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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 2012**

#### **FINANCIAL SUMMARY**

|                                                    | For the six months ended 30 June |                 |
|----------------------------------------------------|----------------------------------|-----------------|
| <i>In RMB million</i>                              | <b>2012</b>                      | <b>2011</b>     |
| <b>Revenue</b>                                     | <b>25,730.7</b>                  | <b>25,568.8</b> |
| Insurance                                          | -                                | -               |
| Pharmaceuticals and healthcare                     | <b>3,464.1</b>                   | 3,042.0         |
| Property                                           | <b>3,432.3</b>                   | 2,260.3         |
| Steel                                              | <b>17,637.0</b>                  | 19,013.6        |
| Mining                                             | <b>1,732.5</b>                   | 2,038.9         |
| Retail, services, finance and other investments    | -                                | -               |
| Asset management                                   | <b>61.1</b>                      | 23.2            |
| Elimination                                        | <b>(596.3)</b>                   | (809.2)         |
| <b>Profit attributable to owners of the parent</b> | <b>1,550.1</b>                   | <b>3,399.1</b>  |
| Insurance                                          | -                                | -               |
| Pharmaceuticals and healthcare                     | <b>337.7</b>                     | 413.6           |
| Property                                           | <b>661.5</b>                     | 363.1           |
| Steel                                              | <b>(178.0)</b>                   | 271.9           |
| Mining                                             | <b>501.1</b>                     | 634.6           |
| Retail, services, finance and other investments    | <b>435.2</b>                     | 1,815.9         |
| Asset management                                   | <b>(8.5)</b>                     | 3.4             |
| Unallocated expenses                               | <b>(196.3)</b>                   | (150.5)         |
| Elimination                                        | <b>(2.6)</b>                     | 47.1            |
| <b>Earnings per share (in RMB)</b>                 | <b>0.24</b>                      | <b>0.53</b>     |

# **MANAGEMENT DISCUSS & ANALYSIS**

## **BUSINESS REVIEW**

As at the end of the Reporting Period, equity attributable to owners of the parent of the Group reached RMB32,570.9 million, representing an increase of 2.3% from the end of 2011, among that equity equivalent to RMB15,379.7 million were investment in listed companies by the Group, and such investment amounted to RMB26,188.2 million measured by market capitalisation as at 30 June 2012. During the Reporting Period, profit attributable to owners of the parent of the Group amounted to RMB1,550.1 million, representing a decrease of 54.4% over the same period of 2011, primarily due to the substantial decrease in comparison with that of the same period of last year in the gain on fair value adjustment on certain equity investments at fair value through profit or loss held by the Company and the reason that domestic economic growth has slowed down and the steel demand was sluggish. The selling price of steel products reduced substantially in comparison with that of the same period of last year, and this reduction rate was higher than the decrease in price of raw materials and fuels, which cause that the results of the steel segment in the first half year dropped significantly as compared with that of the same period of 2011.

### **Asset Allocation of the Group**

During the Reporting Period, in the backdrop of a relatively harsh external macroeconomic environment, the Group stuck to value investment philosophy, continued to invest in China's consumption and consumption upgrade, financial services, resources and energy, and manufacturing upgrade, with the aim of building an investment portfolio that will benefit from China's growth momentum.

### **Business Review by Segment**

#### **INSURANCE**

The Group's insurance segment mainly includes Yong'an P&C Insurance and Pramerica Fosun Life Insurance (under establishment). During the Reporting Period, the Shanghai branch of Yong'an P&C Insurance was officially opened, while its nationwide insurance marketing company has been approved by the China Insurance Regulatory Commission. Currently, Yong'an P&C Insurance has 21 provincial branch companies. For the first half of 2012, Yong'an P&C Insurance's premium income and net profit were RMB3,706 million and RMB167 million respectively, representing an

increase of 11.2% and a decrease of 31.9% respectively over the same period of 2011. As at 30 June 2012, the total assets was RMB10,114 million, representing an increase of 13.3% compared with the end of 2011; and net assets was RMB2,673 million, representing an increase of 8.5% compared with the end of 2011. During the Reporting Period, the preparation for the establishment of Pramerica Fosun Life Insurance progressed well as scheduled, and is now pending for examination and acceptance by the China Insurance Regulatory Commission.

## **PHARMACEUTICALS AND HEALTHCARE**

The Group's pharmaceuticals and healthcare segment mainly includes its subsidiary, Fosun Pharma. During the Reporting Period, Fosun Pharma achieved a significant growth in its core business, drug manufacturing, which was mainly attributable to an overall steady growth in the sale of its key product mix for the treatment of diseases in respect of metabolism, digestive tract, anti-infection and central nervous system. Among which, the sales of Atuomolan (Reduced Glutathione), Artesunate series and Ao De Jin (Deproteinized Calf Blood Injection) continued to grow rapidly, while the sales of new products such as You Di Er (Alprostadiol Dried Emulsion) and Xi Mei Xin (Ademetionine) accelerated. Meanwhile, Fosun Pharma continued its effort in matching quality standards for international drug production persistently. It obtained another Pre-Qualification ("PQ") of medicine provider from the World Health Organisation for the combined medication of its Artesunate series, which is the fifth World Health Organisation PQ of Fosun Pharma for its anti-malaria medicinal products. Furthermore, Fosun Pharma continued to integrate marketing and resources of product research and development ("R&D") and strengthened the cooperation with Sinopharm, enhancing the linkage between its drug production and the commercial channel of Sinopharm to combine their complementary advantages for a win-win operation. For healthcare services, Fosun Pharma commenced the upgrade of its invested hospitals to advance the medical technology and expand services to the public. It is also actively identifying new investment opportunity in this area.

During the Reporting Period, Fosun Pharma completed the initial issuance of corporate bonds for RMB1.5 billion, which helped to optimise its debt structure. It also disposed of certain listed financial investments to realise financial return and retrieve cash. At the same time, Fosun Pharma's plan of issuing overseas listed foreign shares (H shares) obtained the approval of China Security Regulatory Commission and passed the hearing of the listing committee of the Hong Kong Stock Exchange and will proceed accordingly. The improvement in multiple financing channels will facilitate the development of its drug manufacturing business, fortify R&D platforms, strengthen its

merger and acquisitions towards domestic and foreign pharmaceutical firms, and make it a globally competitive pharmaceutical enterprise.

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

Unit: RMB million

|                                                | Six months ended<br>30 June 2012 | Six months ended<br>30 June 2011 | Change over the same<br>period of last year |
|------------------------------------------------|----------------------------------|----------------------------------|---------------------------------------------|
| Revenue                                        | 3,464.1                          | 3,042.0                          | +13.9%                                      |
| Profit attributable to<br>owners of the parent | 337.7                            | 413.6                            | -18.4%                                      |

During the Reporting Period, the increase in revenue from the pharmaceuticals and healthcare segment reflects the development of Fosun Pharma's business in industrial manufacturing. The decrease in profit attributable to owners of the parent was mainly due to the gain on deemed disposal of equity interests in Sinopharm as a result of the completion of Sinopharm's additional shares issuance in the same period of 2011.

## PROPERTY

The Group's property segment mainly includes its subsidiaries, Forte and Shanghai Resource Property Consultancy Co., Ltd. and an associate, Shanghai Haizhimen Property Investment Management Co., Ltd.. During the Reporting Period, the property segment was subject to sustaining macro regulation policy. The Group adopted proactive pricing and fast selling strategy according to the market climate, and continued to boost its sales efforts in the second-tier cities such as Wuhan, Changchun, Chongqing and Chengdu, successfully achieving solid sales. In addition, the Group seized investment opportunities to replenish its land bank in a prudent manner with cost under careful control, laying a sound foundation for its long-term development. As scheduled, the project of The Bund Finance Center has made a good progress and is expected to be completed in 2015. Targeting at the growing and aging population of China, the Group joined hands with Fortress Investment Group LLC of the U.S. to enter the property market for senior citizens in China. The first cooperation is a high-end healthcare project customised for Chinese senior citizens, the agreement of which was officially signed in June 2012.

During the Reporting Period, total attributable contractual sales GFA and sales revenue completed by the Group were approximately 365,936 sq.m. and RMB3,444 million respectively, total attributable GFA booked amounted to 249,481 sq.m. (including

projects of joint venture companies and associates in which the Group has equity interests, excluding the development projects of Shanghai Zendai Property Limited, an associate of Forte), representing a decrease of 17%, 18% and 5% respectively as compared on the same basis with the same period of 2011; the Group's attributable GFA under development amounted to 4,284,471 sq.m., representing an increase of 24% compared with the same period of last year; attributable GFA of newly commenced projects amounted to 1,165,753 sq.m., representing an increase of 57% compared with the same period of last year; and attributable GFA of completed projects was 271,720 sq.m., representing a decrease of 33%, compared with the same period of last year.

As at the end of the Reporting Period, the Group had attributable GFA of 12,329,554 sq.m. for pipeline projects in 18 provinces and cities including Shanghai, Hainan, Tianjin, Nanjing, Chongqing, Wuhan, Wuxi, Hangzhou, Xi'an, Changchun, Chengdu, Taiyuan, Changsha, Datong, Harbin, Nantong, Dalian and Ningbo, among which 384,624 sq.m. of GFA were newly added as project reserve during the Reporting Period.

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

Unit: RMB million

|                                                | Six months ended<br>30 June 2012 | Six months ended<br>30 June 2011 | Change over the same<br>period of last year |
|------------------------------------------------|----------------------------------|----------------------------------|---------------------------------------------|
| Revenue                                        | 3,432.3                          | 2,260.3                          | +51.9%                                      |
| Profit attributable to owners<br>of the parent | 661.5                            | 363.1                            | +82.2%                                      |

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

## STEEL

The Group's steel segment mainly includes its subsidiary Nanjing Iron & Steel and its associate Tianjin Jianlong Iron & Steel Industrial Co., Ltd.. During the Reporting Period, under a deteriorating global economy and slowdown of economic growth in China, demand for steel products was low and the oversupply situation worsened. Steel prices fell sharply compared with the same period of last year while the extent of decrease in price of raw materials and fuels was less, therefore, the profits of the steel industry decreased sharply with losses expanding in many enterprises. In such a hard

time of the steel industry, our steel segment was also under pressure. Nevertheless, Nanjing Iron & Steel has a flexible operation mechanism. Despite of the difficult time, it persisted in management of lowering cost and improving efficiency, developed products with technological advantages and high value added, explored steel markets relating to emerging and hot industries and maintained its competitiveness. During the Reporting Period, its high value added products such as 9 Ni steel and steel plates for oil tank maintained leading market shares in China. Moreover, as a large enterprise group, Nanjing Iron & Steel also enjoys advantage in equipment, technology and product branding. In the future, Nanjing Iron & Steel will improve its performance through expanding upstream and downstream along the industrial chain and optimisation of its product structure.

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

Unit: RMB million

|                                                       | Six months ended<br>30 June 2012 | Six months ended<br>30 June 2011 | Change over the same<br>period of last year |
|-------------------------------------------------------|----------------------------------|----------------------------------|---------------------------------------------|
| Revenue                                               | 17,637.0                         | 19,013.6                         | -7.2%                                       |
| (Loss)/Profit attributable to<br>owners of the parent | (178.0)                          | 271.9                            | -165.5%                                     |

During the Reporting Period, the slight decrease in revenue of the steel segment compared with the same period of last year was primarily due to the drop of both sales volume and average selling prices of steel products. Furthermore, the decrease in average selling prices of steel products far exceeded the decrease in average price of upstream raw materials, resulting in the loss attributable to owners of the parent.

## MINING

The Group's mining segment mainly includes its subsidiary, Hainan Mining and Anhui Jin'an Mining Co., Ltd. and associates Beijing Huaxia Jianlong Mining Technology Co., Ltd. and Shanxi Coking Coal Group Wulin Coal Coke Development Co., Ltd.. In addition, the Group also holds equity interests in Zhaojin Mining. During the Reporting Period, the prices for iron ore declined due to the downturn of the upstream steel industry. Leveraging on its cost competitiveness, Hainan Mining actively developed marketing. As at the end of the Reporting Period, the total sales of iron ore products of Hainan Mining reached 2.02 million tonnes, representing an increase of 4.4% as compared with the same period of last year. During the Reporting Period, the China

Securities Regulatory Commission disclosed the initial public offering (“IPO”) prospectus (application draft) of Hainan Mining.

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

Unit: RMB million

|                                                | Six months ended<br>30 June 2012 | Six months ended<br>30 June 2011 | Change over the same<br>period of last year |
|------------------------------------------------|----------------------------------|----------------------------------|---------------------------------------------|
| Revenue                                        | 1,732.5                          | 2,038.9                          | -15.0%                                      |
| Profit attributable to owners<br>of the parent | 501.1                            | 634.6                            | -21.0%                                      |

During the Reporting Period, the decrease in both revenue and profit attributable to owners of the parent of the mining segment was mainly attributable to the decreased average selling prices of iron ore and iron concentrate.

## **RETAIL, SERVICES, FINANCE AND OTHER INVESTMENTS**

The Group adheres to the philosophy of value investment, and participates in the rapid development of industries such as retail, services and finance benefiting from China’s growth momentum. During the first half of 2012, the deep-rooted influence of the global financial crisis continued and the recovery of the global economy was weak, while the European debt crisis has deepened and spreaded further. Nevertheless, this also gave rise to opportunities for the Group. Certain brand enterprises which mainly focused in the European market were confronted with bottleneck in growth, and their valuations are relatively low at the moment. However, some of them are in industries which have great potential in the China market. Fosun sticks to its investment model of “combining China’s growth momentum with global resources” and seeks industry leaders in the world that have stagnant profit growth in the Europe and the United States markets but would enjoy a rapid development in China. Among such companies, the Group will invest in those entities with intention to enter into the China market, and act as an active shareholder, leverage on its solid industrial and network foundation to assist them to grow rapidly in China and raise their global value.

### **Yuyuan**

Yuyuan is an associate of the Group. Yuyuan is mainly engaged in commercial retail and gold and jewellery wholesale and retail and it holds part of the stakes in Zhaojin Mining. During the Reporting Period, Yuyuan’s operating revenue in the first half of 2012 was RMB10,253 million, representing a growth of 11.48% over the same period

of last year, with net profit of RMB294 million, representing a decrease of 37.54% over the same period of last year. During the Reporting Period, two big gold enterprises, namely Shanghai Laomiao Gold Co., Ltd. and Shanghai First Asia Jewelry Co., Ltd., which are subsidiaries of Yuyuan added 12 retail shops and developed additional 106 franchisees. Moreover, they optimised the cooperation platform in other provinces such as Anhui, Shandong and Henan etc. and opened the first provincial retail outlet in Wuhu. For the first half of 2012, the total number of nationwide network of these two big gold enterprises amounted to 1,533, adding 176 as compared with the end of last year.

### **Focus Media**

Focus Media is an important investment of the Group in the culture and media industry. The total net operating revenue for the first half of 2012 was USD432.6 million. According to the financial statements prepared in accordance with the US Generally Accepted Accounting Principles, the net profit of Focus Media for the first half of 2012 was USD96.8 million, representing a growth of 52.8% over the same period of last year.

### **Club Med**

Club Med is the first investment of the Group in “combining China’s growth momentum with global resources” investment model in 2010. During the Reporting Period, in spite of the weak European economy, the headquarters of Club Med achieved growth in various financial indicators comparing to the results of the same period of last year. Its sales revenue increased by 3.8% to Euro 783 million and net profit increased by 70% to Euro 17 million. The cash flow and indebtedness of Club Med also improved. Meanwhile, the China operation of Club Med continued to expand with the decoration work of the resort in Guilin, its second resort in China, in full swing and set to open soon. Club Med planned to have five resorts altogether in China by 2015 and China will be its second largest market after France in the world.

### **Folli Follie**

Folli Follie is a globally renowned fashion retail group. The Group acquired its interests in Folli Follie in 2011 as a new overseas strategic investment. During the Reporting Period, the sales revenue in the first quarter of 2012 of Folli Follie was Euro 229.3 million, representing a growth of 4.6% over the same period of last year, and operating profit was Euro 42.6 million, representing an increase of 13.3% over the same period of last year. Though affected by the debt crisis in Greece and Europe, the Group has leveraged on its solid industrial foundation and extensive channel resources in China and played its role of an active shareholder to assist Folli Follie’s development in China

in areas such as shop opening and brand building. Subsequent to the Group's investment, the sales results of Folli Follie from China saw a strong growth and the speed of shop opening improved significantly.

The Group also invested in a series of enterprises benefiting from China's growth momentum, which mainly include investments in consumption upgrade, financial services, resources and energy, and manufacturing upgrade sectors, etc.. The Group had five new investment projects with an aggregate investment of RMB415.16 million through public and private markets, and increased capital in seven projects out of the existing investment projects with an aggregate investment of RMB1,451.03 million.

During the Reporting Period, the profit attributable to owners of the parent contributed to the Group from retail, services, finance and other investments was RMB435.2 million, which mainly included the share of profit from the associates of RMB81.8 million; the recognised investment gains generated from the disposal of part of the equity interests in the listed investment projects of RMB116.8 million. Meanwhile, gain on fair value adjustment of certain equity investments at fair value through profit or loss held by the Group amounted to RMB491.5 million during the Reporting Period. Due to the deepening of the European debt crisis and a turbulent global economy in the first half of 2012, the net profit attributable to owners of the parent of this segment has decreased by 76.0% over the same period of 2011.

Meanwhile, the Group actively fostered the listing of the invested enterprises under the background of the rapid development of China's capital market. During the Reporting Period, three investment projects of the Group had completed IPO and been listed on the ChiNext of the Shenzhen Stock Exchange and the Main Board of the Shanghai Stock Exchange respectively, realising a multiple of invested capital of 1.7 times based on the market capitalisation as at 30 June 2012. Besides, two additional IPO projects have received approval from the Public Offering Review Committee of the China Securities Regulatory Commission and passed the hearing of the listing committee of the Hong Kong Stock Exchange.

| Listed company                          | Stock code | Investment amount<br>(RMB million) | Multiple of<br>invested capital | Year of initial<br>investment | Internal rate<br>of return* |
|-----------------------------------------|------------|------------------------------------|---------------------------------|-------------------------------|-----------------------------|
| Leyard Optoelectronic Co. Ltd.          | 300296.SZ  | 33.60                              | 3.07                            | 2010                          | 104%                        |
| Xi'an Longi Silicon Materials Co., Ltd. | 601012.SH  | 138.00                             | 1.38                            | 2010                          | 18%                         |
| Jiangsu Sunrain Solar Energy Co., Ltd   | 603366.SH  | 63.00                              | 1.65                            | 2010                          | 28%                         |

\* Calculated based on the market capitalisation as at 30 June 2012.

During the Reporting Period, the Group entered into a memorandum of understanding for strategic cooperation with Axcel, one of the largest private equity investment funds of Denmark. The parties agreed to forge an investment platform to enjoy investment opportunities in northern Europe and China under the spirit of cooperation.

## **ASSET MANAGEMENT**

During the Reporting Period, as the recovery in the global economy was weak and China's economic growth was slowing down, investors were cautious with the market which brought difficulty to fund raising activities and the average single amount raised was relatively small. By strategic partnerships, the Group upheld the investment philosophy of "combining China's growth momentum with global resources" in its asset management business so as to achieve steady growth. During the Reporting Period, Star Capital raised capital for the second time and the size of its funds reached RMB5.21 billion, while the size of Forte's real estate funds was increased to RMB3.18 billion. As at the end of the Reporting Period, the scale of the asset management business of the Group reached RMB16.61 billion, among which the self capital contribution of asset management segment of the Group amounted to RMB3.55 billion, and during the Reporting Period, the revenue from the management fee of the asset management business amounted to RMB103.7 million before eliminations within the segment. In addition, during the Reporting Period, the asset management business of the Group invested in 17 projects with an accumulated total investment of RMB1.71 billion, of which 14 projects were new investment with an aggregated investment of RMB1.41 billion and increased capital in 3 projects out of the existing investment projects with an aggregate investment of RMB292 million.

## **FUTURE PROSPECTS**

Looking forward, although the overall global economy faces uncertainties, the Group will seize opportunities arising from China's economic transformation in the areas of consumption and consumption upgrade, financial services, resources and energy and manufacturing upgrade. The Group will persistently build up its three core capacities of investment, financing and value enhancement, assist major industrial subsidiaries to optimise operation, and its asset allocation continuously, explore and implement its unique investment model of "combining China's growth momentum with global resources" and strive to become the China expert with global capacity. The Group will continue to adopt its business model of focusing on multiple businesses namely industrial operation, strategic investment, asset management and insurance for future

development. In the future, under the excellent leadership of the outstanding entrepreneurial team, the Group aims to become a premium enterprise with global competitiveness and create sustaining value for shareholders.

## **FINANCIAL REVIEW**

### **INTEREST EXPENSES**

Interest expenses net of capitalised amounts of the Group increased from RMB1,027.1 million for the six months ended 30 June 2011 to RMB1,314.3 million for the six months ended 30 June 2012. This was mainly attributable to an increase of interest rates and expanding scale of total borrowings on average compared with the same period of last year. For the six months ended 30 June 2012, the interest rates of borrowings were approximately between 1.67% and 15.0%, as compared with approximately between 1.0% and 12.18% for the same period of last year.

### **TAX**

Tax of the Group decreased from RMB924.9 million for the six months ended 30 June 2011 to RMB320.3 million for the six months ended 30 June 2012. The decrease in tax was mainly due to the reversal of unpaid land appreciation tax provision in the property segment, as well as the decrease in the taxable profit from the steel segment.

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

As at 30 June 2012, the total debt of the Group decreased to RMB52,404.6 million from RMB54,057.5 million as at 31 December 2011. As at 30 June 2012, cash and bank balances decreased to RMB10,937.3 million from RMB16,777.8 million as at 31 December 2011. With the expanding development scale and the increasing investment needs, the Group raised funds from various channels to meet the requirements of the operation and investments, and maintained the liquidity of the Group. As at 30 June 2012, the ratio of total debt to total capitalisation was 50.4% as compared with 52.7% as at 31 December 2011. This ratio has decreased slightly as a result of the decrease of the borrowing scale. 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 2012, the Group had pledged assets of RMB15,334.6 million (31 December 2011: RMB16,073.7 million) for bank borrowings.

## **CONTINGENT LIABILITIES**

The Group's contingent liabilities of RMB3,844.8 million as at 30 June 2012 (31 December 2011: RMB3,591.6 million), were primarily applied to guarantee the mortgage loans of qualified property buyers.

## **INTEREST COVERAGE**

For the six months ended 30 June 2012, earnings before interest expense, tax, depreciation and amortisation (“**EBITDA**”) divided by interest expense was 3.7 times as compared with 7.5 times for the same period of 2011. It is mainly due to the increase of the average borrowing scale of the Group and the increase of the interest rates compared with the same period of last year resulting in the rise of interest expenses by 28.0% while the EBITDA decreased by 37.8% compared with the same period of last year.

## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

|                                 |       | For the six months ended 30 June |                         |
|---------------------------------|-------|----------------------------------|-------------------------|
|                                 |       | 2012                             | 2011                    |
|                                 |       | RMB'000                          | RMB'000                 |
|                                 | Notes | (Unaudited)                      | (Unaudited)             |
| <b>REVENUE</b>                  |       | 25,730,746                       | 25,568,805              |
| Cost of sales                   |       | <u>(20,922,297)</u>              | <u>(20,756,749)</u>     |
| Gross profit                    |       | 4,808,449                        | 4,812,056               |
| Other income and gains          | 4     | 1,752,869                        | 3,701,720               |
| Selling and distribution costs  |       | (1,084,912)                      | (972,426)               |
| Administrative expenses         |       | (1,594,095)                      | (1,324,692)             |
| Other expenses                  |       | (330,720)                        | (532,207)               |
| Finance costs                   | 5     | (1,395,686)                      | (1,082,691)             |
| Share of profits and losses of: |       |                                  |                         |
| Jointly-controlled entities     |       | 13,761                           | 33,587                  |
| Associates                      |       | <u>445,413</u>                   | <u>951,912</u>          |
| <b>PROFIT BEFORE TAX</b>        | 6     | 2,615,079                        | 5,587,259               |
| Tax                             | 7     | <u>(320,274)</u>                 | <u>(924,892)</u>        |
| <b>PROFIT FOR THE PERIOD</b>    |       | <u><u>2,294,805</u></u>          | <u><u>4,662,367</u></u> |
| Attributable to:                |       |                                  |                         |
| Owners of the parent            |       | 1,550,129                        | 3,399,129               |
| Non-controlling interests       |       | <u>744,676</u>                   | <u>1,263,238</u>        |
|                                 |       | <u><u>2,294,805</u></u>          | <u><u>4,662,367</u></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><u>0.24</u></u>               | <u><u>0.53</u></u>      |

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**

|                                                                                                                                    | <b>For the six months ended 30 June</b> |                         |
|------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------------|
|                                                                                                                                    | <b>2012</b>                             | <b>2011</b>             |
|                                                                                                                                    | <b>RMB'000</b>                          | <b>RMB'000</b>          |
|                                                                                                                                    | <b>(Unaudited)</b>                      | <b>(Unaudited)</b>      |
| <b>PROFIT FOR THE PERIOD</b>                                                                                                       | <b><u>2,294,805</u></b>                 | <b><u>4,662,367</u></b> |
| <b>OTHER COMPREHENSIVE INCOME</b>                                                                                                  |                                         |                         |
| Available-for-sale investments:                                                                                                    |                                         |                         |
| Changes in fair value                                                                                                              | 73,166                                  | (144,789)               |
| Reversal of changes in fair value arising from<br>the available-for-sale investment<br>becoming an associate                       | -                                       | (58,283)                |
| Reclassification adjustments for gains<br>included in the interim condensed<br>consolidated income statement<br>- gain on disposal | (172,213)                               | (261,856)               |
| Income tax effect                                                                                                                  | <u>(9,024)</u>                          | <u>(635)</u>            |
|                                                                                                                                    | <b>(108,071)</b>                        | <b>(465,563)</b>        |
| Share of other comprehensive income<br>of associates                                                                               | 23,528                                  | 33,012                  |
| Share of other comprehensive income<br>of jointly-controlled entities                                                              | (1,571)                                 | (3,406)                 |
| Exchange differences on translation of<br>foreign operations                                                                       | <u>65,065</u>                           | <u>(107,151)</u>        |
| <b>OTHER COMPREHENSIVE LOSS<br/>FOR THE PERIOD, NET OF TAX</b>                                                                     | <b><u>(21,049)</u></b>                  | <b><u>(543,108)</u></b> |
| <b>TOTAL COMPREHENSIVE INCOME<br/>FOR THE PERIOD</b>                                                                               | <b><u>2,273,756</u></b>                 | <b><u>4,119,259</u></b> |
| Attributable to:                                                                                                                   |                                         |                         |
| Owners of the parent                                                                                                               | 1,555,409                               | 2,835,762               |
| Non-controlling interests                                                                                                          | <u>718,347</u>                          | <u>1,283,497</u>        |
|                                                                                                                                    | <b><u>2,273,756</u></b>                 | <b><u>4,119,259</u></b> |

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|                                                         |       | 30 June<br>2012<br>RMB'000<br>(Unaudited) | 31 December<br>2011<br>RMB'000<br>(Audited) |
|---------------------------------------------------------|-------|-------------------------------------------|---------------------------------------------|
|                                                         | Notes |                                           |                                             |
| <b>NON-CURRENT ASSETS</b>                               |       |                                           |                                             |
| Property, plant and equipment                           |       | 22,807,732                                | 21,513,247                                  |
| Investment properties                                   |       | 3,696,000                                 | 3,026,000                                   |
| Prepaid land lease payments                             |       | 1,447,698                                 | 1,405,937                                   |
| Exploration and evaluation assets                       |       | 468,679                                   | 456,722                                     |
| Mining rights                                           |       | 375,070                                   | 421,589                                     |
| Intangible assets                                       |       | 1,241,485                                 | 1,248,872                                   |
| Goodwill                                                |       | 1,659,425                                 | 1,659,425                                   |
| Investments in jointly-controlled entities              |       | 2,171,239                                 | 1,409,737                                   |
| Investments in associates                               |       | 17,400,538                                | 17,275,611                                  |
| Available-for-sale investments                          |       | 8,896,031                                 | 8,437,265                                   |
| Properties under development                            |       | 7,740,640                                 | 6,885,559                                   |
| Due from related companies                              |       | 493,280                                   | 448,642                                     |
| Loan receivable                                         |       | 2,234,432                                 | 2,234,432                                   |
| Prepayments                                             |       | 1,203,328                                 | 676,313                                     |
| Deferred tax assets                                     |       | <u>1,622,925</u>                          | <u>1,521,131</u>                            |
| <b>Total non-current assets</b>                         |       | <u>73,458,502</u>                         | <u>68,620,482</u>                           |
| <b>CURRENT ASSETS</b>                                   |       |                                           |                                             |
| Cash and bank balances                                  |       | 10,937,300                                | 16,777,753                                  |
| Equity investments at fair value through profit or loss |       | 8,636,661                                 | 7,406,727                                   |
| Trade and notes receivables                             | 9     | 5,869,657                                 | 6,506,112                                   |
| Prepayments, deposits and other receivables             |       | 5,266,451                                 | 3,853,964                                   |
| Inventories                                             |       | 7,265,470                                 | 7,119,548                                   |
| Completed properties for sale                           |       | 2,720,353                                 | 2,583,146                                   |
| Properties under development                            |       | 24,786,047                                | 22,428,345                                  |
| Loans receivable                                        |       | 139,430                                   | 132,250                                     |
| Due from related companies                              |       | <u>2,586,821</u>                          | <u>1,856,159</u>                            |
|                                                         |       | <b>68,208,190</b>                         | <b>68,664,004</b>                           |
| Assets of a disposal group classified as held for sale  |       | <u>-</u>                                  | <u>253,132</u>                              |
| <b>Total current assets</b>                             |       | <u>68,208,190</u>                         | <u>68,917,136</u>                           |

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

|                                                                             |              | <b>30 June<br/>2012<br/>RMB'000<br/>(Unaudited)</b> | <b>31 December<br/>2011<br/>RMB'000<br/>(Audited)</b> |
|-----------------------------------------------------------------------------|--------------|-----------------------------------------------------|-------------------------------------------------------|
|                                                                             | <b>Notes</b> |                                                     |                                                       |
| <b>CURRENT LIABILITIES</b>                                                  |              |                                                     |                                                       |
| Interest-bearing bank and other borrowings                                  |              | 22,058,841                                          | 23,532,459                                            |
| Loans from a related company                                                |              | 65,000                                              | 167,830                                               |
| Trade and notes payables                                                    | 10           | 12,478,453                                          | 11,330,982                                            |
| Accrued liabilities and other payables                                      |              | 14,252,173                                          | 13,035,226                                            |
| Tax payable                                                                 |              | 1,947,216                                           | 2,737,186                                             |
| Finance lease payables                                                      |              | 43,966                                              | 43,966                                                |
| Derivative financial instruments                                            |              | 275                                                 | 9,228                                                 |
| Due to the holding company                                                  |              | 2,177,299                                           | 1,431,144                                             |
| Due to related companies                                                    |              | <u>2,299,647</u>                                    | <u>1,914,420</u>                                      |
|                                                                             |              | 55,322,870                                          | 54,202,441                                            |
| Liabilities directly associated with the assets classified as held for sale |              | <u>-</u>                                            | <u>57,048</u>                                         |
| <b>Total current liabilities</b>                                            |              | <u>55,322,870</u>                                   | <u>54,259,489</u>                                     |
| <b>NET CURRENT ASSETS</b>                                                   |              | <u>12,885,320</u>                                   | <u>14,657,647</u>                                     |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                                |              | <u>86,343,822</u>                                   | <u>83,278,129</u>                                     |
| <b>NON-CURRENT LIABILITIES</b>                                              |              |                                                     |                                                       |
| Interest-bearing bank and other borrowings                                  |              | 30,193,533                                          | 30,357,179                                            |
| Loans from a related company                                                |              | 87,265                                              | -                                                     |
| Finance lease payables                                                      |              | 100,235                                             | 119,998                                               |
| Deferred income                                                             |              | 210,441                                             | 213,060                                               |
| Due to related companies                                                    |              | 610,567                                             | 824,137                                               |
| Other long term payables                                                    |              | 310,440                                             | 334,864                                               |
| Deferred tax liabilities                                                    |              | <u>3,217,684</u>                                    | <u>2,942,737</u>                                      |
| <b>Total non-current liabilities</b>                                        |              | <u>34,730,165</u>                                   | <u>34,791,975</u>                                     |
| <b>Net assets</b>                                                           |              | <u>51,613,657</u>                                   | <u>48,486,154</u>                                     |
| <b>EQUITY</b>                                                               |              |                                                     |                                                       |
| <b>Equity attributable to owners of the parent</b>                          |              |                                                     |                                                       |
| Issued capital                                                              |              | 621,497                                             | 621,497                                               |
| Reserves                                                                    |              | 31,949,452                                          | 30,391,347                                            |
| Proposed final dividends                                                    | 11           | <u>-</u>                                            | <u>817,340</u>                                        |
|                                                                             |              | 32,570,949                                          | 31,830,184                                            |
| <b>Non-controlling interests</b>                                            |              | <u>19,042,708</u>                                   | <u>16,655,970</u>                                     |
| <b>Total equity</b>                                                         |              | <u>51,613,657</u>                                   | <u>48,486,154</u>                                     |

## **NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### **1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

#### **1.1 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 2012 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months ended 30 June 2012 (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 for the year ended 31 December 2011.

#### **1.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS THEREOF, ADOPTED BY THE GROUP**

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 consolidated financial statements for the year ended 31 December 2011, except for the adoption of revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards (“HKASs”) and Interpretations), as of 1 January 2012 noted below:

**1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS THEREOF, ADOPTED BY THE GROUP (CONTINUED)**

|                    |                                                                                                                                                                        |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| HKFRS 1 Amendments | Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i> |
| HKFRS 7 Amendments | Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Transfers of Financial Assets</i>                                                                        |
| HKAS 12 Amendments | Amendments to HKAS 12 <i>Income Taxes – Deferred Tax: Recovery of Underlying Assets</i>                                                                                |

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

Amendments to HKAS 12 include a rebuttable presumption that the carrying amount of investment property measured using the fair value model in HKAS 40 will be recovered through sale and, accordingly, any related deferred tax should be measured on a sale basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time, rather than through sale. Specifically, HKAS 12 will require that deferred tax arising from a non-depreciable asset measured using the revaluation model in HKAS 16 should always reflect the tax consequences of recovering the carrying amount of the underlying asset through sale. The effective implementation date is annual periods beginning on or after 1 January 2012.

The Group has investment properties at fair value. The jurisdictions in which the Group operates do have a different tax charge for sale or consumption of the investment properties. The Group rebuts the presumption of the amendments to HKAS 12 because the investment properties of the Group are held within a business model whose objective is to consume substantially all of the economic benefits in the investment properties over time rather than through sale. So while the amendments are applicable, they have no impact on the Group's interim condensed consolidated financial statements.

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

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

## **1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **1.3 Change in accounting estimate**

With effective from 1 January 2012, an indirect subsidiary of the Company, Nanjing Nangang Iron & Steel United Co., Ltd., and its subsidiaries decided to change the estimated useful lives of the buildings, plant and machinery and motor vehicles included in their property, plant and equipment as follows:

|                      |                           |
|----------------------|---------------------------|
| Buildings:           | from 20 years to 30 years |
| Plant and machinery: | from 10 years to 15 years |
| Motor vehicles:      | from 5 years to 10 years  |

The change of accounting estimate is a result of technical innovations and maintenance effort on the property, plant and equipment in the past few years and is based on the reassessment by the directors of Nanjing Nangang Iron & Steel United Co., Ltd. according to the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions and reference to the market common practice. Such change in accounting estimate was recognised prospectively from 1 January 2012 and decreased the depreciation charges of the Group for the six months ended 30 June 2012 by approximately RMB339,000,000.

## **2. SEASONALITY OF OPERATIONS**

The Group's operations are not subject to seasonality.

### **3. OPERATING SEGMENT INFORMATION**

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

- (i) the pharmaceuticals and healthcare segment engages in the research and development, manufacturing, sale and trading of pharmaceutical and healthcare products;
- (ii) the property segment engages in the development and sale of properties in the PRC;
- (iii) the steel segment engages in the manufacturing, sale and trading of iron and steel products;
- (iv) the mining segment engages in the mining and ore processing of various metals;
- (v) the asset management segment engages in the asset management business through the platform such as corporation funds, partnership funds and trusts;
- (vi) the insurance segment engages in the operation and investment in insurance business; and
- (vii) the retail, services, finance and other investments segment comprises, principally, the management of investments in retail, services, finance and other business.

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

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

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

### 3. OPERATING SEGMENT INFORMATION (continued)

#### Six months ended 30 June 2012 (unaudited)

|                                | Pharmaceuticals<br>and healthcare<br>RMB'000 | Property<br>RMB'000 | Steel<br>RMB'000  | Mining<br>RMB'000 | Asset<br>management<br>RMB'000 | Insurance<br>RMB'000 | Retail, services,<br>finance and other<br>investments<br>RMB'000 | Eliminations<br>RMB'000 | Total<br>RMB'000  |
|--------------------------------|----------------------------------------------|---------------------|-------------------|-------------------|--------------------------------|----------------------|------------------------------------------------------------------|-------------------------|-------------------|
| <b>Segment revenue:</b>        |                                              |                     |                   |                   |                                |                      |                                                                  |                         |                   |
| Sales to external customers    | 3,464,107                                    | 3,428,384           | 17,637,009        | 1,140,147         | 61,099                         | -                    | -                                                                | -                       | 25,730,746        |
| Inter-segment sales            | -                                            | 3,867               | -                 | 592,434           | -                              | -                    | -                                                                | (596,301)               | -                 |
| Other income and gains         | 471,892                                      | 77,869              | 63,143            | 123,123           | 4,291                          | -                    | 615,207                                                          | (3,411)                 | 1,352,114         |
| Total                          | <u>3,935,999</u>                             | <u>3,510,120</u>    | <u>17,700,152</u> | <u>1,855,704</u>  | <u>65,390</u>                  | <u>-</u>             | <u>615,207</u>                                                   | <u>(599,712)</u>        | <u>27,082,860</u> |
| <b>Segment results</b>         | <b>759,379</b>                               | <b>728,593</b>      | <b>316,794</b>    | <b>1,009,545</b>  | <b>(34,657)</b>                | <b>-</b>             | <b>473,136</b>                                                   | <b>94,361</b>           | <b>3,347,151</b>  |
| Interest and dividend income   | 47,478                                       | 21,821              | 178,634           | 6,223             | 5,247                          | -                    | 281,224                                                          | (139,872)               | 400,755           |
| Unallocated expenses           |                                              |                     |                   |                   |                                |                      |                                                                  |                         | (196,315)         |
| Finance costs                  | (198,094)                                    | (182,148)           | (610,624)         | (28,243)          | (6)                            | -                    | (378,088)                                                        | 1,517                   | (1,395,686)       |
| Share of profits and losses of |                                              |                     |                   |                   |                                |                      |                                                                  |                         |                   |
| - Jointly-controlled entities  | (250)                                        | 8,178               | 5,833             | -                 | -                              | -                    | -                                                                | -                       | 13,761            |
| - Associates                   | 378,717                                      | 110,229             | (122,912)         | (2,392)           | -                              | -                    | 81,771                                                           | -                       | 445,413           |
| Profit/(loss) before tax       | 987,230                                      | 686,673             | (232,275)         | 985,133           | (29,416)                       | -                    | 458,043                                                          | (43,994)                | 2,615,079         |
| Tax                            | (129,460)                                    | 2,001               | 41,596            | (219,803)         | 5,067                          | -                    | (32,476)                                                         | 12,801                  | (320,274)         |
| Profit/(loss) for the Period   | <u>857,770</u>                               | <u>688,674</u>      | <u>(190,679)</u>  | <u>765,330</u>    | <u>(24,349)</u>                | <u>-</u>             | <u>425,567</u>                                                   | <u>(31,193)</u>         | <u>2,294,805</u>  |

### 3. OPERATING SEGMENT INFORMATION (continued)

#### Six months ended 30 June 2011 (unaudited)

|                                | Pharmaceuticals<br>and healthcare<br>RMB'000 | Property<br>RMB'000 | Steel<br>RMB'000  | Mining<br>RMB'000 | Asset<br>management<br>RMB'000 | Insurance<br>RMB'000 | Retail, services,<br>finance and other<br>investments<br>RMB'000 | Eliminations<br>RMB'000 | Total<br>RMB'000  |
|--------------------------------|----------------------------------------------|---------------------|-------------------|-------------------|--------------------------------|----------------------|------------------------------------------------------------------|-------------------------|-------------------|
| <b>Segment revenue:</b>        |                                              |                     |                   |                   |                                |                      |                                                                  |                         |                   |
| Sales to external customers    | 3,041,974                                    | 2,260,319           | 19,013,642        | 1,229,718         | 23,152                         | -                    | -                                                                | -                       | 25,568,805        |
| Inter-segment sales            | -                                            | -                   | -                 | 809,225           | -                              | -                    | -                                                                | (809,225)               | -                 |
| Other income and gains         | 916,617                                      | 83,543              | 194,716           | 57,676            | -                              | -                    | 2,153,864                                                        | -                       | 3,406,416         |
| Total                          | <u>3,958,591</u>                             | <u>2,343,862</u>    | <u>19,208,358</u> | <u>2,096,619</u>  | <u>23,152</u>                  | <u>-</u>             | <u>2,153,864</u>                                                 | <u>(809,225)</u>        | <u>28,975,221</u> |
| <b>Segment results</b>         | <b>872,599</b>                               | <b>667,653</b>      | <b>780,315</b>    | <b>1,264,947</b>  | <b>(17,300)</b>                | <b>-</b>             | <b>1,924,004</b>                                                 | <b>47,434</b>           | <b>5,539,652</b>  |
| Interest and dividend income   | 66,487                                       | 17,547              | 72,508            | 5,144             | 24,579                         | -                    | 130,134                                                          | (21,095)                | 295,304           |
| Unallocated expenses           |                                              |                     |                   |                   |                                |                      |                                                                  |                         | (150,505)         |
| Finance costs                  | (147,065)                                    | (145,947)           | (497,940)         | (15,384)          | -                              | -                    | (297,450)                                                        | 21,095                  | (1,082,691)       |
| Share of profits and losses of |                                              |                     |                   |                   |                                |                      |                                                                  |                         |                   |
| - Jointly-controlled entities  | (173)                                        | 18,670              | 15,090            | -                 | -                              | -                    | -                                                                | -                       | 33,587            |
| - Associates                   | 430,659                                      | 224,172             | 121,441           | 76,998            | -                              | -                    | 98,642                                                           | -                       | 951,912           |
| Profit before tax              | 1,222,507                                    | 782,095             | 491,414           | 1,331,705         | 7,279                          | -                    | 1,855,330                                                        | 47,434                  | 5,587,259         |
| Tax                            | (255,739)                                    | (296,851)           | (43,152)          | (271,034)         | (155)                          | -                    | (49,141)                                                         | (8,820)                 | (924,892)         |
| Profit for the Period          | <u>966,768</u>                               | <u>485,244</u>      | <u>448,262</u>    | <u>1,060,671</u>  | <u>7,124</u>                   | <u>-</u>             | <u>1,806,189</u>                                                 | <u>38,614</u>           | <u>4,662,367</u>  |

### 3. OPERATING SEGMENT INFORMATION (continued)

#### Segment assets:

Total segment assets as at 30 June 2012 and 31 December 2011 are as follows:

|                                                 | 30 June<br>2012<br>RMB'000<br>(Unaudited) | 31 December<br>2011<br>RMB'000<br>(Audited) |
|-------------------------------------------------|-------------------------------------------|---------------------------------------------|
| Pharmaceuticals and healthcare                  | 23,184,472                                | 22,103,136                                  |
| Property                                        | 51,662,258                                | 49,442,806                                  |
| Steel                                           | 34,849,190                                | 35,742,397                                  |
| Mining                                          | 9,598,038                                 | 10,691,725                                  |
| Asset management                                | 14,330,513                                | 12,296,508                                  |
| Insurance                                       | 608,067                                   | 608,067                                     |
| Retail, services, finance and other investments | <u>29,246,118</u>                         | <u>24,245,846</u>                           |
|                                                 | <b>163,478,656</b>                        | <b>155,130,485</b>                          |
| Eliminations*                                   | <u>(21,811,964)</u>                       | <u>(17,592,867)</u>                         |
| Total consolidated assets                       | <u><b>141,666,692</b></u>                 | <u><b>137,537,618</b></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 |                                |
|------------------------------------------------------------------------|----------------------------------|--------------------------------|
|                                                                        | 2012<br>RMB'000<br>(Unaudited)   | 2011<br>RMB'000<br>(Unaudited) |
| <b>Other income</b>                                                    |                                  |                                |
| Interest income                                                        | 104,909                          | 102,691                        |
| Dividends from available-for-sale investments                          | 87,299                           | 157,917                        |
| Dividends from equity investments at fair value through profit or loss | 208,547                          | 34,696                         |
| Gross rental income                                                    | 12,959                           | 44,092                         |
| Sale of scrap materials                                                | 1,771                            | 8,117                          |
| Government grants                                                      | 66,270                           | 71,164                         |
| Consultancy and other service income                                   | 6,275                            | 41,733                         |
| Others                                                                 | <u>36,445</u>                    | <u>40,993</u>                  |
|                                                                        | <u><b>524,475</b></u>            | <u><b>501,403</b></u>          |

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

|                                                                                             | For the six months ended 30 June |                  |
|---------------------------------------------------------------------------------------------|----------------------------------|------------------|
|                                                                                             | 2012                             | 2011             |
|                                                                                             | RMB'000                          | RMB'000          |
|                                                                                             | (Unaudited)                      | (Unaudited)      |
| <b><u>Gains</u></b>                                                                         |                                  |                  |
| Gain on disposal of a subsidiary                                                            | 85,042                           | 5,515            |
| Gain on disposal of an associate                                                            | 232,680                          | -                |
| Gain on disposal of partial interests in an associate                                       | 6,459                            | -                |
| Gain on deemed disposal of interests<br>in associates                                       | -                                | 888,518          |
| Gain on disposal of items of<br>property, plant and equipment                               | -                                | 5,969            |
| Gain on disposal of<br>available-for-sale investments                                       | 228,206                          | 222,261          |
| Gain on disposal of equity investments<br>at fair value through profit or loss              | 110,757                          | 50,080           |
| Gain on fair value adjustment of investment<br>properties                                   | 60,223                           | 49,591           |
| Gain on fair value adjustment of equity<br>investments at fair value through profit or loss | 501,874                          | 1,872,404        |
| Gain on bargain purchase                                                                    | 3,153                            | -                |
| Exchange gains, net                                                                         | -                                | 105,979          |
|                                                                                             | <u>1,228,394</u>                 | <u>3,200,317</u> |
| Other income and gains                                                                      | <u>1,752,869</u>                 | <u>3,701,720</u> |

#### 5. FINANCE COSTS

|                                      | For the six months ended 30 June |                  |
|--------------------------------------|----------------------------------|------------------|
|                                      | 2012                             | 2011             |
|                                      | RMB'000                          | RMB'000          |
|                                      | (Unaudited)                      | (Unaudited)      |
| Total interest expenses              | 1,553,525                        | 1,250,337        |
| Less: Interest capitalised           | <u>(239,197)</u>                 | <u>(223,281)</u> |
| Interest expenses, net               | 1,314,328                        | 1,027,056        |
| Bank charges and other finance costs | <u>81,358</u>                    | <u>55,635</u>    |
| Total finance costs                  | <u>1,395,686</u>                 | <u>1,082,691</u> |

## 6. PROFIT BEFORE TAX

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

|                                                               | <b>For the six months ended 30 June</b> |                    |
|---------------------------------------------------------------|-----------------------------------------|--------------------|
|                                                               | <b>2012</b>                             | <b>2011</b>        |
|                                                               | <b>RMB'000</b>                          | <b>RMB'000</b>     |
|                                                               | <b>(Unaudited)</b>                      | <b>(Unaudited)</b> |
| Cost of sales                                                 | <b>20,922,297</b>                       | 20,756,749         |
| Inventories written off                                       | <b>133</b>                              | 422                |
| Depreciation of items of property,<br>plant and equipment     | <b>787,066</b>                          | 1,042,472          |
| Amortisation of:                                              |                                         |                    |
| Prepaid land lease payments                                   | <b>15,926</b>                           | 13,920             |
| Mining rights                                                 | <b>46,519</b>                           | 52,098             |
| Intangible assets                                             | <b>26,268</b>                           | 5,101              |
| Provisions/(reversals) for impairment of:                     |                                         |                    |
| Trade and other receivables                                   | <b>(632)</b>                            | 2,480              |
| Inventories                                                   | <b>50,724</b>                           | 26,525             |
| Property, plant and equipment                                 | <b>5,867</b>                            | -                  |
| Non-current assets held for sale                              | -                                       | 74,025             |
| Provision for indemnity of LAT                                | -                                       | 51                 |
| Loss on settlement of derivative<br>financial instruments     | <b>13,740</b>                           | 17,140             |
| Loss on disposal of items of property,<br>plant and equipment | <b>434</b>                              | 6,737              |
| Exchange losses, net                                          | <b><u>94,714</u></b>                    | <u>-</u>           |

## 7. TAX

The major components of tax expenses for the six months ended 30 June 2012 and 2011 are as follows:

|                                                  |              | <b>For the six months ended 30 June</b> |                    |
|--------------------------------------------------|--------------|-----------------------------------------|--------------------|
|                                                  |              | <b>2012</b>                             | <b>2011</b>        |
|                                                  | <b>Notes</b> | <b>RMB'000</b>                          | <b>RMB'000</b>     |
|                                                  |              | <b>(Unaudited)</b>                      | <b>(Unaudited)</b> |
| Current – Hong Kong                              | (1)          | <b>4,866</b>                            | 24,563             |
| Current – Mainland China                         |              |                                         |                    |
| - Income tax in Mainland China<br>for the Period | (2)          | <b>581,418</b>                          | 600,958            |
| - LAT in Mainland China<br>for the Period        | (3)          | <b>(268,896)</b>                        | 175,975            |
| Deferred                                         |              | <b><u>2,886</u></b>                     | <u>123,396</u>     |
| Tax expenses for the Period                      |              | <b><u>320,274</u></b>                   | <u>924,892</u>     |

## 7. TAX (continued)

Notes:

- (1) Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2011: 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 2011: 25%) of the assessable profits 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 from income tax or taxed at preferential rates of 12.5% to 15%.
- (3) According to the tax notices issued by the relevant local tax authorities, the Group commenced to pay LAT at rates ranging from 0.5% to 5% on proceeds from the sale and pre-sale of properties from 2004. Prior to 2007, except for 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 be unlikely to impose additional LAT levies other than the amount already paid based on the relevant percentages of the proceeds from the sale and pre-sale of the Group's properties.

During the Period, the prepaid LAT of the Group amounted to RMB34,174,000 (six months ended 30 June 2011: RMB38,623,000). In addition, based on the latest understanding of the LAT regulations from the tax authorities, the Group made an additional LAT provision in the amount of RMB181,673,000 (six months ended 30 June 2011: RMB137,352,000) in respect of the sales of properties up to 30 June 2012 in accordance with the requirements set forth in the relevant PRC tax laws and regulations.

During the Period, unpaid LAT provision in the amount of RMB484,743,000 (six months ended 30 June 2011: Nil) was reversed to the interim condensed consolidated income statement upon the completion of the liquidation and clearance with the local tax authorities by certain subsidiaries of the Group.

## 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 RMB1,550,129,000 (six months ended 30 June 2011: RMB3,399,129,000) and on 6,421,595,000 ordinary shares in issue during the Period (six months ended 30 June 2011: 6,421,595,000 ordinary shares).

Diluted earnings per share amounts are equal to basic earnings per share amounts for the Period and six months ended 30 June 2011 as no diluting events occurred.

## 9. TRADE AND NOTES RECEIVABLES

|                   | <b>30 June<br/>2012<br/>RMB'000<br/>(Unaudited)</b> | <b>31 December<br/>2011<br/>RMB'000<br/>(Audited)</b> |
|-------------------|-----------------------------------------------------|-------------------------------------------------------|
| Trade receivables | <b>2,759,928</b>                                    | 1,959,313                                             |
| Notes receivable  | <b><u>3,109,729</u></b>                             | <u>4,546,799</u>                                      |
|                   | <b><u>5,869,657</u></b>                             | <u>6,506,112</u>                                      |

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

|                                                        | <b>30 June<br/>2012<br/>RMB'000<br/>(Unaudited)</b> | <b>31 December<br/>2011<br/>RMB'000<br/>(Audited)</b> |
|--------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|
| Outstanding balances with ages:                        |                                                     |                                                       |
| Within 90 days                                         | <b>2,356,457</b>                                    | 1,721,241                                             |
| 91 - 180 days                                          | <b>271,600</b>                                      | 94,314                                                |
| 181 - 365 days                                         | <b>143,957</b>                                      | 163,317                                               |
| 1 - 2 years                                            | <b>16,673</b>                                       | 17,718                                                |
| 2 - 3 years                                            | <b>6,707</b>                                        | 4,885                                                 |
| Over 3 years                                           | <b><u>29,110</u></b>                                | <u>32,173</u>                                         |
|                                                        | <b>2,824,504</b>                                    | 2,033,648                                             |
| Less: Provision for impairment<br>of trade receivables | <b><u>(64,576)</u></b>                              | <u>(74,335)</u>                                       |
|                                                        | <b><u>2,759,928</u></b>                             | <u>1,959,313</u>                                      |

## 9. TRADE AND NOTES RECEIVABLES (continued)

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 and healthcare segment | 90 to 180 days      |
| Property segment                       | 30 to 360 days      |

The Group's notes receivable with a carrying value of RMB456,455,000 (31 December 2011: RMB509,613,000) was pledged to certain banks as security for bank loans granted to the Group and the Group's notes receivable with a carrying value of RMB970,061,000 (31 December 2011: 261,784,000) was pledged to certain banks as security for issuing notes payables and letter of credit by the Group.

## 10. TRADE AND NOTES PAYABLES

|                | <b>30 June<br/>2012<br/>RMB'000<br/>(Unaudited)</b> | <b>31 December<br/>2011<br/>RMB'000<br/>(Audited)</b> |
|----------------|-----------------------------------------------------|-------------------------------------------------------|
| Trade payables | <b>9,208,942</b>                                    | 9,276,590                                             |
| Notes payable  | <b><u>3,269,511</u></b>                             | <u>2,054,392</u>                                      |
|                | <b><u><u>12,478,453</u></u></b>                     | <u><u>11,330,982</u></u>                              |

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

|                                 | <b>30 June<br/>2012<br/>RMB'000<br/>(Unaudited)</b> | <b>31 December<br/>2011<br/>RMB'000<br/>(Audited)</b> |
|---------------------------------|-----------------------------------------------------|-------------------------------------------------------|
| Outstanding balances with ages: |                                                     |                                                       |
| Within 90 days                  | <b>4,371,138</b>                                    | 7,843,926                                             |
| 91 - 180 days                   | <b>1,105,826</b>                                    | 416,198                                               |
| 181 - 365 days                  | <b>2,847,165</b>                                    | 264,919                                               |
| 1 - 2 years                     | <b>795,470</b>                                      | 624,690                                               |
| 2 - 3 years                     | <b>15,242</b>                                       | 48,344                                                |
| Over 3 years                    | <b><u>74,101</u></b>                                | <u>78,513</u>                                         |
|                                 | <b><u><u>9,208,942</u></u></b>                      | <u><u>9,276,590</u></u>                               |

## **11. DIVIDENDS**

The directors did not recommend the payment of an interim dividend in respect of the Period (six months ended 30 June 2011: Nil).

The proposed final dividend of HKD0.157 per ordinary share for the year ended 31 December 2011 was declared payable and approved by the shareholders at the annual general meeting of the Company on 21 June 2012.

## **12. EVENTS AFTER THE REPORTING PERIOD**

On 6 August 2012, the shareholders' meeting of Fosun Pharma, an indirect subsidiary of the Company, approved a resolution in relation to the proposed public offer of a short-term commercial paper amounting to not more than RMB2,000,000,000 to domestic institutional investors in Mainland China to satisfy its operating cash flow need and repay some of the existing bank loans bearing higher interests.

## **INTERIM DIVIDEND**

The Board has resolved not to declare or distribute 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 of its listed securities during the Reporting Period.

## **REVIEW OF INTERIM RESULTS**

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

The 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 CG CODE**

During the Reporting Period, the Company applied the principles of and fully complied with all code provisions of the CG Code as set out in Appendix 14 to the Listing Rules except for the failure to arrange appropriate insurance cover in respect of legal action against its Directors after 1 April 2012 in accordance with code provision A.1.8 of the CG Code. The Company has been approaching insurance agents and will push it forward as soon as practicable. In addition, Mr. Andrew Y. Yan, the independent non-executive Director, had not attended the annual general meeting of the Company held on 21 June 2012 as required under code provision A.6.7 of the CG Code due to other business commitment.

## **PUBLICATION OF INTERIM REPORT**

This results announcement is published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.fosun.com>). The interim report will be despatched to the shareholders of the Company and published on both websites on or before 30 September 2012.

## **DEFINITIONS**

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

|                    |                                                                                                         |
|--------------------|---------------------------------------------------------------------------------------------------------|
| the Board          | the board of Directors                                                                                  |
| CG Code            | Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules |
| Club Med           | Club Méditerranée SA                                                                                    |
| the Company        | Fosun International Limited                                                                             |
| the Director(s)    | the director(s) of the Company                                                                          |
| Focus Media        | Focus Media Holding Limited                                                                             |
| Folli Follie       | Folli Follie S.A.                                                                                       |
| Forte              | Shanghai Forte Land Co., Ltd.                                                                           |
| Fosun Pharma       | Shanghai Fosun Pharmaceuticals (Group) Co., Ltd.                                                        |
| GFA                | gross floor area                                                                                        |
| the Group or Fosun | the Company and its subsidiaries                                                                        |
| Hainan Mining      | Hainan Mining Co., Ltd.                                                                                 |
| HKD                | Hong Kong dollars, the lawful currency of Hong Kong                                                     |

|                                |                                                                               |
|--------------------------------|-------------------------------------------------------------------------------|
| Hong Kong                      | the Hong Kong Special Administrative Region of China                          |
| Hong Kong Stock Exchange       | The Stock Exchange of Hong Kong Limited                                       |
| Listing Rules                  | the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange |
| Nanjing Iron & Steel           | Nanjing Iron & Steel Co., Ltd.                                                |
| Pramerica Fosun Life Insurance | Pramerica Fosun Life Insurance Co., Ltd.                                      |
| PRC                            | the People's Republic of China                                                |
| Reporting Period               | the six months ended 30 June 2012                                             |
| RMB                            | Renminbi, the lawful currency of the PRC                                      |
| Sinopharm                      | Sinopharm Group Co. Ltd.                                                      |
| Star Capital                   | Shanghai Star Equity Investment L.P.                                          |
| USD                            | United States dollars, the lawful currency of the United States               |
| Yong'an P&C Insurance          | Yong'an Property Insurance Company Limited                                    |
| Yuyuan                         | Shanghai Yuyuan Tourist Mart Co., Ltd.                                        |
| Zhaojin Mining                 | Zhaojin Mining Industry Company Limited                                       |

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

Shanghai, the PRC, 29 August 2012

*As at the date of this announcement, the executive directors of the Company are Mr. Guo Guangchang, Mr. Liang Xinjun, Mr. Wang Qunbin, Mr. Fan Wei, Mr. Ding Guoqi, Mr. Qin Xuetao 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.*