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## FOSUN INTERNATIONAL LIMITED

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

(Stock Code: 00656)

### INTERIM RESULTS ANNOUNCEMENT (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2010

#### FINANCIAL SUMMARY

|                                                    | For the six months ended 30 June |          |
|----------------------------------------------------|----------------------------------|----------|
| <i>In RMB million</i>                              | 2010                             | 2009     |
| <b>Revenue</b>                                     | 20,667.7                         | 15,972.0 |
| Pharmaceuticals                                    | 2,158.1                          | 1,740.2  |
| Property development                               | 3,500.1                          | 2,003.6  |
| Steel                                              | 13,947.5                         | 11,674.3 |
| Mining                                             | 1,640.2                          | 889.2    |
| Elimination                                        | (578.2)                          | (335.3)  |
| <b>Profit attributable to owners of the parent</b> | 1,611.9                          | 1,316.3  |
| Pharmaceuticals                                    | 163.5                            | 159.4    |
| Property development                               | 995.2                            | 186.8    |
| Steel                                              | 233.0                            | 769.9    |
| Mining                                             | 507.4                            | 117.2    |
| Retail, services and others                        | (198.2)                          | 162.5    |
| Unallocated expenses                               | (81.6)                           | (76.6)   |
| Elimination                                        | (7.4)                            | (2.9)    |
| <b>Earnings per share (in RMB)</b>                 | 0.25                             | 0.20     |

## CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to announce that during the first half of 2010, against the background of the restructuring of China's economy, Fosun International Limited (the **"Company"**) and its subsidiaries (the **"Group"**) achieved satisfactory business results through continuous optimisation of the three core capabilities. During the six months ended 30 June 2010 (the **"Reporting Period"**), revenue attributable to owners of the parent of the Group was RMB20,667.7 million while profit attributable to owners of the parent of the Group was RMB1,611.9 million, representing an increase of 29.4% and 22.5% respectively from the same period in 2009. As at the end of the Reporting Period, net assets attributable to owners of the parent of the Group was RMB4.07 per share, representing a growth of 6.8% as compared with that of the end of 2009. With the Group's great efforts, during the Reporting Period, a platform, built to integrate both domestic and overseas resources, has started taking shape. Moreover, our strategy of capturing global investment opportunities benefiting from China's growth has been executed effectively.

## MANAGEMENT OPTIMISATION

As I mentioned, benefiting from the rapid growth in China's domestic market and the moderate liberal monetary policies, the Group continued to optimise and enhance its core business operations.

The Group's pharmaceuticals segment proactively collaborated with leading international firms to enhance its product research and development capabilities, to further integrate into both upstream and downstream industry chains, and to exploit other emerging markets while at the same time, maintained a steady growth of its current businesses. For instance, Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (**"Fosun Pharma"**) and Chindex International Inc. (**"CHINDEX"**), a leader in the niche market of China's premium healthcare sector, entered into a co-operation agreement to integrate their medical appliances business. At the same time, the two parties have also entered into a stock purchase agreement so that Fosun Pharma could become CHINDEX's single largest shareholder. This would allow Fosun Pharma to enjoy the benefits of the rapid growth in the premium healthcare industry. Fosun Pharma also collaborated with the Chemo Group, the largest pharmaceutical company in Argentina, to jointly establish a monoclonal antibody project and to develop domestic and overseas markets together. Through these partnerships, Fosun Pharma

will speed up its progress in constructing a complete industry chain, ranging from pharmaceutical research, development and manufacturing, pharmaceutical distribution and retail to healthcare service industry. This, at the same time, will allow Fosun Pharma to tap into emerging markets.

The Group's property development segment adopted flexible sales strategy. As a result, Shanghai Forte Land Co., Ltd. ("**Forte**") was able to deliver great sales results, even in the second quarter during which the property market had been gradually cooling down. Indeed, the gross floor area ("**GFA**") sold attributable to Forte in the second quarter accounted for over 60% of that in the first half of the year. Certain projects were sold in time such as the disposal of 75% equity interests in Tianjin Forte Puhe Development Co., Ltd. ("**Tianjin Forte**"), which not only generated sound financial returns but also accelerated cash inflows. During the Reporting Period, Forte achieved attributable contract sales GFA of 429,239 sq. m., representing a decrease of 0.17% as compared with the same period in 2009 and sales revenue of attributable contracts amounted to RMB5,968.6 million, representing an increase of 72% as compared with the same period in 2009. In addition, during the Reporting Period, Forte acquired a total of four projects, adding approximately 1.24 million sq. m. additional project reserve GFA that were attributable to Forte. This laid a solid foundation for Forte's sustainable future growth. Furthermore, in order to improve Forte's capital structure and cash flow status, and to increase its market share and profitability, the Group entered into a capital injection agreement with Forte by subscribing for Forte's new domestic shares.

Facing a new market with highly volatile raw material prices and new iron ore pricing mechanisms, the Group's steel segment achieved sound economic performance by carrying out its strategy of cost control, product structure adjustment and increase in raw material self-sufficiency. During the Reporting Period, average gross margin of steel products sold by Nanjing Iron & Steel United Co., Ltd. ("**Nanjing Steel United**"), a subsidiary of the Company, increased slightly over the same period in 2009, mainly benefiting from a significant increase in sales of products with high gross margins such as plates for boiler containers. In addition, Nanjing Steel United acquired 49% of equity interests in Anhui Jinhuangzhuang Mining Co., Ltd. (安徽金黃莊礦業有限公司), which further secured Nanjing Steel United's raw material supply. In August, the proposal to list Nanjing Steel United's all core steel-related assets was conditionally approved by the Review Sub-Committee for Mergers, Acquisitions and Restructurings of the China Securities Regulatory Commission. Upon completion of the restructuring, Nanjing Steel United's funding ability will be enhanced, which will help improve its overall competitive strength. Meanwhile, the

liquidity of the Group's assets will also be improved.

Capitalising on the soaring iron ore price, the Group's mining segment strengthened management and steadily expanded production scale and sales volume while maintained a low cost. The outputs and sales of our subsidiary Hainan Mining United Co., Ltd. ("**Hainan Mining**") increased by 2.1% and 9.3% respectively as compared with the same period in 2009, resulting a year-on-year increase of over 190% in net profit. The monthly spot price model helps to maximise Hainan Mining's economic performance as it allowed Hainan Mining to adjust its production and sales schedule regularly based upon price changes in the market. Besides, Hainan Mining has maintained a leading position amid intense industrial competition with great cost competitive advantage.

The Group's retail and services businesses directly benefited from the rapid growth in domestic demand as a result of the economic restructuring. During the Reporting Period, thanks to the significant increase in the number of visitors brought by the Expo 2010 Shanghai China ("**World Expo**"), sales of Shanghai Yuyuan Tourist Mart Co. Ltd. ("**Yuyuan**") increased by 26.1% as compared with the same period last year. In addition, other companies invested by the Group in consumption or service related industries also benefited directly from the growth in domestic demand.

## INVESTMENTS AND RETURNS

During the Reporting Period, the professional investment teams of the Group were further improved with the introduction of various international talents and professionals. Moreover, Mr. John Snow, the former Treasury Secretary of the United States, was invited and retained as an advisor to the board of director of the Company (the "**Board**"). Adhering to the principle of value investment, each professional team has made continuous efforts in capturing global investment opportunities benefiting from China's growth. During the Reporting Period, the Group completed a total of 27 investment projects with a total amount of RMB4,735.6 million. For instance, capitalising on the reduced asset prices in Europe due to its debt crisis, the Group acquired shares in Club Méditerranée SA ("**ClubMed**"), a world-famous tourist resort group, and established with them a win-win strategic partnership. The Group will actively promote the development of ClubMed's China strategy in the future.

During the Reporting Period, the Group well performed in terms of listing its Pre-IPO investments, with four companies invested in 2007 successfully listed on China's capital market and one additional listing proposal being approved by the Issuance

Review Committee of China Securities Regulatory Commission. The Group will continue to expand the scale of investments in both strategic investments and Pre-IPO investments.

## **FINANCING**

The Group continued to explore new fund raising options. It has been actively establishing overseas financing channels and trying various new financing tools. It is because of these efforts that the Group's debt structure has been continuously optimised, with the percentage of mid-to-long-term debt increased for three consecutive years and the overall interest rate trended lower. During the Reporting Period, the Group has raised a amount equivalent to RMB10,751.3 million, of which RMB635.4 million were raised by equity financing such as the refinancing of Fosun Pharma. Amount equivalent to a total of RMB9,684.3 million were raised through debt financing, including a three-year term loan of US\$140.0 million raised from the overseas syndicated loan market. This well represented the recognition of the Group's development potential and management capabilities by international capital. Meanwhile, the Group also tried to collaborate with both domestic and international institutions on developing alternative fund raising vehicles, such as fund and trust, which has brought funds equivalent to RMB431.6 million during the Reporting Period. The comprehensive strategic collaboration with Carlyle Group, one of the largest private equity investment firms in the world, is part of these initiatives.

## **FUTURE PROSPECTS**

During the first half of 2010, China's GDP surpassed Japan for the first time to take the second place in the world. Against the backdrop of the rapid growth of China's economy, in the last 18 years, the Group has successfully seized investment opportunities arising from China's growth and achieved rapid development. Looking forward, the Group believes that driven by urbanisation, industrialisation and changes in consumption patterns, China's economy will maintain its rapid growth. Being a value investor based in China, the Group will continue to strengthen its three core capabilities of "continued optimised management, continued acquisition of quality capital and continued exploration of investment opportunities", strive to establish a global platform that is capable of integrating both domestic and overseas resources, and explore and seize China opportunities for global investors including those from China. The Group will endeavour to create additional values for invested companies, promote and assist them in sharing the golden opportunities brought by the future growth of China.

## APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all staff members of the Group for their hard work and all shareholders, business partners and customers for their support.

**Guo Guangchang**

Chairman

Shanghai, the PRC

25 August 2010

## FINANCIAL REVIEW

### PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The profit attributable to owners of the parent of the Group for the six months ended 30 June 2010 was RMB1,611.9 million, representing an increase of 22.5% as compared with RMB1,316.3 million in the same period in 2009. The increase in profit of the Group was primarily due to the significant increase in profit contribution from both the property development and the mining segments during the Reporting Period as compared with the same period last year.

### PROFIT CONTRIBUTION OF EACH BUSINESS SEGMENT

Comparison between the profit contribution of each business segment for the six months ended 30 June 2010 and the corresponding figures in the same period in 2009 is analysed as follows:

| <i>Unit: RMB million</i>         |         |         |                     |
|----------------------------------|---------|---------|---------------------|
| For the six months ended 30 June |         |         |                     |
| Segments                         | 2010    | 2009    | Increase/(Decrease) |
| Pharmaceuticals                  | 163.5   | 159.4   | 4.1                 |
| Property development             | 995.2   | 186.8   | 808.4               |
| Steel                            | 233.0   | 769.9   | (536.9)             |
| Mining                           | 507.4   | 117.2   | 390.2               |
| Retail, services and others      | (198.2) | 162.5   | (360.7)             |
| Unallocated expenses             | (81.6)  | (76.6)  | (5.0)               |
| Elimination                      | (7.4)   | (2.9)   | (4.5)               |
| Total                            | 1,611.9 | 1,316.3 | 295.6               |

**Pharmaceuticals:** Profit contributed by the pharmaceuticals segment increased to RMB163.5 million for the six months ended 30 June 2010 from RMB159.4 million for the six months ended 30 June 2009, with stable development.

**Property Development:** Profit contributed by the property development segment increased to RMB995.2 million for the six months ended 30 June 2010 from RMB186.8 million for the six months ended 30 June 2009. The increase in profit contribution was mainly twofold: (i) the gross profit margin booked from property projects completed by Forte for the first half of 2010 increased as compared with the same period in 2009; and (ii) the gain on disposal of 75% equity interests in Tianjin Forte.

**Steel:** Profit contributed by the steel segment decreased to RMB233.0 million for the six months ended 30 June 2010 from RMB769.9 million for the six months ended 30 June 2009. The decrease in profit contribution was mainly due to the fact that in the first half of 2009, gain on disposal of equity interests in Ningbo Iron & Steel Co., Ltd. was recorded while there was no such gain during the Reporting Period. However, in terms of operation, although the steel industry was under the pressure of increasing prices of raw materials in the upstream industry in the first half of 2010, the increase in prices of steel products as compared with that of the same period last year was even higher. Meanwhile, Nanjing Steel United continued to optimise its product mix so as to achieve better sales in products with high gross margins during the Reporting Period; therefore, its operating profit contribution increased 76.3% as compared with the same period last year.

**Mining:** Profit contributed by the mining segment increased to RMB507.4 million for the six months ended 30 June 2010 from RMB117.2 million for the six months ended 30 June 2009. The increase in profit contribution was mainly due to: (i) rising prices as a result of the marginal imbalance in the global supply and demand for iron ore products; and (ii) Hainan Mining took the impulse of the market and increased supply promptly. The increase in both prices and quantity led to a significantly higher profit contribution.

**Retail, Services and Others:** Profit contributed by the retail, services and others segment changed to a loss of RMB198.2 million for the six months ended 30 June 2010 from a profit of RMB162.5 million for the six months ended 30 June 2009. This was mainly attributable to the increase in interest expenditure arising from expanding borrowing scale in the group holding level and the loss from the fair value adjustment of certain stocks such as Focus Media Holding Limited. However, it is worthwhile to

mention that, Yuyuan, an associate of the Group, directly benefiting from the surging influx of visitors, recorded significant growth in its gold, catering and other retail businesses as it is located in the prime area in the city and near the World Expo zone.

## **REVENUE**

For the six months ended 30 June 2010, total revenue of the Group was RMB20,667.7 million after elimination of internal sales in the amount of RMB578.2 million, an increase of 29.4% as compared with the total revenue of RMB15,972.0 million for the six months ended 30 June 2009. The increase in revenue during the Reporting Period was mainly due to increases in revenue of all business segments to different degrees as compared with the same period last year.

**Pharmaceuticals:** Revenue of the pharmaceuticals segment increased to RMB2,158.1 million for the six months ended 30 June 2010 from RMB1,740.2 million for the six months ended 30 June 2009. The increase in revenue was mainly due to the relatively rapid growth in export of products for the manufacturing, research and development business after the economic recovery in the first half of 2010.

**Property Development:** Revenue of the property development segment increased to RMB3,500.1 million for the six months ended 30 June 2010 from RMB2,003.6 million for the six months ended 30 June 2009. This was mainly due to the significant increase in average property sales price booked by Forte for the six months ended 30 June 2010 as compared with the same period last year, which still increased the overall revenue of the property development segment after offsetting slight decrease in booked area as compared with the same period last year.

**Steel:** Revenue of the steel segment increased to RMB13,947.5 million for the six months ended 30 June 2010 from RMB11,674.3 million for the six months ended 30 June 2009. The increase in revenue was primarily due to the fact that Nanjing Steel United endeavoured to increase its production and sales when the selling prices of steel products were relatively high during the Reporting Period, so as to achieve an increase of 14.0% and 16.4% in sales volume and average selling price respectively as compared with the same period last year.

**Mining:** Revenue of the mining segment increased to RMB1,640.2 million for the six months ended 30 June 2010 from RMB889.2 million for the six months ended 30 June 2009. The increase in revenue was mainly due to the significant increase in prices of iron ore products during the Reporting Period as a result of the impact of

supply and demand relation in the market. The average selling price of Hainan Mining's major iron ore products increased 80.0% as compared with the same period last year and Hainan Mining was also capable of increasing its production when the market price reached its high, resulting in an increase of 9.3% in sales volume during the Reporting Period.

## **INTEREST EXPENSES**

Interest expenses net of capitalised amounts of the Group increased from RMB564.4 million for the six months ended 30 June 2009 to RMB703.8 million for the six months ended 30 June 2010. This was mainly attributable to an expanding scale of borrowings. For the six months ended 30 June 2010, the interest rates of borrowings were approximately between 1.1% and 12.18%, as compared with approximately between 1.35% and 9.02% for the six months ended 30 June 2009.

## **TAX**

Tax of the Group increased from RMB336.0 million for the six months ended 30 June 2009 to RMB1,456.2 million for the six months ended 30 June 2010. The increase in tax was mainly attributable to the increase in the taxable profit of all the business segments as their operating results were improved, and the increase in land appreciation tax accrued by Forte as a result of higher gross margins of projects booked during the Reporting Period.

## **CAPITAL EXPENDITURES AND CAPITAL COMMITMENT**

The capital expenditures of the Group mainly include the amounts spent on the construction of production facilities, technology upgrade and purchase of machines and equipment, and addition of intangible assets and rights. We have been increasing investment in the research and development of pharmaceutical products in order to produce more proprietary products with higher gross profit margin. In order to enhance the production capacity of the steel segment and the optimisation of product mix, we have increased the investment in the steel segment. Efforts will also be made in the mining segment with the aim of continuously strengthening our leading role in the industry.

As at 30 June 2010, the Group's capital commitment contracted but not provided for was RMB5,517.4 million, while capital commitment authorised but not yet contracted was RMB2,094.8 million. These were mainly committed for property development, addition of plant and equipment, and investments.

## **INDEBTEDNESS, LIQUIDITY AND GEARING RATIO OF THE GROUP**

As at 30 June 2010, the total debt of the Group increased to RMB38,769.7 million from RMB28,812.0 million as at 31 December 2009. As at 30 June 2010, cash and bank balances also increased to RMB20,511.6 million from RMB15,947.6 million as at 31 December 2009. With the expanding development scale and the increasing investment needs, the Group raised funds from various channels to meet the requirements of operation and investments, and maintained the liquidity of the Group while increasing the debt. As at 30 June 2010, the ratio of total debt to total capitalisation was 49.7% as compared with 44.2% as at 31 December 2009. This ratio has increased slightly as a result of the expanding borrowing scale, which, however, still maintained a prudent level. Healthy debt ratios and abundant financial resources can reinforce the Group's ability to defend against risk exposure and provide support to the Group in capturing investment opportunities.

### **PLEDGED ASSETS**

As at 30 June 2010, the Group had pledged assets of RMB13,926.5 million (31 December 2009: RMB11,297.2 million) for bank borrowings.

### **CONTINGENT LIABILITIES**

The Group's contingent liabilities were RMB4,169.3 million as at 30 June 2010 (31 December 2009: RMB3,659.5 million), primarily applied to guarantee the mortgage loans of qualified property buyers.

### **INTEREST COVERAGE**

For the six months ended 30 June 2010, earnings before interest expense, tax, depreciation and amortisation (“**EBITDA**”) divided by interest expense was 8.3 times as compared with 6.8 times for the same period in 2009, mainly due to an increase of EBITDA by 52.8% as a result of the improved operating results of the Group.

## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

|                                 |       | For the six months ended 30 June |                     |
|---------------------------------|-------|----------------------------------|---------------------|
|                                 |       | 2010                             | 2009                |
|                                 |       | RMB'000                          | RMB'000             |
|                                 | Notes | (Unaudited)                      | (Unaudited)         |
| <b>REVENUE</b>                  |       | 20,667,657                       | 15,972,040          |
| Cost of sales                   |       | <u>(15,853,316)</u>              | <u>(13,306,606)</u> |
| Gross profit                    |       | 4,814,341                        | 2,665,434           |
| Other income and gains          | 4     | 1,674,766                        | 1,337,951           |
| Selling and distribution costs  |       | (699,821)                        | (522,122)           |
| Administrative expenses         |       | (950,128)                        | (832,634)           |
| Other expenses                  |       | (443,253)                        | (236,627)           |
| Finance costs                   | 5     | (734,883)                        | (573,468)           |
| Share of profits and losses of: |       |                                  |                     |
| Jointly-controlled entities     |       | (13,205)                         | 6,407               |
| Associates                      |       | <u>557,275</u>                   | <u>553,204</u>      |
| <b>PROFIT BEFORE TAX</b>        | 6     | 4,205,092                        | 2,398,145           |
| Tax                             | 7     | <u>(1,456,193)</u>               | <u>(336,017)</u>    |
| <b>PROFIT FOR THE PERIOD</b>    |       | <u>2,748,899</u>                 | <u>2,062,128</u>    |
| Attributable to:                |       |                                  |                     |
| Owners of the parent            |       | 1,611,913                        | 1,316,264           |
| Non-controlling interests       |       | <u>1,136,986</u>                 | <u>745,864</u>      |
|                                 |       | <u>2,748,899</u>                 | <u>2,062,128</u>    |
| <b>EARNINGS PER SHARE</b>       |       |                                  |                     |
| <b>ATTRIBUTABLE TO ORDINARY</b> |       |                                  |                     |
| <b>EQUITY HOLDERS OF</b>        |       |                                  |                     |
| <b>THE PARENT</b>               |       |                                  |                     |
| - Basic and diluted (RMB)       | 8     | <u>0.25</u>                      | <u>0.20</u>         |

# **INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

|                                                                                                                                    | For the six months ended 30 June |                  |
|------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------------------|
|                                                                                                                                    | 2010                             | 2009             |
|                                                                                                                                    | RMB'000                          | RMB'000          |
|                                                                                                                                    | (Unaudited)                      | (Unaudited)      |
| <b>PROFIT FOR THE PERIOD</b>                                                                                                       | <u>2,748,899</u>                 | <u>2,062,128</u> |
| <b>OTHER COMPREHENSIVE INCOME</b>                                                                                                  |                                  |                  |
| Available-for-sale assets:                                                                                                         |                                  |                  |
| Changes in fair value                                                                                                              | 968,375                          | 480,243          |
| Reversal of changes in fair value arising from<br>the available-for-sale investment<br>becoming an associate                       | (152,931)                        | -                |
| Reclassification adjustments for gains<br>included in the interim condensed<br>consolidated income statement<br>- gain on disposal | -                                | (32,882)         |
| Income tax effect                                                                                                                  | <u>(228,119)</u>                 | <u>(80,141)</u>  |
|                                                                                                                                    | 587,325                          | 367,220          |
| Share of other comprehensive income<br>of associates                                                                               | 11,336                           | -                |
| Reserves released upon disposal of associates                                                                                      | -                                | 1,513            |
| Exchange differences on translation of<br>foreign operations                                                                       | <u>(44,940)</u>                  | <u>(139,410)</u> |
| <b>OTHER COMPREHENSIVE INCOME<br/>FOR THE PERIOD, NET OF TAX</b>                                                                   | <u>553,721</u>                   | <u>229,323</u>   |
| <b>TOTAL COMPREHENSIVE INCOME<br/>FOR THE PERIOD</b>                                                                               | <u>3,302,620</u>                 | <u>2,291,451</u> |
| Attributable to:                                                                                                                   |                                  |                  |
| Owners of the parent                                                                                                               | 2,073,031                        | 1,503,211        |
| Non-controlling interests                                                                                                          | <u>1,229,589</u>                 | <u>788,240</u>   |
|                                                                                                                                    | <u>3,302,620</u>                 | <u>2,291,451</u> |

# **INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

|                                                                                  |             | <b>30 June<br/>2010<br/>RMB'000<br/>(Unaudited)</b> | <b>31 December<br/>2009<br/>RMB'000<br/>(Audited)</b> |
|----------------------------------------------------------------------------------|-------------|-----------------------------------------------------|-------------------------------------------------------|
|                                                                                  | <b>Note</b> |                                                     |                                                       |
| <b>NON-CURRENT ASSETS</b>                                                        |             |                                                     |                                                       |
| Property, plant and equipment                                                    |             | 18,612,408                                          | 17,767,235                                            |
| Investment properties                                                            |             | 4,779,000                                           | 2,057,400                                             |
| Prepaid land lease payments                                                      |             | 1,200,113                                           | 1,162,655                                             |
| Exploration and evaluation assets                                                |             | 434,812                                             | 420,689                                               |
| Mining rights                                                                    |             | 695,635                                             | 733,586                                               |
| Intangible assets                                                                |             | 54,544                                              | 34,486                                                |
| Goodwill                                                                         |             | 211,484                                             | 126,929                                               |
| Interests in jointly-controlled entities                                         |             | 1,094,245                                           | 755,823                                               |
| Investments in associates                                                        |             | 11,368,040                                          | 9,621,368                                             |
| Held-to-maturity investments                                                     |             | 49,294                                              | 79,220                                                |
| Available-for-sale investments                                                   |             | 4,204,051                                           | 2,943,458                                             |
| Properties under development                                                     |             | 6,272,639                                           | 5,089,455                                             |
| Due from related companies                                                       |             | 371,051                                             | 191,905                                               |
| Loan receivable                                                                  |             | 290,000                                             | 220,000                                               |
| Prepayments                                                                      |             | 951,163                                             | 616,313                                               |
| Deferred tax assets                                                              |             | <u>914,945</u>                                      | <u>793,985</u>                                        |
| Total non-current assets                                                         |             | <u>51,503,424</u>                                   | <u>42,614,507</u>                                     |
| <b>CURRENT ASSETS</b>                                                            |             |                                                     |                                                       |
| Cash and bank balances                                                           |             | 20,511,637                                          | 15,947,571                                            |
| Equity investments at fair value through profit or loss                          |             | 4,451,128                                           | 4,922,253                                             |
| Trade and notes receivables                                                      | 9           | 5,348,993                                           | 4,768,991                                             |
| Prepayments, deposits and other receivables                                      |             | 3,002,949                                           | 3,293,096                                             |
| Inventories                                                                      |             | 6,229,715                                           | 5,583,671                                             |
| Completed properties for sale                                                    |             | 2,308,069                                           | 1,698,292                                             |
| Properties under development                                                     |             | 7,093,594                                           | 6,868,166                                             |
| Due from related companies                                                       |             | <u>2,764,455</u>                                    | <u>908,592</u>                                        |
|                                                                                  |             | 51,710,540                                          | 43,990,632                                            |
| Non-current assets/<br>Assets of a disposal group<br>classified as held for sale |             | <u>163,187</u>                                      | <u>1,548,894</u>                                      |
| Total current assets                                                             |             | <u>51,873,727</u>                                   | <u>45,539,526</u>                                     |

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

|                                                                             |              | <b>30 June<br/>2010<br/>RMB'000<br/>(Unaudited)</b> | <b>31 December<br/>2009<br/>RMB'000<br/>(Audited)</b> |
|-----------------------------------------------------------------------------|--------------|-----------------------------------------------------|-------------------------------------------------------|
|                                                                             | <b>Notes</b> |                                                     |                                                       |
| <b>CURRENT LIABILITIES</b>                                                  |              |                                                     |                                                       |
| Interest-bearing bank and other borrowings                                  |              | 21,254,387                                          | 16,792,363                                            |
| Trade and notes payables                                                    | 10           | 7,850,283                                           | 6,861,967                                             |
| Accrued liabilities and other payables                                      |              | 11,320,355                                          | 10,531,066                                            |
| Tax payable                                                                 |              | 2,299,752                                           | 1,468,607                                             |
| Due to the holding company                                                  |              | 1,127,138                                           | 878,749                                               |
| Due to related companies                                                    |              | <u>358,061</u>                                      | <u>345,423</u>                                        |
|                                                                             |              | 44,209,976                                          | 36,878,175                                            |
| Liabilities directly associated with the assets classified as held for sale |              | <u>-</u>                                            | <u>997,393</u>                                        |
| Total current liabilities                                                   |              | <u>44,209,976</u>                                   | <u>37,875,568</u>                                     |
| <b>NET CURRENT ASSETS</b>                                                   |              | <u>7,663,751</u>                                    | <u>7,663,958</u>                                      |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                                |              | <u>59,167,175</u>                                   | <u>50,278,465</u>                                     |
| <b>NON-CURRENT LIABILITIES</b>                                              |              |                                                     |                                                       |
| Interest-bearing bank and other borrowings                                  |              | 17,405,255                                          | 11,913,006                                            |
| Loans from related companies                                                |              | 110,054                                             | 106,618                                               |
| Deferred income                                                             |              | 93,693                                              | 82,669                                                |
| Other long term payables                                                    |              | 526,788                                             | 561,921                                               |
| Deferred tax liabilities                                                    |              | <u>1,858,174</u>                                    | <u>1,241,973</u>                                      |
| Total non-current liabilities                                               |              | <u>19,993,964</u>                                   | <u>13,906,187</u>                                     |
| <b>Net assets</b>                                                           |              | <u>39,173,211</u>                                   | <u>36,372,278</u>                                     |
| <b>EQUITY</b>                                                               |              |                                                     |                                                       |
| <b>Equity attributable to owners of the parent</b>                          |              |                                                     |                                                       |
| Issued capital                                                              |              | 621,497                                             | 621,497                                               |
| Reserves                                                                    |              | 25,491,867                                          | 22,935,553                                            |
| Proposed final dividends                                                    | 11           | <u>-</u>                                            | <u>927,270</u>                                        |
|                                                                             |              | 26,113,364                                          | 24,484,320                                            |
| <b>Non-controlling interests</b>                                            |              | <u>13,059,847</u>                                   | <u>11,887,958</u>                                     |
| <b>Total equity</b>                                                         |              | <u>39,173,211</u>                                   | <u>36,372,278</u>                                     |

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements, which comprise the interim condensed consolidated statement of financial position of the Group as at 30 June 2010 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months ended 30 June 2010 (the “Period”), have been prepared in accordance with HKAS 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2009.

## 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2009, except for the adoption of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations), as set out in note 2.2 to the interim condensed consolidated financial statements.

## 2.2 ADOPTION OF NEW AND REVISED HKFRSs

From 1 January 2010, the Group has adopted the following new and revised HKFRSs for the first time.

|                                                                                        |                                                                                                                                                   |
|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| HKFRS 1 (Revised)                                                                      | <i>First-time Adoption of HKFRSs</i>                                                                                                              |
| HKFRS 1 Amendments                                                                     | <i>Amendments to HKFRS 1 First-time Adoption of HKFRSs- Additional Exemptions for First-time Adopters</i>                                         |
| HKFRS 2 Amendments                                                                     | <i>Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions</i>                                            |
| HKFRS 3 (Revised)                                                                      | <i>Business Combinations</i>                                                                                                                      |
| HKAS 27 (Revised)                                                                      | <i>Consolidated and Separate Financial Statements</i>                                                                                             |
| HKAS 39 Amendment                                                                      | <i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i>                                            |
| HK (IFRIC)-Int 17                                                                      | <i>Distribution of Non-cash Assets to Owners</i>                                                                                                  |
| Amendments to HKFRS 5 included in <i>Improvements to HKFRSs issued in October 2008</i> | <i>Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary</i> |
| HK Interpretation 4 (Revised in December 2009)                                         | <i>Leases – Determination of the Length of Lease Term in respect of Hong Kong Leases</i>                                                          |
| Improvements to HKFRSs 2009 (Issued in May 2009)*                                      | <i>Amendments to a number of HKFRSs</i>                                                                                                           |

## **2.2 ADOPTION OF NEW AND REVISED HKFRSs (continued)**

\* Improvements to HKFRSs 2009 set out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording, including HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16.

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

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

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The changes by HKFRS 3 (Revised) and HKAS 27 (Revised) affect acquisitions, loss of control of subsidiaries and transactions with non-controlling interests from from 1 January 2010. The change in accounting policy was applied prospectively and had no impact on earnings per share.

The amendments to HKFRS 5 clarify that all assets and liabilities of a subsidiary shall be classified as held for sale if an entity has a sale plan involving loss of control of the subsidiary, regardless of whether the entity will retain a non-controlling interest.

Except as stated above, the adoption of these new and revised HKFRSs has had no significant financial effect on the Group's interim condensed consolidated financial statements.

### 3. SEGMENT INFORMATION

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

- (i) the pharmaceuticals segment engages in the research and development, manufacturing, sale and trading of pharmaceutical products;
- (ii) the property development segment engages in the development and sale of properties in the PRC;
- (iii) the steel segment engages in the manufacturing, sale and trading of iron and steel products;
- (iv) the mining segment engages in the mining and ore processing of various metals; and
- (v) the “others” segment comprises, principally, the management of investments in retail and services industries, and other strategic investments.

Management monitors the results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss after tax. The adjusted profit or loss after tax is measured consistently with the Group’s profit or loss after tax except that head office and corporate expenses are excluded from such measurement.

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

### 3. SEGMENT INFORMATION (continued)

Six months ended 30 June 2010

|                                 | Pharma-<br>ceuticals<br>RMB'000<br>(Unaudited) | Property<br>development<br>RMB'000<br>(Unaudited) | Steel<br>RMB'000<br>(Unaudited) | Mining<br>RMB'000<br>(Unaudited) | Others<br>RMB'000<br>(Unaudited) | Eliminations<br>RMB'000<br>(Unaudited) | Total<br>RMB'000<br>(Unaudited) |
|---------------------------------|------------------------------------------------|---------------------------------------------------|---------------------------------|----------------------------------|----------------------------------|----------------------------------------|---------------------------------|
| <b>Segment revenue:</b>         |                                                |                                                   |                                 |                                  |                                  |                                        |                                 |
| Sales to external customers     | 2,158,078                                      | 3,500,121                                         | 13,947,509                      | 1,061,949                        | -                                | -                                      | 20,667,657                      |
| Inter-segment sales             | -                                              | -                                                 | -                               | 578,270                          | -                                | (578,270)                              | -                               |
| Other income and gains          | <u>305,355</u>                                 | <u>1,198,696</u>                                  | <u>82,042</u>                   | <u>47,219</u>                    | <u>95,010</u>                    | <u>(197,530)</u>                       | <u>1,530,792</u>                |
| Total                           | <u>2,463,433</u>                               | <u>4,698,817</u>                                  | <u>14,029,551</u>               | <u>1,687,438</u>                 | <u>95,010</u>                    | <u>(775,800)</u>                       | <u>22,198,449</u>               |
| <b>Segment results</b>          | 362,125                                        | 2,295,222                                         | 818,420                         | 1,047,016                        | (147,843)                        | (41,426)                               | 4,333,514                       |
| Interest and dividend income    | 16,969                                         | 14,008                                            | 50,644                          | 4,800                            | 93,025                           | (35,472)                               | 143,974                         |
| Unallocated expenses            |                                                |                                                   |                                 |                                  |                                  |                                        | (81,583)                        |
| Finance costs                   | (74,425)                                       | (136,818)                                         | (388,596)                       | (19,575)                         | (133,076)                        | 17,607                                 | (734,883)                       |
| Share of profits and losses of: |                                                |                                                   |                                 |                                  |                                  |                                        |                                 |
| - Jointly-controlled entities   | -                                              | (13,205)                                          | -                               | -                                | -                                | -                                      | (13,205)                        |
| - Associates                    | <u>275,081</u>                                 | <u>133,179</u>                                    | <u>72,496</u>                   | <u>9,580</u>                     | <u>66,939</u>                    | <u>-</u>                               | <u>557,275</u>                  |
| Profit before tax               | 579,750                                        | 2,292,386                                         | 552,964                         | 1,041,821                        | (120,955)                        | (59,291)                               | 4,205,092                       |
| Tax                             | <u>(164,655)</u>                               | <u>(893,583)</u>                                  | <u>(161,322)</u>                | <u>(210,305)</u>                 | <u>(78,135)</u>                  | <u>51,807</u>                          | <u>(1,456,193)</u>              |
| Profit for the period           | <u>415,095</u>                                 | <u>1,398,803</u>                                  | <u>391,642</u>                  | <u>831,516</u>                   | <u>(199,090)</u>                 | <u>(7,484)</u>                         | <u>2,748,899</u>                |

### 3 SEGMENT INFORMATION (continued)

Six months ended 30 June 2009

|                                 | Pharma-<br>ceuticals<br>RMB'000<br>(Unaudited) | Property<br>development<br>RMB'000<br>(Unaudited) | Steel<br>RMB'000<br>(Unaudited) | Mining<br>RMB'000<br>(Unaudited) | Others<br>RMB'000<br>(Unaudited) | Eliminations<br>RMB'000<br>(Unaudited) | Total<br>RMB'000<br>(Unaudited) |
|---------------------------------|------------------------------------------------|---------------------------------------------------|---------------------------------|----------------------------------|----------------------------------|----------------------------------------|---------------------------------|
| <b>Segment revenue:</b>         |                                                |                                                   |                                 |                                  |                                  |                                        |                                 |
| Sales to external customers     | 1,740,192                                      | 2,003,574                                         | 11,674,360                      | 553,914                          | -                                | -                                      | 15,972,040                      |
| Inter-segment sales             | -                                              | -                                                 | -                               | 335,265                          | -                                | (335,265)                              | -                               |
| Other income and gains          | <u>135,098</u>                                 | <u>80,180</u>                                     | <u>739,313</u>                  | <u>54,272</u>                    | <u>186,192</u>                   | <u>(15,400)</u>                        | <u>1,179,655</u>                |
| Total                           | <u><u>1,875,290</u></u>                        | <u><u>2,083,754</u></u>                           | <u><u>12,413,673</u></u>        | <u><u>943,451</u></u>            | <u><u>186,192</u></u>            | <u><u>(350,665)</u></u>                | <u><u>17,151,695</u></u>        |
| <b>Segment results</b>          | <b>185,487</b>                                 | <b>579,923</b>                                    | <b>1,045,012</b>                | <b>343,348</b>                   | <b>118,792</b>                   | <b>57,803</b>                          | <b>2,330,365</b>                |
| Interest and dividend income    | 10,539                                         | 7,399                                             | 94,279                          | 5,786                            | 106,081                          | (65,788)                               | 158,296                         |
| Unallocated expenses            |                                                |                                                   |                                 |                                  |                                  |                                        | (76,659)                        |
| Finance costs                   | (74,856)                                       | (29,477)                                          | (361,002)                       | (25,341)                         | (82,792)                         | -                                      | (573,468)                       |
| Share of profits and losses of: |                                                |                                                   |                                 |                                  |                                  |                                        |                                 |
| - Jointly-controlled entities   | -                                              | 6,407                                             | -                               | -                                | -                                | -                                      | 6,407                           |
| - Associates                    | <u>259,326</u>                                 | <u>(4,768)</u>                                    | <u>290,298</u>                  | <u>(45,170)</u>                  | <u>53,518</u>                    | <u>-</u>                               | <u>553,204</u>                  |
| Profit before tax               | 380,496                                        | 559,484                                           | 1,068,587                       | 278,623                          | 195,599                          | (7,985)                                | 2,398,145                       |
| Tax                             | <u>(26,705)</u>                                | <u>(257,581)</u>                                  | <u>42,628</u>                   | <u>(65,415)</u>                  | <u>(34,045)</u>                  | <u>5,101</u>                           | <u>(336,017)</u>                |
| Profit for the period           | <u><u>353,791</u></u>                          | <u><u>301,903</u></u>                             | <u><u>1,111,215</u></u>         | <u><u>213,208</u></u>            | <u><u>161,554</u></u>            | <u><u>(2,884)</u></u>                  | <u><u>2,062,128</u></u>         |

### 3. SEGMENT INFORMATION (continued)

#### Segment assets:

Total segment assets as at 30 June 2010 and 31 December 2009 are as follows:

|                           | 30 June<br>2010<br>RMB'000<br>(Unaudited) | 31 December<br>2009<br>RMB'000<br>(Audited) |
|---------------------------|-------------------------------------------|---------------------------------------------|
| Pharmaceuticals           | 13,327,415                                | 10,955,208                                  |
| Property development      | 33,313,560                                | 27,456,713                                  |
| Steel                     | 35,575,687                                | 31,911,222                                  |
| Mining                    | 7,690,074                                 | 5,679,933                                   |
| Others                    | <u>19,397,954</u>                         | <u>16,945,982</u>                           |
|                           | 109,304,690                               | 92,949,058                                  |
| Eliminations*             | <u>(5,927,539)</u>                        | <u>(4,795,025)</u>                          |
| Total consolidated assets | <u>103,377,151</u>                        | <u>88,154,033</u>                           |

\* Inter-segment loans and other balances are eliminated on consolidation.

### 4. OTHER INCOME AND GAINS

An analysis of the Group's other income and gains is as follows:

|                                                                        | For the six months ended 30 June |                                |
|------------------------------------------------------------------------|----------------------------------|--------------------------------|
|                                                                        | 2010<br>RMB'000<br>(Unaudited)   | 2009<br>RMB'000<br>(Unaudited) |
| <b><u>Other income</u></b>                                             |                                  |                                |
| Interest income                                                        | 111,220                          | 80,829                         |
| Dividends from available-for-sale investments                          | 25,324                           | 76,435                         |
| Dividends from equity investments at fair value through profit or loss | 7,430                            | 1,032                          |
| Gross rental income                                                    | 29,608                           | 32,128                         |
| Sale of scrap materials                                                | 10,997                           | 39,669                         |
| Government grants                                                      | 58,265                           | 77,713                         |
| Consultancy income                                                     | 17,615                           | 9,736                          |
| Processing income                                                      | 12,904                           | 17,433                         |
| Others                                                                 | <u>82,490</u>                    | <u>65,803</u>                  |
|                                                                        | <u>355,853</u>                   | <u>400,778</u>                 |

#### 4. OTHER INCOME AND GAINS (continued)

|                                                                             | For the six months ended 30 June |                  |
|-----------------------------------------------------------------------------|----------------------------------|------------------|
|                                                                             | 2010                             | 2009             |
|                                                                             | RMB'000                          | RMB'000          |
|                                                                             | (Unaudited)                      | (Unaudited)      |
| <b><u>Gains</u></b>                                                         |                                  |                  |
| Gain on disposal of subsidiaries                                            | 972,395                          | -                |
| Gain on disposal of associates                                              | 55,082                           | 642,834          |
| Gain on disposal of items of property, plant and equipment                  | 257                              | -                |
| Gain on disposal of available-for-sale investments                          | 1,959                            | 48,358           |
| Gain on disposal of equity investments at fair value through profit or loss | -                                | 39,459           |
| Gain on fair value adjustment of investment properties                      | 169,504                          | 55,670           |
| Gain on deemed disposal of interest in an associate                         | 82,843                           | 7,609            |
| Gain on the settlement of commodity derivative contracts                    | 19,611                           | -                |
| Exchange gains, net                                                         | <u>17,262</u>                    | <u>143,243</u>   |
|                                                                             | <u>1,318,913</u>                 | <u>937,173</u>   |
| Other income and gains                                                      | <u>1,674,766</u>                 | <u>1,337,951</u> |

#### 5. FINANCE COSTS

|                                      | For the six months ended 30 June |                  |
|--------------------------------------|----------------------------------|------------------|
|                                      | 2010                             | 2009             |
|                                      | RMB'000                          | RMB'000          |
|                                      | (Unaudited)                      | (Unaudited)      |
| Total interest expenses              | 922,211                          | 794,682          |
| Less: Interest capitalized           | <u>(218,443)</u>                 | <u>(230,289)</u> |
| Interest expenses, net               | 703,768                          | 564,393          |
| Bank charges and other finance costs | <u>31,115</u>                    | <u>9,075</u>     |
| Total finance costs                  | <u>734,883</u>                   | <u>573,468</u>   |

## 6. PROFIT BEFORE TAX

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

|                                                                                            | For the six months ended 30 June |              |
|--------------------------------------------------------------------------------------------|----------------------------------|--------------|
|                                                                                            | 2010                             | 2009         |
|                                                                                            | RMB'000                          | RMB'000      |
|                                                                                            | (Unaudited)                      | (Unaudited)  |
| Cost of sales                                                                              | 15,853,316                       | 13,306,606   |
| Inventories written off                                                                    | -                                | 40           |
| Depreciation of items of property,<br>plant and equipment                                  | 881,437                          | 801,831      |
| Amortization of:                                                                           |                                  |              |
| Prepaid land lease payments                                                                | 11,924                           | 9,552        |
| Mining rights                                                                              | 35,147                           | 50,370       |
| Intangible assets                                                                          | 9,342                            | 2,086        |
| Provisions/(reversals) for impairment of:                                                  |                                  |              |
| Trade and other receivables                                                                | (939)                            | (2,574)      |
| Items of property, plant and equipment                                                     | -                                | 595          |
| Available-for-sale investments                                                             | -                                | 1,119        |
| Inventories                                                                                | 64,691                           | 11,594       |
| Goodwill                                                                                   | 33,327                           | -            |
| Provision for indemnity of LAT (note 7(3))                                                 | 43,139                           | 2,880        |
| Loss on disposal of non-current assets<br>classified as held for sale                      | -                                | 1,419        |
| Loss on fair value adjustment on equity investment<br>at fair value through profit or loss | 127,324                          | 21,369       |
| Loss on disposal of items of property,<br>plant and equipment                              | <u>19,640</u>                    | <u>2,556</u> |

## 7. TAX

The major components of tax expenses for the six months ended 30 June 2010 and 2009 are as follows:

|                                                  |       | For the six months ended 30 June |                  |
|--------------------------------------------------|-------|----------------------------------|------------------|
|                                                  |       | 2010                             | 2009             |
|                                                  | Notes | RMB'000                          | RMB'000          |
|                                                  |       | (Unaudited)                      | (Unaudited)      |
| Current – Hong Kong                              | (1)   | 8,162                            | 5,144            |
| Current – Mainland China                         |       |                                  |                  |
| - Income tax in Mainland China<br>for the period | (2)   | 1,012,237                        | 341,116          |
| - LAT in Mainland China<br>for the period        | (3)   | 427,597                          | 129,912          |
| Deferred                                         |       | <u>8,197</u>                     | <u>(140,155)</u> |
| Tax expenses for the period                      |       | <u>1,456,193</u>                 | <u>336,017</u>   |

## 7. TAX (continued)

Notes:

- (1) Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period.
- (2) The provision for Mainland China current income tax is based on a statutory rate of 25% (six months ended 30 June 2009: 25%) of the assessable profit of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China, which are exempted or taxed at preferential rates of 15% to 20%.
- (3) According to the tax notice issued by the relevant local tax authorities, the Group commenced to pay LAT at rates ranging from 0.5% to 3% on proceeds of the sale and pre-sale of properties from 2004. Prior to 2007, except for this amount paid to the local tax authorities, no further provision for LAT had been made. The directors considered that the relevant tax authorities would unlikely impose additional LAT levies other than the amount already paid based on the relevant percentages of the proceeds from the sale and pre-sale of the Group's properties.

For the Period, based on the latest understanding of LAT regulations from the tax authorities, the Group provided additional LAT of RMB384,684,000 (six months ended 30 June 2009: RMB112,659,000) in respect of the sales of properties up to 30 June 2010 in accordance with the requirements set forth in the relevant PRC tax laws and regulations.

In 2004, Shanghai Fosun High Technology (Group) Co., Ltd. ("Fosun Group") and Shanghai Forte Land Co., Ltd. ("Forte"), both subsidiaries of the Group, entered into a deed of tax indemnity whereby the Fosun Group has undertaken to indemnify Forte in respect of the LAT payable attributable to Forte and its subsidiaries ("Forte Group") in excess of the prepaid LAT based on 0.5% to 3% of sales proceeds, after netting off potential income tax savings, in consequence of the disposal of the properties owned by the Forte Group as at 30 November 2003. As at 30 June 2010, the outstanding LAT indemnity payable to Forte after netting off potential income tax saving amounted to RMB234,375,000 (31 December 2009: RMB98,462,000), and the deferred tax liability arising thereon amounted to RMB106,295,000 (31 December 2009: RMB72,316,000). The Group's share of losses arising from the LAT indemnity during the Period amounted to RMB43,139,000 (six months ended 30 June 2009: RMB2,880,000).

- (4) The share of tax attributable to jointly-controlled entities and associates amounting to RMB2,569,000 (six months ended 30 June 2009: RMB999,000) and RMB154,568,000 (six months ended 30 June 2009: RMB124,871,000), respectively, is included in "Share of profits and losses of jointly-controlled entities and associates" in the interim condensed consolidated income statement.

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of earnings per share is based on the profit for the Period attributable to ordinary equity holders of the parent of RMB1,611,913,000 (six months ended 30 June 2009: RMB1,316,264,000) and on 6,421,595,000 ordinary shares in issue during the Period (six months ended 30 June 2009: 6,421,595,000 ordinary shares).

Diluted earnings per share amount is equal to basic earnings per share amount for the two periods ended 30 June 2010 and 30 June 2009 as no diluting events occurred during these two periods.

## 9. TRADE AND NOTES RECEIVABLES

|                   | 30 June<br>2010<br>RMB'000<br>(Unaudited) | 31 December<br>2009<br>RMB'000<br>(Audited) |
|-------------------|-------------------------------------------|---------------------------------------------|
| Trade receivables | 1,162,993                                 | 1,012,058                                   |
| Notes receivable  | <u>4,186,000</u>                          | <u>3,756,933</u>                            |
|                   | <u>5,348,993</u>                          | <u>4,768,991</u>                            |

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

|                                                        | 30 June<br>2010<br>RMB'000<br>(Unaudited) | 31 December<br>2009<br>RMB'000<br>(Audited) |
|--------------------------------------------------------|-------------------------------------------|---------------------------------------------|
| Outstanding balances with ages:                        |                                           |                                             |
| Within 90 days                                         | 1,002,730                                 | 831,628                                     |
| 91 - 180 days                                          | 99,524                                    | 146,081                                     |
| 181 - 365 days                                         | 52,607                                    | 36,593                                      |
| 1 - 2 years                                            | 8,947                                     | 7,271                                       |
| 2 - 3 years                                            | 7,287                                     | 6,302                                       |
| Over 3 years                                           | <u>56,406</u>                             | <u>50,663</u>                               |
|                                                        | 1,227,501                                 | 1,078,538                                   |
| Less: Provision for impairment<br>of trade receivables | <u>(64,508)</u>                           | <u>(66,480)</u>                             |
|                                                        | <u>1,162,993</u>                          | <u>1,012,058</u>                            |

Credit terms granted to the Group's customers are as follows:

|                              | <u>Credit terms</u> |
|------------------------------|---------------------|
| Steel segment                | 0 to 90 days        |
| Mining segment               | 0 to 90 days        |
| Pharmaceuticals segment      | 90 to 180 days      |
| Property development segment | 30 to 360 days      |

## 9. TRADE AND NOTES RECEIVABLES (continued)

The Group's notes receivable with a carrying value of RMB118,700,000 (31 December 2009: RMB112,700,000) was pledged to certain banks as security for bank loans granted to the Group.

## 10. TRADE AND NOTES PAYABLES

|                | 30 June<br>2010<br>RMB'000<br>(Unaudited) | 31 December<br>2009<br>RMB'000<br>(Audited) |
|----------------|-------------------------------------------|---------------------------------------------|
| Trade payables | 6,165,239                                 | 3,539,566                                   |
| Notes payables | <u>1,685,044</u>                          | <u>3,322,401</u>                            |
|                | <u>7,850,283</u>                          | <u>6,861,967</u>                            |

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

|                                 | 30 June<br>2010<br>RMB'000<br>(Unaudited) | 31 December<br>2009<br>RMB'000<br>(Audited) |
|---------------------------------|-------------------------------------------|---------------------------------------------|
| Outstanding balances with ages: |                                           |                                             |
| Within 90 days                  | 3,152,043                                 | 2,523,171                                   |
| 91 - 180 days                   | 2,221,998                                 | 414,585                                     |
| 181 - 365 days                  | 463,203                                   | 181,843                                     |
| 1 - 2 years                     | 256,681                                   | 345,306                                     |
| 2 - 3 years                     | 33,851                                    | 44,360                                      |
| Over 3 years                    | <u>37,463</u>                             | <u>30,301</u>                               |
|                                 | <u>6,165,239</u>                          | <u>3,539,566</u>                            |

## 11. DIVIDENDS

The directors did not recommend the payment of an interim dividend in respect of the Period (six months ended 30 June 2009: Nil).

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

## 12. EVENTS AFTER THE REPORTING PERIOD

On 19 August 2010, Shanghai Forte Investment Management Co., Ltd. ("Forte Investment"), a wholly-owned subsidiary of Forte, entered into a cooperation agreement with Chongqing Yukaifa Company Limited ("Chongqing Yukaifa") and Chongqing LangFu Property Company Limited ("Chongqing Langfu"), pursuant to which, Chongqing Yukaifa will transfer its 50% equity interest in Chongqing Langfu and the shareholder loan of RMB200,000,000 to Forte Investment at a total consideration of RMB663,000,000.

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend for the Reporting Period.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

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

## **REVIEW OF INTERIM RESULTS**

The Audit Committee of the Company comprises three independent non-executive directors, namely Mr. Zhang Shengman (Chairman), Dr. Chen Kaixian and Mr. Andrew Y. Yan. The main duties of the Audit Committee are to review and monitor the financial reporting procedures and internal control system of the Company, and to provide recommendations and advice to the Board.

The interim results of the Company for the Reporting Period are unaudited but have been reviewed by the Audit Committee of the Company.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

During the Reporting Period, the Company applied the principles of and fully complied with all code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

## **PUBLICATION OF INTERIM REPORT**

This results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.fosun-international.com>). The interim report will be despatched to the shareholders of the Company and published on both websites on or before 30 September 2010.

By Order of the Board  
**Fosun International Limited**  
**Guo Guangchang**  
Chairman

Shanghai, the PRC, 25 August 2010

*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 Xuetao and Mr. Wu Ping; the non-executive director is Mr. Liu Benren; and the independent non-executive directors are Dr. Chen Kaixian, Mr. Zhang Shengman and Mr. Andrew Y. Yan.*