011 and 2012, we advanced the third-party asset management to a great extent, and our investment capacity has achieved notable improvement benefiting from our systematic development. Our asset management business mainly serves domestic and international high-end institutional and individual clients. We act as the general partners of the funds that we manage. We currently manage (i) US dollar funds, namely, Pramerica-Fosun China Opportunity Fund and Carlyle-Fosun Fund, (ii) RMB Private Equity Fund, (iii) Star Capital Fund, and (iv) Forte Real Estate Fund Series. The US dollar funds will mainly focus on long-term overseas capital, including sovereign funds and pension funds, whereas RMB funds will focus on domestic high net worth individuals. As of June 30, 2012, the scale of our asset management business reached an committed amount of RMB16.61 billion, among which our committed self capital contribution amounted to RMB3.05 billion.

Competitive Strengths

We believe we have the following competitive strengths:

Successful business strategies and strong execution capabilities

We focus on investing in various industries that benefit from China’s growth momentum. Our investments have a track record of stable and profitable growth, which we consider to be evidence of the success of our business strategies and our strong execution capabilities. We have grown rapidly by leveraging our strong capabilities in identifying market opportunities and executing appropriate investment strategies. For the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2011 and 2012, our consolidated revenue was RMB34,855.8 million, RMB44,643.7 million and RMB56,816.2 million, RMB25,568.8 million and RMB25,730,7 million, respectively.

Our core business segments currently cover (i) insurance, (ii) pharmaceuticals and healthcare, (iii) property, (iv) steel, (v) mining, (vi) retail, services, finance and other investments and (vii) asset management. We have also invested in a number of pre-IPO projects and listed companies. We strategically focus our investment on selected industries with high growth potential, such as consumption upgrade, financial services, resources and energy, and manufacturing upgrade. Since January 1, 2010, 17 of our private equity investments have successfully completed their initial public offerings.

We are an active shareholder and bring value to our investee companies, including providing strategic guidance, participating in executive recruitment and motivating management. We believe our principal portfolio companies are in leading positions within their respective market segments. Through our rapid growth in the past decade, the “Fosun” (“復星”) brand has gained recognition as that of a valuable investor and business partner, and is well recognized in China. We believe this will give us an advantage in identifying and capturing investment opportunities in the market.

Proven track record in achieving significant investment returns

We have a proven track record of opportunely capturing attractive investment opportunities in a wide range of industries. We believe our industry expertise has given us an early-mover advantage in entering markets with high-growth potential at reasonable costs. Our capturing of these opportunities has resulted in significant investment returns for us. During our investment period, we may obtain dividend distributions from our investee company, and our exit from investments may bring us cash inflows. For example:

- We began our investment in Yuyuan, a publicly-traded company, in 2002, when we paid an aggregate of RMB353.7 million for a 20% interest in the company. Based on the closing price of Yuyuan's shares as of June 30, 2012, the market value of our 17.3% equity interest in Yuyuan was RMB1,954.6 million. In addition, in 2009, 2010 and 2011 and the six months ended June 30, 2011 and 2012, we received dividends from Yuyuan in the amount of RMB8.7 million, RMB11.0 million, RMB12.4 million, RMB0 million and RMB17.4 million, respectively.

- Following our investment in Jianlong Group in 2002, we capitalized on our steel production experience and established Nanjing Steel United in 2003 with an aggregate initial investment amount of RMB1,650.0 million for a 60% equity interest in Nanjing Steel United. In 2008 and 2009, we received dividends from Nanjing Steel United in the aggregate amount of RMB600.0 million. In October 2010, Nanjing Steel United's major steel-related assets were injected into Nanjing Iron & Steel, and such assets thus became part of a publicly listed company. We were able to receive dividends from Nanjing Nangang, the holding company of Nanjing Steel United, in the amount of RMB600.0 million for the year ended December 31, 2011.

- In 2003, we identified the growth potential in China's healthcare supply chain industry and therefore invested in Sinopharm. We initially invested an aggregate amount of RMB813.3 million in Sinopharm. Based on the closing price of Sinopharm's shares as of June 30, 2012, the market value of Fosun Pharma's 32.05% equity interest in Sinopharm was RMB13,433.0 million. In addition, in 2009, 2010 and 2011 and the six months ended June 30, 2011 and 2012, Fosun Pharma had received dividends from Sinopharm in the aggregate amount of RMB60.7 million, RMB61.0 million, RMB91.5 million, zero, and RMB91.6 million, respectively.

In recent years we have also invested in Focus Media, Club Med, Folli Follie, Minsheng Bank and Vigor Kobo with the goal of generating high cash flow from investment returns over the next few years.

Multi-channel and sustainable funding sources to raise capital

We have diversified and sustainable capital resources to support our business growth and our working capital needs. Our capital resources include liquid assets that can be sold to raise additional capital. As of June 30, 2012, our Group held equity investments at fair value through profit or loss amounting to RMB8,636.7 million, consisting of equity investments in Hong Kong with a market value of RMB1,979.6 million, in the United States with a market value of

RMB4,239.3 million, in China with a market value of RMB1,734.6 million and in Europe with a market value of RMB683.2 million, representing their carrying value on our balance sheet measured at fair market value. As of June 30, 2012, our Group held listed available-for-sale investments amounting to RMB4,331.8 million, consisting of equity investments in Hong Kong with a market value of RMB973.9 million, in the United States with a market value of RMB253.8 million and in China with a market value of RMB3,104.0 million, representing their carrying value on our balance sheet measured at fair market value. As of June 30, 2012, our Group also held available-for-sale unlisted equity investments worth RMB4,564.3 million, representing their carrying value on our balance sheet stated at cost.

Moreover, our corporate structure allows us to raise capital at both the holding company and the portfolio company levels, which gives us access to multiple capital sources and increases our financial flexibility. As our Company and some of our principal portfolio companies are publicly traded on either the Shanghai Stock Exchange or the Hong Kong Stock Exchange, we have the ability to raise funds in different capital markets through equity and debt financing. For example, Fosun Pharma successfully completed an H share offering in 2012 raising net proceeds of RMB3,156.8 million.

We have strong relationships with more than 70 domestic and foreign financial institutions, from which we have obtained loan financing (including syndicated loans). These financial institutions include the big four commercial banks in China, Standard Chartered Bank (Hong Kong) Limited, China Development Bank, Citic Bank International and other banks.

We have also established strategic relationships with several financial firms such as the Carlyle Group and Prudential Financial, Inc. to raise and manage funds to invest in companies with high growth potential. In March 2010, we formed a foreign-funded equity investment partnership enterprise in China with the Carlyle Group with a combined initial investment of US$100 million. In 2011, we entered into a strategic arrangement with Prudential Financial, Inc. to establish a private equity fund, under which Prudential Financial, Inc., as a limited partner, will invest US$500 million in the fund, while we as a general partner will be responsible for making investment decisions and shall invest no less than US$100 million in the fund. We believe these strategic relationships not only help us expand our global investment capabilities and enhance our ability to raise capital from investors, but also give us access to our strategic partners' experience and resources to better capture investment opportunities in China.

We believe that we are able to finance our capital needs cost-effectively and diversify our funding sources, thereby satisfying the cash flow needs of our portfolio companies and offering financial support for our strategic and private equity investments.

Diversified investment portfolio and strong operating profit from subsidiaries

We have achieved and maintained what we believe to be a well-diversified, high-quality investment portfolio and sources of income, which reduce our risk exposure to economy downturn and industrial fluctuation. Such investment portfolio may also provide us with access to the resources of each industry to achieve synergies among various industries, which contributes to our competitive strengths in business sourcing, project execution and sales and marketing, and may also reduce our operation cost. For example, with our connection with Chinese domestic commercial property operations, we were able to help Folli Follie rapidly expand its retail network in China, leading to the Company's significant sales growth in the first 12 months since our investment in the Company.

Disciplined investment approach and strict investment management procedure

We employ a disciplined investment approach and follow strict investment management procedures with a goal of achieving high returns and minimizing risk exposure. We have adopted comprehensive investment management and decision-making procedures which cover the whole cycle of selecting, evaluating, structuring, diligencing, negotiating, executing, monitoring and exiting investments.

Our investment projects are initiated by our professional investment teams located in China and globally. Our investment teams closely study government policy changes and industry trends by maintaining close relationships with industry experts, industry associations and other resources, and then applying the information garnered through these different channels to identify high-growth investment opportunities. Our investment professionals perform detailed research on each prospective investment, including review of candidates' financial statements, comparative analysis of other public and private companies and analysis of relevant industry data. In addition, our strategic cooperation with international private equity firms, such as The Carlyle Group, enhances our ability to identify investment opportunities around the world.

After initial selection and evaluation of an investment opportunity, our investment professionals prepare a detailed analysis of the investment opportunity for our investment team manager. The team manager will decide whether to give preliminary approval to continue the evaluation and due diligence process. The due diligence will typically include: on-site visits; interviews with management, employees, customers and vendors of the target portfolio company; research relating to the company's industry, human resources, markets, brand names, products and services, and competitors; exiting mechanism analysis; and background checks. After completion of the due diligence, the proposed transaction will be reviewed by our investment committee, which consists of our Executive Directors. The investment committee will typically conduct several meetings to consider an investment opportunity before approving or, alternatively, turning down that investment. Each committee member will have a one-on-one meeting with the management team of the target company and at least two committee members shall visit the target company onsite. Both at such meetings and in other discussions with the deal team, our Executive Directors will provide guidance to the deal team on strategy, process and other pertinent considerations. Every investment requires the approval of our investment committee.

Our investment may take various forms. We may acquire control of or strategically invest in a portfolio company and purchase securities of the portfolio company from the open market. Our investment professionals will continue to monitor performance and market conditions after an investment is made and will make recommendations with respect to an exit strategy. Disposition decisions are subject to careful review and approval by the investment committee.

Seasoned leadership team

We are led by a core management team consisting of our four founders and executives — Messrs. Guo Guangchang, Liang Xinjun, Wang Qunbin, and Fan Wei — and three other executives who joined us at the early stage of our development — Messrs. Ding Guoqi, Qin Xuetang and Wu Ping. The team has worked together for almost two decades and has been instrumental in achieving profitable growth and implementing operating disciplines. All members of our core management team have a wealth of experience in one or more of our core businesses and also bring drive, vision and creativity to our Company. In addition, our executives have a deep understanding of China's economy, industries, politics and culture, as well as insight into regulatory changes in China, which we believe gives us a competitive advantage in capitalizing upon market opportunities in China. Besides our core management team, we also employ specialists in different businesses and professionals to manage our portfolio companies and identify investment opportunities. For instance, many core management members of Nanjing Iron & Steel, Forte and Fosun Pharma have more than 25 years of experience in the relevant industries. In addition, we actively seek international talent such as John Snow, the former US Treasury Secretary, who is an advisor to our board, to complement the experience of our core management team and further contribute to the growth of our business.

Strategies

Our vision is to become a premium investment group targeting investments that benefit from China's growth momentum. To achieve this goal, we have formulated the following business strategies:

Continue to optimize and grow our industrial operations

We will continue to support our existing principal portfolio companies, including Fosun Pharma, Forte, Nanjing Iron & Steel and Hainan Mining, to grow into leaders in their respective industries through organic growth as well as mergers and acquisitions. For the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2011 and 2012, we generated an aggregate revenue of RMB35,540.0 million, RMB46,138.4 million, RMB58,298.1 million, RMB26,354.9 million and RMB26,265.9 million, respectively, from our pharmaceuticals and healthcare, property, steel and mining segments. Where opportunity arises, we plan to add more light-asset businesses to our industrial business portfolio.

Leverage our China expertise to capture investment opportunities that benefit from China's momentum

Our core investment strategy is to focus on investing in industries that benefit from China's growth momentum and to keep building an integrated investment platform fully utilizing our domestic and global resources. We will continue to explore investment opportunities in the following areas:

(i) consumption upgrade;

(ii) financial service;

(iii) resources and energy, and

(iv) manufacturing upgrade.

In these key investment areas, we will target the following investment opportunities in (i) overseas-listed China-based companies with growth potential; (ii) transforming and upgrading local companies; (iii) foreign companies that may benefit from China's growth momentum; and (iv) local-market focused enterprises presenting potential to become an industry leader. We believe that our experience in China's growth momentum and our strategic cooperation with partners with global expertise can create synergies that will ultimately translate into outstanding performances.

Develop our asset management and insurance businesses as a source of long-term low-cost capital

Our ongoing asset management business includes the management of a variety of US dollar funds, RMB Private Equity Fund, Star Capital Funds and Forte Real Estate Fund Series with the total commitment amount of RMB16.61 billion as of June 30, 2012. We strive to develop our asset management business to further expand our Group's investment capacity to capture investment opportunities that benefit from China's growth momentum.

Our insurance business includes Yong'An P&C Insurance, Pramerica Fosun Life Insurance and Peak Reinsurance, which we believe will develop into an integrated business segment providing a wide variety of insurance services, including property and casualty insurance, life insurance, health insurance, reinsurance and others. We believe that in the long run, the insurance floats and the investable funds generated from our insurance business will become a source of long-term low-cost capital to finance our investment demands. We aim to proactively explore and develop our insurance business.

Enhance our ability to provide business support and management improvement to different industries

We plan to further improve the supervisory and control system at our Company through systematically enhancing our management system by adopting strategic planning, overall budgeting and annual planning, performance appraisal and incentive schemes. We will also strive to explore the revenue and cost synergies of our Group companies to enhance the profitability of our investee companies.

We plan to further develop our Group's global business network to support investee companies to expand their businesses globally. We also plan to proactively integrate and utilize global resources to expand our business portfolio companies' operations in China.

To successfully implement these strategies, we will strive to optimize our corporate governance structure and internal control mechanisms, incentive schemes and information management systems, and retain and train more talents.

Insurance Business

Overview

Our insurance segment mainly includes Yong'An P&C Insurance, in which we hold 19.93% equity interest, Pramerica Fosun Life Insurance, which recently commenced its operations in October 2012 and is jointly owned by us and Prudential Financial, Inc. with each of us holding 50% of the equity interest, and Peak Reinsurance, which is 85.1% owned by an indirect subsidiary of Forte and 14.9% owned by International Finance Corporation and recently obtained its certificate of authorization in respect of reinsurance business from the OCI in December 2012.

Yong'An P&C Insurance focuses on providing property and casualty insurance services. Pramerica Fosun Life Insurance and Peak Reinsurance, recently established, focus on providing life, health and reinsurance services, respectively.

Competitive Strengths

We believe our insurance business has the following competitive strengths:

We have a well-known international business partner with decades of track record in insurance industry. Prudential Financial, Inc., our joint owner of Pramerica Fosun Life Insurance, is a Fortune Global 500 and Fortune 500 company. Its subsidiaries, in particular, The Prudential Insurance Company of America, are among the largest life insurance companies in the U.S., and provide insurance, investment management, and other financial products and services to both retail and institutional customers throughout the U.S. and in over 30 other countries. Pramerica Fosun Life Insurance is the first joint venture investment by Prudential Financial, Inc. in China. We believe the international reputation and track record of Prudential Financial, Inc., coupled with our well-established reputation in various industries in China, will significantly enhance the brand name awareness and market credibility of Pramerica Fosun Life Insurance.

We have an experienced and insightful management team. We have an experienced and insightful management team with an extensive track record in the PRC insurance industry. Members of our senior management have an average insurance and finance industry experience of approximately 10 years. Our senior management has in-depth knowledge of insurance operations and management and through their working experience with us or in other financial institutions has gained an insightful understanding of PRC macro-economic environment and insurance industry.

Members of our senior management team also have a successful track record. For example, the Chief Executive Officer of Peak Reinsurance, Mr. Franz Josef Hahn had been the Managing Director of the Greater China at Swiss Re for 10 years. The General Manager of Pramerica Fosun Life Insurance was the vice president of AVIVA — COFCO Life Insurance Co., LTD and has years of experience in the insurance markets in the PRC and Taiwan. We believe the track record of our senior management reflects their strategic vision and ability to lead and develop our insurance business.

We have a strong professional technical team. We believe a strong technical team is key to the development of our insurance business. Pramerica Fosun Life Insurance has a strong technical team consisting of approximately 20 persons, approximately 10 persons among whom have more than eight years of relevant experience in domestic and internationally well-known insurance companies. Peak Reinsurance, has built up a technical team consisting of 18 persons.

Strategy

Our goal is to grow insurance business into an integrated business segment and an investment platform with long-term low-cost capital. To achieve these goals, we have adopted the following strategies:

Continually strengthen our insurance business operations. We recently commenced our offering of life insurance, health insurance, and reinsurance services with the establishment of Pramerica Fosun Life Insurance and Peak Reinsurance. In the near future, we will commit to building our brand name, growing our market share and improving our services to strengthen our insurance business operations.

Implement differentiated product and service strategies. We will continue to gain an in-depth understanding of the different needs of customers in various stages of their lives and meet their insurance needs by providing differentiated products and services.

Commit to product innovation. In response to the evolving market demand, we will continually promote product innovation, aiming to differentiate from our competitors.

Grow our Asia-focused reinsurance business. Our reinsurance business targets Asian customers. We aim to differentiate our services from our competitors by pricing policy and investment asset allocation.

Strengthen our risk management system. We will continue to optimize our risk management framework, mechanism and procedures and strengthen our capabilities in managing, assessing and forewarning risks.

Description of Portfolio Companies

Yong'An P&C Insurance

Yong'An P&C Insurance is a property and casualty insurance company headquartered in Xi'an with nationwide presence. Yong'An P&C Insurance is ranked 11th among all the insurance companies in China by the Primary Premium Income in 2011, according to the CIRC[1].

Note:

(1) According to the CIRC, the amount of the Original Premium Income was reported by the insurance companies to the CIRC based upon the same criteria.

Yong'An P&C Insurance was established in 1996 and currently has 21 subsidiaries nationwide. Yong'An P&C Insurance offers a broad range of property and casualty insurance and reinsures a portion of the insurance policies that it underwrites. In addition, it has also invested its investment assets, the majority of which is invested in products with relatively low risk exposure, such as fixed-income products, fixed-term bank deposits and trust products.

Pramerica Fosun Life Insurance

Pramerica Fosun Life Insurance recently commenced its operations in October 2012. Jointly owned by us and Prudential Financial, Inc. with each holding 50% of its equity interest, it is the first joint venture insurance company in China established by a domestic private enterprise with a foreign investor.

Pramerica Fosun Life Insurance is headquartered in Shanghai. It will focus on offering life insurance, health insurance and all other kinds of personal insurance products approved by the CIRC and related services to individual and group customers in Shanghai.

Peak Reinsurance

Peak Reinsurance obtained its certificate of authorization in respect of reinsurance business from the OCI at the end of 2012 with an issued capital of US$550 million. We currently hold 85.1% equity interest in Peak Reinsurance through an indirect subsidiary of Forte and International Finance Corporation holds the remaining 14.9% equity interest. Peak Reinsurance will focus on providing reinsurance products to Asia-based property and casualty insurance companies. In addition, Peak Reinsurance will also engage in investment of its investment assets.

Property Business

Property Development Projects

Project Reserves

We plan to maintain sufficient project reserves for our development requirements on a rolling basis. As of June 30, 2012, we had project reserves with an aggregate planned GFA of approximately 12.3 million sq.m. attributable to us, of which approximately 4.0 million sq.m. were under construction as of the same date.

The following table sets forth, as of June 30, 2012, project reserves[1] of our Group by city:

City	Total: In Total	Total: Attributable to our Group	Under Construction: In Total	Under Construction: Attributable to our Group	To Be Developed[2]: In Total	To Be Developed[2]: Attributable to our Group
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)
Shanghai[3][4]	2,789,595	1,789,416	1,075,544	664,798	1,714,052	1,124,618
Tianjin	957,568	880,708	256,200	179,340	701,368	701,368
Taiyuan	581,000	464,800	—	—	581,000	464,800
Nanjing	1,678,782	1,043,640	686,032	380,106	992,750	663,534
Hangzhou	1,036,349	475,597	374,024	250,369	662,325	225,228
Wuxi	671,022	440,121	401,122	301,661	269,900	138,460
Chongqing	1,726,850	1,119,736	412,095	350,886	1,314,755	768,850
Wuhan	1,046,000	732,200	186,400	130,480	859,600	601,720
Chengdu	2,625,659	1,276,942	894,957	622,815	1,730,702	654,128
Xi'an	2,252,454	1,126,227	91,034	45,517	2,161,420	1,080,710
Changchun	488,511	488,511	474,311	474,311	14,200	14,200
Ningbo	493,300	345,310	—	—	493,300	345,310
Changsha	290,900	196,736	171,200	115,783	119,700	80,953
Sanya	477,247	143,174	—	—	477,247	143,174
Datong	724,564	724,564	—	—	724,564	724,564
Dalian[5]	765,452	491,738	438,471	281,680	326,981	210,057
Harbin	1,785,737	467,940	354,180	92,811	1,431,556	375,130
Nantong	429,010	122,195	429,010	122,195	—	—
Total	20,820,000	12,329,554	6,244,579	4,012,750	14,575,421	8,316,803

Notes:

(1) Reserved projects include projects under development and projects to be developed (including the projects of joint ventures in which we (excluding Zendai) own equity interests and the projects of associate companies);

(2) Of the reserved projects to be developed with a total GFA of 14,575,421 sq.m. (which include projects without land use right certificates but with executed land grant contracts or approved by the PRC government), the gross GFA of the projects with land use right certificates is approximately 9,528,537 sq.m.

(3) BFC Project is located on the premium strip of the Bund, next to Shanghai's famous City God Temple and beside the Bund's multi-dimensional transportation hub and yacht piers. The property has a planned total GFA of 426,073.0 sq.m. on a site area of 45,471.9 sq.m. and is expected to be fully completed by the end of 2015. We hold a 50% equity interest in Haizhimen, which indirectly holds the BFC Project. We are currently involved in certain legal proceedings in a PRC court in relation to the acquisition of 50% of equity interest in Haizhimen, by SOHO China Limited.

(4) Shanghai Zhenru project, which is expected to be completed by the end of 2016, is a mix of commercial and residential property located between the Inner Ring Road and Middle Ring Road in Zhenru. Zhenru is one of the four sub-centers in Shanghai. The total GFA of this project is 301,733 sq.m. on a site area of 69,332 sq.m..

(5) Dalian project, which is a five-phase development and is expected to be completed by the end of 2016, is a mix of residential and commercial property located at Donggang Commercial Area. The total GFA of this project is 763,003 sq.m. on a site area of 141,600 sq. m.

Legal Proceedings

We are involved in legal proceedings from time to time in the normal course of business under our property segment. Except for the legal proceeding related to the BFC Project which is set forth below, we are not aware of, and our PRC counsel is of the opinion that there do not exist, any legal proceedings, pending or threatened, that could have a material adverse effect on our business, financial conditions or results of operations.

In May 2012, we filed a claim against SOHO China Limited at Shanghai No. 1 Intermediate People's Court in relation to its indirect acquisition of a 50% equity interest in Haizhimen, which indirectly holds the BFC Project on the ground that the acquisition breached our preemptive right as an existing 50%-interest shareholder to acquire the same interest. As of the date hereof, the legal proceeding is still ongoing.

Retail, Services, Finance and Other Investments

Overview

We invest strategically in retail, services, finance and a number of other industries, including our investments in Yuyuan, Focus Media, Club Med, Folli Follie, Minsheng Bank and Vigor Kobo. Our investment business allows us to capture high growth opportunities and provides us a source of future cash flow.

Focus Media

We owned an equity interest of 16.75% in Focus Media as of December 31, 2012. Focus Media is listed on the NASDAQ Stock Exchange. Founded in 2003, Focus Media is a leading digital media group in China. Its product portfolio covers several audience-centric and interactive media networks, including commercial property networks, shopping district terminal networks, residential complex lift lobby networks (framedia), outdoor LCD color screen networks and movie theater networks. Currently, Focus Media's networks cover more than 100 cities and 100,000 terminals in China. It has become one of the popular media platforms in China, and has gained significant recognition from advertisers.

Minsheng Bank

Minsheng Bank is a nationwide commercial bank with its shares listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange. As of December 31, 2012, we held 2.19% of the equity interest in Minsheng Bank. Minsheng Bank has over two hundred banking outlets throughout China and relationships with more than seven hundred banks overseas.

Vigor Kobo

Vigor Kobo is a Taiwan-based bakery company, producting a variety of cake and other pastries. We aquired a 20% equity interest in Vigor Kobo in November 2012.

Recent Development

On December 19, 2012, Focus Media announced that it has entered into a definitive agreement and plan of merger with Giovanna Parent Limited and Giovanna Acquisition Limited, pursuant to which Giovanna Parent Limited will acquire Focus Media for US$5.50 per ordinary share or US$27.50 per American depositary share, each representing five shares. The transaction values Focus Media's equity at approximately US$3.7 billion, on a fully diluted basis. In connection with this proposed transaction, on December 19, 2012, we entered into a rollover agreement with Giovanna Group Holdings Limited, and Giovanna Parent Limited, pursuant to which we agreed to subscribe for 174,084 new shares of Giovanna Group Holdings Limited, in exchange for 72,727,275 shares of Focus Media held by us through 14,545,455 American depositary shares, each representing five shares of Focus Media. Assuming the completion of the proposed privatization of Focus Media and the effectuation of the roll over agreement, Focus Media would be delisted from the NASDAQ and our interest in Focus Media may be partially cashed out.

Other Investments

We also seek value-oriented investment opportunities in both private and public markets. We aim to profit from China's growth momentum by investing in sectors, such as financial services, consumption upgrade, resources and energy and manufacturing upgrade, that stand to benefit from the growth in China's domestic consumption. We also invest in minority interests of those companies with listing potential through a few private equity investment platforms. We promote the listing of the investee companies and seek to exit at an appropriate time to achieve high investment returns. The table below sets out three of our private equity investment projects that have successfully gone public during the six months ended June 30, 2012.

Listed Company	Stock code	Investment amount	Accumulated dividends	Market cap attributable to our Group as of 29/06/12	Appreciation of investment funds[(1)]
		(RMB million)			
利亞德光電股份有限公司 Leyard Optoelectronic Co. Ltd.	300296.SZ	33.6	0.4	104.4	212%
西安隆基硅材料股份有限公司 Xi'an Longi Silicon Materials Co., Ltd.......	601012.SH	138.0	0.0	189.9	38%
日出東方太陽能股份有限公司 Jiangsu Sunrain Solar Energy Co., Ltd	603366.SH	63.0	1.1	104.2	67%

Note:

(1) Equals the result of the aggregate of (i) Market capitalization attributable to our Group as of June 30, 2012 and (ii) Accumulated dividends minus (iii) the investment amount, and then divided by the investment amount.

Asset Management Business

Overview

Our asset management is our new business segment which mainly serves domestic and international institutional and high net worth individual clients. We currently manage four categories of funds, which are (i) US dollar funds, which are Pramerica-Fosun China Opportunity Fund and Carlyle-Fosun Fund, (ii) the RMB private equity funds, (iii) the Star Capital Fund, and (iv) Forte Real Estate RMB Fund Series. We act as the general partners of the funds we manage. Our asset management business provides us a stable source of income. It also allows us to grow our business with relatively low capital requirement and manage our risk exposure.

In the operations of our asset management business, we uphold our investment philosophy of combining China's growth momentum with global resource. The US dollar funds mainly focus on long-term overseas capital, including sovereign funds and pension funds, whereas RMB private equity funds focus on domestic enterprises in consumption upgrade, financial services, resource and energy and manufacturing upgrade. We charge our clients management fees for the funds we manage and may obtain carried interest, which are allocations or distributions calculated by reference to the performance of a fund or its underlying investments.

As of June 30, 2012, our asset under management, or AUM, reached a total commitment amount of RMB16.61 billion, to which we were committed to contribute RMB3.05 billion. As of June 30, 2012, RMB10.71 billion of the AUM has been collected, to which we contributed RMB2.44 billion.

As of June 30, 2012, we had invested in 36 projects, including both property development projects and equity investment projects with an aggregate investment of approximately RMB8,436 million.

Competitive Strengths

We believe our asset management business has the following competitive strengths:

We have proven successful investment track records. Although our asset management segment was recently established, we have years of investment experience with significant investment returns. We have a proven track record of successfully capturing attractive investment opportunities in a wider range of industries. In addition, we may utilize our Group's foundation, and extensive resources and network.

We have unique deal sourcing capability. We have a systematic deal sourcing approach which includes a macro-economic analysis and an introduction by our strategic partners. Our brand name awareness in China gives us an advantage in identifying and capturing investment opportunities.

We have an experienced management team. The management team of the portfolio companies under our asset management segment consists of the founders of our group, who have understanding of China's economy, industries, politics, culture and regulatory changes, and investment and operation professionals.

We partner with well-known international players with decades of track record in investment. Prudential Financial, Inc., our limited partner of Pramerica-Fosun China Opportunity Fund, serves individual and institutional customers worldwide and provides a broad array of investment management and advisory services, mutual funds, and other structured products. The Carlyle Group, an American-based global asset management firm, was ranked the third largest private equity firm in the world based upon capital raised over the last five years from 2011, according to Private Equity International.

Disciplined investment approach and strict investment management procedures. We employ a disciplined investment approach and follow strict investment management procedures with a goal of achieving high returns. We have adopted comprehensive investment management decision-making procedures from project selection, evaluation, structuring, due diligence, negotiation, execution, monitoring and exit strategy.

We provide decision support for our investment portfolio companies. We believe we may provide our investment portfolio companies with strategic advice and recommendation through, among others, (i) our representatives on the board of the portfolio companies and (ii) our Group's strategic decision making system.

Strategy

Our goal is to build an asset management business capturing investment opportunities that benefit from China's growth momentum. To achieve this goal, we have adopted the following strategies:

Continue to implement our disciplined investment approach. We target to identify companies in industries that stand to benefit from China's growth momentum and that have a high potential of successfully going public. We continue to target enterprises with stable business and performance track record and established corporate structures and government mechanism required to satisfy listing standards.

Strengthen our risk management system. We will continue to optimize our risk management framework, mechanism and procedures and strengthen our capabilities in managing, assessing and forewarning risks.

Explore other exit strategies. Our main exit strategy of our investments was to take the investment portfolio companies public through an initial public offering. We intend to explore our exit strategies through merger and acquisitions or trade sales in the future in order to maximize our investment returns.

Description of Funds Profile

The funds we manage include US Dollar funds, RMB private equity funds, Star Capital Fund and Forte Real Estate RMB Fund Series.

US Dollar Fund

Our US Dollar funds consist of Pramerica-Fosun China Opportunity Fund and Carlyle-Fosun Fund with the aggregate commitment amount of US$700 million as of June 30, 2012.

Pramerica-Fosun China Opportunity Fund is the largest third party asset management commission of Prudential Finance, Inc. in its 135 year history, and the largest overseas limited partner commitment that we have obtained as well. According to our agreement, Prudential Finance, Inc shall commit US$500 million commitments as the limited partner of this fund, and we shall commit no less than US$100 million as the general partner responsible for making investment decisions. As of June 30, 2012, Prudential Finance, Inc. has contributed US$173 million and we have contributed US$34.5 million to the fund. As of June 30, 2012, this fund has invested in five projects.

Carlyle-Fosun Fund managed by Carlyle-Fosun Management is one of the first foreign investment limited partnership equity investment firms in China, as well as the first pilot enterprises of foreign equity investment in Shanghai on the basis of Registration of Foreign-invested Partnership Enterprise Regulations issued by the PRC central government. Both The Carlyle Group and us act as the general partners of the fund. As of June 30, 2012, this fund has invested in one project.

RMB Private Equity Fund

We manage our five RMB private equity funds through Fosun Capital Management and Fosun Chuanghong Management. Fosun Capital Management is the general partner of the following four funds:

- Fosun Pingxin Fund formed in June 2007 with a total commitment amount of RMB95 million. As of June 30, 2012, this fund has invested in one project.

- Shanghai Fosun Yanping Fund, formed in April 2010 with a total commitment amount of RMB160 million. As of June 30, 2012, this fund has invested in one project.

- Fosun Wealth Fund, formed in March 2011 with a total commitment amount of RMB1,525 million. As of June 30, 2012, this fund has invested in 12 projects.

- Fosun Weishi Fund (復星惟實基金), which is still in the fund raising process and is expected to have a total commitment amount in the range of RMB2,000 million to RMB2,500 million.

Fosun Chuanghong Management is the general partner of Fosun Chuanghong Fund, formed in November 2011 with a total commitment amount of RMB1,505 million. As of June 30, 2012, Fosun Chuanghong Fund has invested in one project.

Star Capital Fund

Star Capital Fund consists of Star Capital Fund I, with a commitment amount of RMB3,608 million, and Star Capital Fund II, with a commitment amount of RMB1,870 million, of which an amount of RMB267 million was raised in November 2012. As of June 30, 2012, Star Capital Fund has completed three investments.

Forte Real Estate RMB Fund Series

The funds of Forte Real Estate Fund Series are managed by Forte's investment team and target residential and commercial property development projects, leveraging Forte management team's understanding of China's real estate market. As of June 30, 2012, the Forte Real Estate Fund Series consists of ten funds with a total commitment amount of RMB3,178 million and have invested in 13 projects.

Description of Investment Portfolio

We actively seek investment opportunities in a variety of industries, mainly consumption upgrade, financial services, resource and energy and manufacturing upgrade that stand to benefit China's growth momentum. We target the investment opportunities in (i) overseas listed China-based companies with growth potential; (ii) transforming and upgrading local companies; (iii) foreign companies that may benefit from China's growth momentum; and (iv) companies focused on local markets and present potential to become a leader in the relevant industry. We promote the listing of our investee companies and seek exit at the appropriate time to maximize our return. For example, we succeeded in exiting our investment in Zhejiang Aishida Electric Co, Ltd. （浙江愛士達電器股份有限公司） in June 2012, which went public on the Shenzhen Stock Exchange in April 2011. We sold 27,000,000 shares of Zhejiang Aishida Electric Co. Ltd. at the aggregate sales price of RMB322.1 million in comparison of our initial investment of RMB90.0 million.

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

To fund our investment in and the operations of our business segments and finance our working capital requirements, we and our subsidiaries had entered into financing agreements with various financial institutions. As of June 30, 2012, our total bank loans and other borrowings amounted to RMB52,252.4 million and we had a total of approximately RMB41,756.8 million unutilized banking facilities. Set forth below is a summary of our major bank and other borrowings by our Company and each of our business segments.

OTHER MATERIAL INDEBTEDNESS OF FOSUN INTERNATIONAL

Banking Facilities

Our Company has from time to time entered into loan facility agreements with various offshore financial institutions, including, among others, Standard Chartered Bank (Hong Kong) Limited, China Development Bank Corporation, Hong Kong Branch. These loans typically are used for project financing or working capital for general corporate purpose.

As of June 30, 2012, our Company had total available loan facilities of RMB6,317.2 million (US$998.3 million), of which our Company had drawn down RMB4,795.8 million (US$758.2 million).

The interest rates under these term loan facilities are typically specified as a fixed margin percentage of not more than 3.2% plus LIBOR, HIBOR, or lender's cost of funds, as agreed with the relevant financial institutions. Our Company's payment obligations under these term loan facilities typically rank at least *pari passu* with other unsecured and unsubordinated claims. Except for the one-year term loan facilities, these term loan facilities are subject to various customary covenants, including without limitation, (i) ratio of total debt to total assets, (ii) minimum amount of the consolidated tangible net worth, (iii) ratio of consolidated net borrowing to consolidated tangible net worth, (iv) ratio of consolidated net borrowings to consolidated EBITDA, (v) ratio of consolidated EBITDA to consolidated net interest expense, and (vi) ratio of consolidated pledged assets to consolidated total assets.

If our Company fails to satisfy these financial ratios, it, among other things, cannot incur additional indebtedness and will trigger the event of default under these loan agreements.

After June 30, 2012 and up to the date of this offering memorandum, our Company has not entered into any additional material loan agreements except for the US$35 million loan agreement with Bank of China, Macau Branch.

Guarantees by Fosun International

Our Company has also given guarantees under various loan agreements with financial institutions. Consequently, our Company is subject to various customary covenants, including satisfying certain financial tests and notifying the relevant financial institutions under certain circumstances.

OTHER MATERIAL INDEBTEDNESS OF OUR SUBSIDIARIES

Certain of our subsidiaries have entered into loan agreements, including PRC loan agreements and offshore loan agreements, with various banks and financial institutions, including, among others, China Development Bank Corporation, Agricultural Bank of China, China Construction Bank, Industrial and Commercial Bank of China, Bank of Communication, China Merchants Bank Co., Ltd., Wing Lung Bank Limited, Bank of China, The Hongkong and Shanghai Banking Corporation Limited, and Standard Chartered Bank (Hong Kong) Limited. These loans typically are for financing the construction of our projects, working capital, property development or trading activities and have terms ranging from six months to 15 years. In compliance with the restrictive covenants under some of these loan agreements, we or our subsidiaries may need to notify the relevant banks of the issuance of the Notes. In addition, some of our subsidiaries agreed not to distribute any dividends unless certain conditions are met, including seeking prior written consent from banks and having fully paid any amounts due under the loan agreements.

As of June 30, 2012, the outstanding loans and other borrowings for our consolidated subsidiaries were as follows:

	Amount outstanding as of June 30, 2012		
Borrowers	**Total**	**Short-term**	**Long-Term**
	(RMB in millions)		
Fosun Group	5,288.6	4,074.0	1,214.6
Fosun Pharma	6,100.5	1,445.5	4,655.0
Forte	11,406.0	1,804.9	9,601.1
Nanjing Nangang	18,778.2	10,748.4	8,029.8
Hainan Mining	390.0	10.0	380.0
Other consolidated subsidiaries	3,619.7	3,470.0	149.7
Total	45,583.0	21,552.8	24,030.2

Some of our borrowings are secured by our assets and properties, including, among other things, land and buildings, plant and machinery, investment properties, completed properties for sale and properties under development and shares of subsidiaries and associates. As of June 30, 2012, of the RMB45,583.0 million, RMB12,048.6 million was secured by properties or other assets and RMB33,534.4 million was guaranteed by our company or its subsidiaries or other related parties.

Loans and Other Borrowings Incurred by Fosun Group

As of June 30, 2012, Fosun Group, on a non-consolidated basis, had total outstanding debt obligations of RMB5,288.6 million, all of which are PRC term loans. These loans mostly bear interest at floating rates, the resulting effective rates of which range generally from 5.76% to 7.26% per annum, and have a term between ten months and three years.

Covenants

Some of the PRC term loans incurred by Fosun Group are under bank facilities with a term of typically one year. These bank facility agreements contain customary covenants, including the following:

- without the prior consent of the lenders, the borrower may not undertake any restructuring or reorganization, transfer any equity, sell, transfer, lend, lease out or otherwise dispose of a material part of its assets, substantially increase the indebtedness, provide guarantees in favour of any third party, grant a security interest in its material assets, or make offshore investments;

- a change of control may not occur in the borrower;

- the borrower must comply with certain financial covenants by observing certain financial ratios specified under the relevant loan facilities, including debt ratio, current ratio, and return on assets;

- without the written approval of the lenders, the borrower may not change its articles of association or scope of business in any material manner;

- the borrower must disclose to the lenders any transaction between Fosun Group and any of its affiliates with transaction value equal to or more than 10% of its net assets; and

- lenders may ask for additional collateral or guarantees if they reasonably believe that the borrower's security and guarantees for the PRC term loan in question may be adversely affected.

Most of the above bank facilities are generally renewable upon expiration. Fosun Group may be subject to prepayment penalties under some of these facilities if it elects to terminate a facility before its expiration date.

Loans and Other Borrowings Incurred by Fosun Pharma and its Subsidiaries

As of June 30, 2012, Fosun Pharma together with its subsidiaries, on a consolidated basis, had total outstanding debt obligations of RMB6,100.5 million under its term loans, including PRC term loans and offshore term loans. These loans mostly bear interest at floating rates, the resulting effective rates of which range from 1.89% to 8.53% per annum, and mature between six months and 15 years.

Covenants for PRC Term Loans

Some of the PRC term loans incurred by Fosun Pharma and its subsidiaries contain customary covenants, including but not limited to the following:

- without the prior consent of the lenders, the borrower may not undertake any restructuring or reorganization, transfer any equity, sell, transfer, lend, lease out or otherwise dispose of a material part of its assets, substantially increase its indebtedness, provide guarantees in respect of indebtedness of any third party, grant security interests over its material assets, or make investments to third parties;

- lenders may require early repayment of the borrower's PRC term loans upon the occurrence of any event that materially and adversely affects the lenders' rights; and

- lenders may demand additional collateral or guarantees if they reasonably believe that the security and guarantees for the PRC term loans in question may be adversely affected.

Covenants for Offshore Term Loans

Some of the offshore term loans incurred by Fosun Pharma's subsidiaries contain customary covenants, including but not limited to the following:

- the borrower shall meet certain financial tests before it incurs additional debt;

- the borrower shall not create or permit to exist any security interest over certain assets; and

- the borrower shall ensure that obligations under the loans will rank at least *pari passu* with other present and future similar obligations.

Loans and Other Borrowings Incurred by Forte and its Subsidiaries

As of June 30, 2012, Forte together with its subsidiaries, on a consolidated basis, had total outstanding debt obligations of RMB11,406.0 million under its term loans, inlcuding PRC term loans and offshore term loans. A majority of these loans are project loans to finance the construction of our projects. These loans generally bear interest at floating rates, the resulting effective rates of which range from 2.50% to 12.18% per annum, and mature between nine months and 10 years.

Guarantees and Security

Term loans incurred by Forte and its subsidiaries in the amount of RMB7,508.1 million were secured by, among other things, their land use rights, investment properties, buildings and properties under development, with an aggregate net book value of RMB11,500.7 million as of June 30, 2012.

Customer Guarantees

Forte acts as the guarantor for mortgages secured by properties that it sells. Its obligation as a guarantor generally expires upon the delivery of the relevant certificates on the underlying property to the bank. The maximum guarantee period normally does not exceed 18 months. As of June 30, 2012, Forte had approximately RMB2,743.5 million of customer guarantees outstanding.

Covenants for PRC Term Loans

Some of the PRC term loans incurred by Forte and its subsidiaries contain customary covenants. Among others, Forte and its subsidiaries may not, without the prior consent of the lenders, undertake any restructuring or reorganization, transfer any equity, sell, transfer, lend, lease out or otherwise dispose of a material part of its assets, substantially increase their indebtedness, provide guarantees in favor of any third party, grant security interests in their material assets, or make investments to third parties.

Covenants for Offshore Term Loans

Some of the offshore term loans incurred by Forte's subsidiaries contain customary covenants, including but not limited to the following:

- the borrower or guarantor has to meet certain financial tests before it incurs additional debt or provide guarantees;

- the borrower or guarantor shall not create or permit to subsist any security over any of its assets, and not sell, transfer or otherwise dispose of any of its assets unless certain conditions are met;

- the obligations under the loan agreements will rank at least *pari passu* with other unsecured and unsubordinated claims; and

- the borrower shall not pay dividends unless certain conditions are met.

Loans and Other Borrowings Incurred by Nanjing Nangang and its Subsidiaries

As of June 30, 2012, Nanjing Nangang together with its subsidiaries, on a consolidated basis, had total outstanding debt obligations of RMB18,778.2 million under its term loans, including PRC term loans and offshore term loans. These loans mostly bear interest at floating rates, the resulting effective rates of which range from 1.67% to 7.57% per annum, and mature between six months and ten years.

Guarantees and Security

Term loans incurred by Nanjing Nangang and its subsidiaires in the amount of RMB2,588.5 million were secured by their assets, including property, plant and equipment, inventories and time deposits. These assets had an aggregate net book value of RMB3,114.1 million as of June 30, 2012.

Covenants for PRC Term Loans

Some of the PRC term loans incurred by Nanjing Nangang and its subsidiaries contain customary covenants, including but not limited to the following:

- without the prior consent of the lenders, the borrower may not undertake any restructuring or reorganization, transfer any equity, sell, transfer, lend, lease out or otherwise dispose of a material part of its assets, substantially increase the indebtedness, provide guarantees in favor of any third party, grant security interests in its material assets, or make outside investments;

- the borrower must observe certain financial ratios including asset-to-debt ratio, current ratio, operating income ratio and account receivables turnover specified under the relevant loan facilities agreement;

- without the written approval from the lenders, the borrower may not change its articles of association or scope of business in any material manner;

- the borrower must disclose to lenders any material transactions between the borrower and its affiliates; and

- lenders may demand additional collateral or guarantees from the borrower if they reasonably believe that the security and guarantees for the PRC term loans in question may be adversely affected.

Covenants for Offshore Term Loans

Some of the offshore term loans incurred by Nanjing Nangang's subsidiaries contain customary covenants, including but not limited to the following:

- the borrower shall meet certain financial tests before it incurs additional debt;

- the borrower shall not create or permit to subsist any security over any of its assets and shall not sell, transfer or otherwise dispose of any of its assets and receivables unless certain conditions are met; and

- the obligations under the loan agreements will rank at least *pari passu* with other unsecured and unsubordinated claims.

ENTERPRISE/CORPORATE BONDS

Nanjing Steel United Enterprise Bonds

On February 27, 2009, Nanjing Steel United completed an offering of RMB2,500 million seven-year domestic enterprise bonds, with a fixed an annual interest rate of 6.13%. On March 18, 2009, Nanjing Steel United's enterprise bonds were listed on the Shanghai Stock Exchange.

Nanjing Steel United's obligations under the enterprise bonds are guaranteed by Fosun Group, under which Fosun Group guarantees the payment of principal of, and interest on, the enterprise bonds. As of June 30, 2012, RMB2,500 million in principal amount of the enterprise bonds was outstanding.

Forte Corporate Bond

On September 25, 2009, Forte completed an offering of RMB1,900 million five-year domestic corporate bonds, with an annual interest rate of 7.3%. On November 3, 2009, Forte's corporate bonds were listed on the Shanghai Stock Exchange.

Forte's obligations under the corporate bonds are guaranteed by Fosun Group, under which Fosun Group guarantees the payment of principal of, and interest on, the corporate bonds. As of June 30, 2012, RMB1,900 million in principal amount of the corporate bonds was outstanding.

Fosun Group Enterprise Bonds

On December 24, 2010, Fosun Group completed an offering of RMB1,100 million seven-year domestic enterprise bonds, with an annual interest rate of 6%. On February 15, 2011, Fosun Group's enterprise bonds were listed on the Shanghai Stock Exchange.

Fosun Group's obligations under the enterprise bonds are guaranteed by Nanjing Steel Group, under which Nanjing Steel Group guarantees the payment of principal of, and interest on, the enterprise bonds. As of June 30, 2012, RMB1,100 million in principal amount of the enterprise bonds was outstanding.

Nanjing Iron & Steel Corporate Bonds

On May 6, 2011, Nanjing Iron & Steel completed an offering of RMB4,000 million seven-year domestic corporate bonds, with an annual interest rate of 5.8%. On May 17, 2011, Nanjing Iron & Steel's corporate bonds were listed on the Shanghai Stock Exchange.

Nanjing Iron & Steel's obligations under the corporate bonds are guaranteed by Fosun Group, under which Fosun Group guarantees the payment of principal of, and interest on, the corporate bonds. As of June 30, 2012, RMB4,000 million in principal amount of the corporate bonds was outstanding.

MEDIUM-TERM NOTES

Fosun Pharma First Phase of Medium-Term Notes

On November 10, 2010, Fosun Pharma completed an offering of RMB1,000 million principal amount of five-year medium-term notes with floating interest rate. As of June 30, 2012, RMB1,000 million in principal amount of the notes was outstanding. The notes are not guaranteed.

The interest on the medium-term notes comprises a benchmark interest rate and an interest margin. The benchmark interest rate is a floating rate determined by reference to the interest rate for one-year deposit in the PRC. The interest margin is a fixed margin of 2.4%.

Fosun Pharma Second Phase of Medium-Term Notes

On March 31, 2011, Fosun Pharma completed an offering of RMB1,600 million principal amount of five-year medium-term notes with floating interest rate. As of June 30, 2012, RMB1,600 million in principal amount of the five-year medium-term notes was outstanding. The notes are not guaranteed.

The interest on the medium-term notes comprises a benchmark interest rate and an interest margin. The benchmark interest rate is a floating rate determined by reference to the interest rate for one-year deposit in the PRC. The interest margin is a fixed margin of 2.9%.

On April 2012, Fosun Pharma issued corporate bonds with a maturity of five years in an aggregate amount of RMB1,500 million, which bear an annual interest rate at 5.53%. The interest is payable annually in arrears and the maturity date is April 25, 2017. The corporate bonds were listed on the Shanghai Stock Exchange on May 29, 2012 with a credit rating of AA+.

SENIOR NOTES

2011 Notes

On May 12, 2011, we entered into an indenture (as amended and supplemented from time to time, the “2011 Indenture”) pursuant to which we issued US$300,000,000 principal amount of the 7.5% Senior Notes due 2016. As of June 30, 2012, we had a total of US$300,000,000 principal amount of the 2011 Notes outstanding.

Guarantee

The obligations pursuant to the 2011 Notes are guaranteed by our existing subsidiaries (the “2011 Subsidiary Guarantors”) other than those organized under the laws of the PRC and certain other subsidiaries specified in the 2011 Indenture. Under certain circumstances and subject to certain conditions, a guarantee by a 2011 Subsidiary Guarantor may be replaced by a limited-recourse guarantee, referred to as a JV Subsidiary Guarantee in the 2011 Indenture.

Each of the 2011 Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the 2011 Notes.

Collateral

In order to secure the obligations under the 2011 Notes, the Company and the 2011 Subsidiary Guarantors under the 2011 Indenture pledged the capital stock of all such 2011 Subsidiary Guarantors for the benefit of the holders of the 2011 Notes (the "2011 Collateral").

The 2011 Collateral may be released or reduced in the event of certain asset sales and certain other circumstances. In addition, the Company and each subsidiary guarantor pledgor under the 2011 Indenture may, subject to certain conditions, incur additional indebtedness provided that such indebtedness would be on a *pari passu* basis with the 2011 Notes and the related subsidiary guarantees, and other pari passu secured indebtedness permitted under the 2011 Indenture.

Interest

The 2011 Notes bear an interest rate of 7.5% per annum. Interest is payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the 2011 Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- declaring dividends on its capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- entering into agreements that restrict the related restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;

- entering into transactions with shareholders or affiliates; and

- effecting a consolidation or merger.

Events of Default

The 2011 Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2011 Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the 2011 Indenture. If an event of default occurs and is continuing, the trustee under the 2011 Indenture or the holders of at least 25% of the outstanding 2011 Notes may declare the principal of the 2011 Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Change of Control

Upon the occurrence of a certain event of change of control and a rating decline, we are obligated to make an offer to repurchase all outstanding 2011 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest.

Maturity and Redemption

The maturity date of the 2011 Notes is May 12, 2016.

At any time on or after May 12, 2014, we may redeem the 2011 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth in the table below plus any accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve month period beginning on May 12 of each of the years indicated below:

Period	**Redemption Price**
2014	103.750%
2015	101.875%

At any time prior to May 12, 2014, we may redeem the 2011 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2011 Notes, plus a premium and any accrued and unpaid interest to the redemption date.

At any time prior to May 12, 2014, we may redeem up to 35% of the aggregate principal amount of the 2011 Notes at a redemption price equal to 107.5% of the principal amount of the 2011 Notes plus any accrued and unpaid interest with the proceeds form sales of certain kinds of the Company's capital stock, subject to certain conditions.

Additionally, if we or a subsidiary guarantor under the 2011 Indenture would become obligated to pay certain additional amounts as a result of certain changes in specified tax law, we may redeem the 2011 Notes at a redemption price equal to 100% of the principal amount of the 2011 Notes, plus any accrued and unpaid interest, subject to certain exceptions.

RECENT DEVELOPMENT

Fosun Pharma Short-Term Notes

On December 19, 2012, Fosun Pharma completed an offering of RMB500 million principal amount of 180 days short-term notes with an annual interest rate of 4.75%. As of the date of this offering memorandum, RMB500 million in principal amount of the 180 days short-term notes was outstanding. The notes are not guaranteed.

Spinel Loan

Spinel Investment Limited ("Spinel"), a subsidiary of China Alliance, entered into a facility agreement on December 21, 2012. Pursuant to this facility agreement, China Development Bank Corporation, HK Branch granted a USD327,000,000 term loan facility to Spinel for the financing of its subscription for new shares in Peak Reinsurance. This loan bears interest at a fixed margin over LIBOR. The term of this facility is 84 months. The facility agreement contains customary covenants and events of default which we believe are typical for a facility of this kind.

In December 2012, we entered into a facility agreement with Standard Chartered Bank (Hong Kong) Limited ("SCB"). Pursuant to this facility agreement, SCB granted two term loan facilities in the aggregate amount of US$200,000,000 to us. These loans bear interest at a fixed margin over LIBOR, repayable within 3 months and 6 months of the respective utilisation dates. The facility agreement contains customary covenants and events of default which we believe are typical for a facility of this kind.