Fosun International Limited

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

(Stock code: 0656)

INTERIM RESULTS ANNOUNCEMENT (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2007

SUMMARY

	For the six months ended 30 June	
In RMB million	**2007**	2006
Revenue	**14,264.3**	11,025.4
Contribution of major business to revenue		
Steel segment	**11,129.5**	8,112.3
Property development segment	**1,335.8**	981.5
Pharmaceuticals segment	**1,799.0**	1,931.6
Profit attributable to equity holders of the parent	**826.6**	415.5
Contribution of major business to the profit attributable to equity holders of the parent		
Steel segment	**632.4**	156.1
Property development segment	**37.9**	164.7
Pharmaceutical segment	**56.0**	(5.5)
Other segment	**100.3**	100.2
Earnings per share (in RMB)	**0.17**	0.08

Chairman's Statement to Shareholders

Fosun International, a diversified holding group in China, continued to benefit from the fruitful rewards brought by the rapid economic growth in China, its active exploration of investment opportunities and the continuous enhancement effort of the management for optimisation. For the first half of 2007, profit attributable to the equity holders of the parent was 826.6 million, an increase of 98.9% as compared with the corresponding period last year. Each business segment has recorded satisfactory performance, with the core segments growing at different rates.

Steel

The steel business of the Group for the first half of 2007 rose substantially over the corresponding period last year in terms of sales volume, in particular, the higher value-added steel products with high gross profit margin. The completion of the second phase of a new iron smelting plant and a converter along with other technological renovation projects during the second half of 2006 changed the steel product mix of the Group. Meanwhile, more effort was devoted to develop higher value-added products of the steel segment. Sales of steel products recorded an average increase of 2 percent in gross profit margin for the first half of 2007 upon the product mix adjustment resulted from the initiatives above. The sales volume of high price, high gross margin product of plates for oil and natural gas pipeline increased by 187% over the corresponding period last year. Its sales accounted for 10% of the total sales of steel products during the first half year as compared with 5% over the same period last year. All these changes exemplified our strategy to optimise the product mix gradually.

Besides, the performance of Tangshan Jianlong, a steel enterprise that the Group invests in, was remarkable during the first half of 2007 as compared with the corresponding period last year, with its net profit increasing by 61%. Such increase from Tangshan Jianlong was partly offset by the loss of Ningbo Steel due to its losses incurred as a result of its commencement of trial production during the period.

Property Development

Being benefited from the sound development of the macro economy in China and the accelerating appreciation of Renminbi, the demand for property remained strong for the first half of 2007. The intense demand for land supply in Shanghai and Beijing triggered price hike while the macro policies brought an overall increase in the property market price in Tianjin. Property prices in other cities such as Chongqing, Hangzhou, Nanjing, Wuhan, Wuxi and Haikou in which the Group operates also recorded different scales of increase with satisfactory pre-sale performance. The Group commenced the developments of six new projects during the first half of 2007, and completed another five projects during the period under review. Although the amount of net profit attributable to shareholders was reduced as compared with the corresponding period last year due to the fact that the completion schedule for various projects was different from that of the corresponding period last year, the pre-sale floor area increased substantially by 55% as compared with the corresponding period last year. This provides a foundation for the revenue of the second half of 2007 and the coming years. As at 30 June 2007, the land reserve of the Group was sufficient for its development in the next four to five years, which gives a solid foundation for the long-term rapid growth of the Group.

Pharmaceuticals

The pharmaceuticals segment of the Group has gradually turned around during the first half of 2007 and remained in a recovery period. Our pharmaceuticals manufacturing business with a relatively higher gross profit margin recorded a substantial increase over the corresponding period last year. Its sales volume rose by 23% over the corresponding period last year even without taking into account for the income from the newly-acquired subsidiary. The block buster products such as artemisinin, insulin, Atomolan and Huahong tablets maintained their leading positions in the market. The Group continued its devotion to research and development to fully enhance the innovation capacity and the competitiveness of the core operations of the pharmaceuticals segment. As for the distribution and retail business of pharmaceuticals products, Sinopharm Holding remained the top distributor of pharmaceuticals products in China. Retailers such as Jinxiang Pharmacy, Fosun Pharma and Guoda Pharmacy maintained their leading positions in their regional markets in terms of brand recognition and profitability. For the six months ended 30 June 2007, the net profit of Sinopharm Holding increased by 75% over the corresponding period last year.

Retail, Financial Services and Strategic Investments

As benefited from the stability of the macro economy of China, the retail business of Yuyuan continued its healthy growth track. The result of Tebon Securities for the first half of 2007 increased substantially due to the rapid development of the securities market in China. As compared with the corresponding period last year, Zhaojin Mining had a relatively stable performance for the first half of 2007. The investment in Huaxia Mining, which is a newly-acquired associate engaged in iron ore mining, was an arrangement for the long-term strategic cooperation between the Group and the major shareholder of Tangshan Jianlong. As such, a negative goodwill of RMB129.0 million was generated for the Group as the acquisition of Huaxia Mining was made at a consideration below its fair value.

New Investment Project

In August 2007, the Company and Hainan Iron & Steel Company jointly established Hainan Mining United Co., Ltd., a joint venture engaged in mining and processing of iron ore. An upstream investment in the existing steel business will reinforce the capacity of the Group to diversify risks and enhance the profit stability.

Outlook

With the further development of the China economy and our ability to capture the opportunities arising from the China economy during the past few years, the Company has full confidence in realising the annual results targets of 2007 and in the continuous development in the coming years. The Company will strive to explore and seize the investment opportunities in the economic development in China, and reinforce the operation management of the investment enterprises, especially those of our core business, in order to benefit from the continuous prosperity of the China economy.

On behalf of the Board, I would like to express our heartfelt gratitude to the hard work of all the staff and directors of Fosun International and its group companies as well as the support from our shareholders to the Company.

Guo Guangchang
Chairman

Shanghai, 17 September 2007

Interim Dividend for 2007

No interim dividend is declared by the Company for 2007.

Share Capital

During the six months ended 30 June 2007, neither the Company, nor any of its subsidiaries had purchased, redeemed or sold any shares in the Company. For the six months period ended 30 June 2007, no share had been repurchased by the Company.

Review of Interim Results

During the period, the Audit Committee of the Company comprises three members, all of whom are independent non-executive directors.

The duties of the Audit Committee primarily include reviewing and supervisory of the Company's financial reporting procedures and internal control systems of the Group, as well as providing advice to the Board.

The interim report of the Company has been reviewed by the Audit Committee.

Compliance with the Code on Corporate Governance

As at 30 June 2007, as the Company's shares were not listed on the Hong Kong Stock Exchange, the Code on Corporate Governance Practices was not applicable to the Company.

Note:

1) Mr. Guo Guangchang concurrently served as Chairman of the Board and Chief Executive Officer of the Company. Since the roles of President and Chief Executive Officer of the Company are served by different directors and their duties are well segregated with the President taking more responsibility on administrative matters.

   The Board is of the view that current structure has been operating well over years. Both the Board and senior management are benefited from the leadership and experiences of Mr. Guo Guangchang. Therefore, the Company has no intention to segregate the duties between Chairman and Chief Executive Officer so as to maintain the leadership consistency of the Company.

2) As the Company is just newly listed subsequent to 30 June 2007, Remuneration Committee has not yet been established. In establishing its remuneration policy, the Company has always made references to the remuneration standards of the industry as well as the business development of the Company to ensure the level of remuneration should be sufficient to attract and retain the directors needed but avoid paying more than necessary.

   The Company will establish a Remuneration Committee soon.

Publication of the Interim Report

The Company's 2007 Interim Report will be dispatched to Shareholders at the end of September 2007 and will be available at the Hong Kong Exchanges and Clearing Limited's website (www.hkex.com.hk) and the Company's website (www.fosun-international.com).

The Board of Directors

At the date of this announcement, the Board comprises seven Executive Directors, namely, Mr. Guo Guangchang, Mr. Liang Xinjun, Mr. Wang Qunbin, Mr. Fan Wei, Mr. Ding Guoqi, Mr. Qin Xuetang and Mr. Wu Ping; one non-Executive Director namely Mr. Liu Benren; three independent non-Executive Directors, namely, Dr. Chen Kaixian, Mr. Zhang Shengman; Mr. Andrew Y. Yan.

FINANCIAL REVIEW

1. Financial Performance Review

Revenue

For the six months ended 30 June 2007, revenue of the Group was RMB14,264.3 million, which increased by 29% when compared with RMB11,025.4 million recorded over the corresponding period last year. The increase is mainly attributable to the growth of the business of steel and property development over the corresponding period last year.

Revenue of each business segment for the first six months of 2007 compared with the corresponding figures of 2006 is as follows:

	Actual		**Fluctuation**
RMB million	**1–6/2007**	1–6/2006	2006–2007
Steel segment	**11,129.5**	8,112.3	3,017.2
Property Development segment	**1,335.8**	981.5	354.3
Pharmaceuticals segment	**1,779.0**	1,931.6	(132.6)
Total	**14,264.3**	11,025.4	3,238.9

Steel Revenue for the six months ended 30 June 2007 was RMB11,129.5 million, an increase of 37.2% from RMB8,112.3 million for the six months ended 30 June 2006. The increase was mainly due to the general uprising price of the steel products and such price was maintained at a relatively high level since the fourth quarter of 2006. The enhancement of our production capacity and continuous optimisation of product mix by increasing the proportion of higher value-added products, especially the medium and heavy plates, are also major contributors to the improvement of turnover.

Property Development Revenue for the six months ended 30 June 2007 was RMB1,335.8 million, an increase of 36% from RMB981.5 million for the six months ended 30 June 2006. The increase was mainly due to the increase in the completion floor areas recorded in the consolidated statements over the corresponding period last year.

Pharmaceuticals Revenue for the six months ended 30 June 2007 was RMB1,799.0 million, a decrease of 7% from RMB1,931.6 million for the six months ended 30 June 2006. The decrease was mainly due to the deconsolidation of a former subsidiary named Beijing Jinxiang which is no longer qualified as a subsidiary since 2007. The deconsolidation of Beijing Jinxiang from the consolidated financial statements of the Group led to a decrease of revenue from the wholesale and retail revenue of pharmaceutical products.

Business Segment Profit Contribution and Brief Analysis

The profit contributions from each business segment for the first six months of 2007, compared with the figures of the corresponding period last year, are set out below:

	Actual		**Fluctuation**
RMB million	**1–6/2007**	1–6/2006	2006–2007
Steel segment	**632.4**	156.1	476.3
Property Development segment	**37.9**	164.7	(126.8)
Pharmaceuticals segment	**56.0**	(5.5)	61.5
Others	**100.3**	100.2	0.1
Total	**826.6**	415.5	411.1

Steel The significant increase in the profit contribution was due to the significant growth in the profit contribution from a subsidiary, Nanjing Steel United. Since the fourth quarter of 2006, the steel market in China has started to recover and the average price of steel per tonnes has increased by 10%. Such increase exceeded the increase in cost of product during the period. Furthermore, the profitability of Nanjing Steel United was greatly improved as a result of the continuous optimisation of its product portfolio by increasing the proportion of higher value-added products, in particular, the specialised steel plates for oil and natural gas pipelines. As at 30 June 2007, the sales volume of the medium-heavy plates increased by 19% over the corresponding period last year, of which the sales volume of the specialised steel plates for oil and natural gas pipelines recorded a growth of 187%. Moreover, Nanjing Steel United adopted continuous cost control and energy-saving measures to effectively minimise the increase in product cost from the rising price of the raw materials.

Tangshan Jianlong of our steel segment also recorded a significant growth in profit of 61% for the six months ended 30 June 2007. However, the profit contribution of Tangshan Jianlong was partially offset by the higher pre-operation expenses for the six months ended 30 June 2007 over the same period of the previous year due to the commencement of the trial production of Ningbo Steel.

Property development As one of the major property projects completed during the period was a common residential project located in Qingpu, Shanghai, with relatively lower margin, the overall gross profit margin decreased as compared with the corresponding period in 2006. Thus, the profit for the first half of 2007 was negatively affected. In comparison, the completed projects of the associate company recognised in the same period of the previous year had contributed more than RMB100.0 million of share of profits of associates to the property development segment. In the first half of 2007, share of profits from the associates decreased significantly as there were less floor areas completed. Moreover, a provision of land appreciation tax of RMB77.2 million was made in the first half of 2007 while no such provision was made in the corresponding period last year.

Pharmaceuticals The profit contribution of this segment recorded a remarkable growth over the same period last year, mainly due to improvement of overall profit margin derived from the sales of pharmaceuticals products of higher profit margin increased by 54.9% as compared with the corresponding period of the previous year. The overall profit margin of the pharmaceuticals segment was also improved. Despite of the exclusion of wholesale and retail revenues from Beijing Jinxiang upon its deconsolidation during the period, the gross profit of this segment saw a growth of RMB42.5 million. Since there were one-off expenses incurred by the listed subsidiaries of our associates, Sinopharm Holding and Friendship Holding in their capital reform during the corresponding period last year and no such expenses was recorded in the first half of 2007, the share of profits of our associates of the pharmaceuticals segment recorded a significant increase.

Other business segments For the six months ended 30 June 2007, the profit contribution from other business segments remained relatively the same when compared to the corresponding period last year. However, the mix of the contribution was different. During the period, the greatest contributor of other business segments was our new investment, Huaxia Mining. The major contribution was a negative goodwill of RMB129.0 million recognised in the acquisition of Huaxia Mining by the Group. Moreover, compared to the same period last year, the profits of Tebon Securities and Yuyuan recorded a remarkable growth. The share of profits from Yuyuan grew by more than 200%, amounting to RMB50.7 million while the share of profit from Tebon Securities grew by more than 500%, reaching RMB56.4 million. During the same period last year, the profit of other business segments was mainly the gain of a deemed disposal of our subsidiary arising from the issue of new shares by Forte.

Interest expenses

The interest expenses net of the capitalised amount of the Group increased from RMB454.0 million for the six months ended 30 June 2006 to RMB610.5 million for the period under review, which was mainly attributable to an increase in basic interest rate and total loan amount.

Tax

Tax for the six months ended 30 June 2007 was RMB636.6 million, an increase from RMB219.2 million for the six months ended 30 June 2006, which is mainly attributable to the significant increase in the profit of steel business and the increase of tax provision for land appreciation tax for the property development segment.

Capital expenditures and capital commitment

The capital expenditures of the Group mainly included the amounts spent on development of property projects, construction of production facilities as well as technology upgrade and purchases of machines and equipments. We have never stopped our pace in our property development activities though the level of which might vary to cope with the changes in market conditions. In order to strengthen our market competitiveness, we have been increasing our investment in the upgrade of the production capacity of steel segment and the optimisation of product mix. More investment is devoted to the research and development of pharmaceuticals products, with an aim to producing more proprietary products with higher margin.

As at 30 June 2007, the capital commitment contracted but not provided for of the Company was RMB2,372.8 million, which is mainly committed for property development and the construction and purchase of production facilities and equipment. The capital commitment authorised but not contracted for was RMB1,048.8 million, which is mainly use for the construction and purchase of production facilities and equipment.

RMB million	**30 June 2007**	31 December 2006
Contracted, but not provided for:		
Land and buildings	**—**	16.4
Plant and machinery	**769.7**	752.1
Properties under development	**1,440.5**	2,137.5
Investment	**162.6**	58.8
	2,372.8	2,964.8
Authorised, but not contracted for:		
Land and buildings	**216.0**	—
Plant and machinery	**832.8**	682.4
Investment	**—**	340.1
	1,048.8	1,022.5

2. Financial Position of the Group

Indebtedness and Liquidity of the Group

As of 30 June 2007, the financial position of the Group as compared to that of 31 December 2006 are summarised as follows:

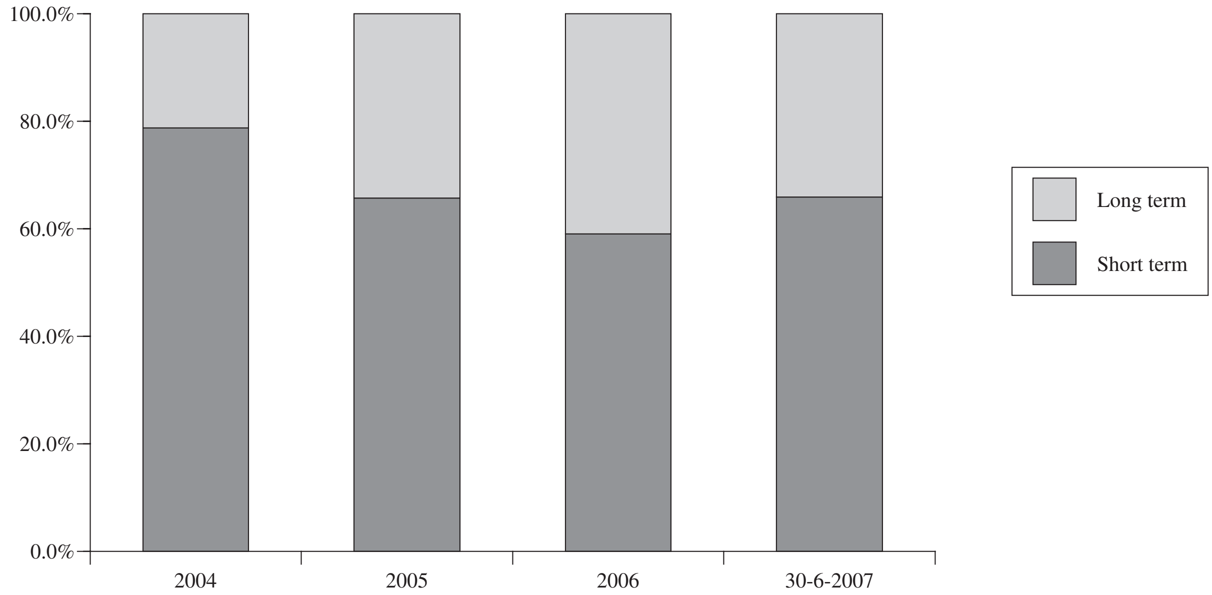
RMB million	**30 June 2007**	31 December 2006
Total Indebtedness	**21,377.0**	19,103.7
Cash and Bank Balances	**5,719.9**	5,062.7
Net Indebtedness	**15,657.1**	14,041.0
Net Gearing Ratio (Net Indebtedness to the Total Capital)	**55.4%**	55.8%

Total Indebtedness

As of 30 June 2007, short term borrowings accounted for 65.9% of our total indebtedness and amounted to RMB14,093.0 million (including borrowings of US dollar 112.5 million and Hong Kong dollar 120 million, which were translated into Renminbi according to the applicable exchange rates on the balance sheet date). The Group had bank balance of RMB5,719.9 million on that day. At the year end of 2006, we had short term borrowings of RMB11,262.6 million, accounted for 59.0% of our total indebtedness. Our bank balance on that day was RMB5,062.7 million.

The Maturity of Outstanding Debts

We seek to finance our capital expenditures by long term borrowings. As at 30 June 2007, since most of the new borrowings were short term borrowings and part of the long term borrowings was reclassified as current portion of long term borrowings which will reach their maturities in one year, the proportion of long term borrowings dropped when compared to that of 31 December 2006.



As at 30 June 2007, the maturity of the outstanding debts of our Group is as follows:

	Amount (RMB million) Current Portion	Non-current Portion	Total
Bank and Other Borrowings	14,093.0	7,284.0	21,377.0

Available Facilities

As of 30 June 2007, the Group had unutilised banking facilities of RMB6,728.2 million. These facilities allow our Group and its subsidiaries to obtain further funds from the banks and relevant financial institutions when needed.

Financial Activities

During the reporting period, the net increase of borrowings of the Group was RMB2,268.6 million. The new funds were mainly used for supporting the business development of our Group.

Initial Public Offer and Listing of the Shares of the Company

The Company was initially listed on the Stock Exchange of Hong Kong on 16 July 2007. The total proceeds of the initial public offer, including the proceeds from the exercise of over-allotment option, was HK$13.27 billion. The funds raised provide sufficient financial resources for the Group's sustainable development.

Financial Guarantee and Pledged Asset

Under certain situation, the Group and its subsidiaries may be required to provide financial guarantee and pledged asset for borrowings. As at 30 June 2007, the Group's borrowings with financial guarantee provided by related parties and third parties was RMB2,992.9 million and pledged borrowings amounted to RMB7,260.0 million.

Contingent Liability

The guarantees provided by the Group for related companies as at 30 June 2007 was increased from those as at 31 December 2006, reflected the rise in the guarantees provided based on the Group's shareholding for Ningbo Steel, an associate company, from RMB533.5 million at the year end of 2006 to RMB1,040.6 million. The guarantees provided for third parties as at 30 June 2007 decreased RMB283.2 million from RMB876.7 million at the year end of 2006 to RMB593.5 million.

Besides, the guarantees which the Group's property development segment provided for qualified buyers' mortgage loans during the reporting period increased by RMB480.1 million to RMB1,805.9 million from RMB1,325.8 million at the end of 2006. Up till now, the Group's property development business has not assumed any guarantee liability or suffered any loss due to the default of its buyers.

3. Risk Management

General Policy

Fosun International maintains the financial independence of its subsidiaries in different business segments. Nevertheless, we also give appropriate guidance on the fund management of different segments so as to ensure that risks of the Group are centrally monitored and controlled financial resources are being effectively applied.

We try to obtain funds from different channels through banks and capital markets. Finance arrangements are organised to meet our business development needs and match our cash flow.

Foreign currencies Exposure

Fosun International conducts its business mainly in Renminbi which is also our functional and presentation currency. Most of our revenue is received in Renminbi, part of it is converted into foreign currencies for the purchase of imported raw materials.

Renminbi is not freely convertible currency. Since the exchange rate reform in July 2005, the exchange rate of Renminbi against U.S. dollar has appreciated steadily. However, we are uncertain of the stability of Renminbi in the future. The cost of conversion of Renminbi into foreign currencies will be subject to the fluctuation of the exchange rate of Renminbi. As at 30 June 2007, 99% of our total assets were located in Mainland China.

Interest Rate Exposure

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

Application of Derivatives

The Group uses interest rate swap to hedge our risk of floating interest rate. We do not apply derivative products for speculation. All derivatives are stated at fair value. The Group will assess the fair value of our derivatives at least every half year according to the quoted prices from major financial institutions or our evaluation (if applicable).

Credit Risk

Due to the unique characteristics of our different business segments, we offer different credit terms for our customers. Generally, the credit term of steel segment is less than 90 days, that of pharmaceuticals segment is between 90 and 180 days, and that of property development segment is between 30 and 180 days. We may provide a credit term of up to 360 days for certain shop purchasers.

As at 30 June 2007, 83.9% of our trade and bill receivables have an age of less than 90 days.

Consolidated Income Statement
Six months ended 30 June

		For the six months ended 30 June	
		2007	2006
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	5, 6	**14,264,294**	11,025,391
Cost of sales		**(11,194,120)**	(9,369,494)
GROSS PROFIT		**3,070,174**	1,655,897
Other income and gains	6	**280,435**	620,807
Selling and distribution costs		**(462,951)**	(350,176)
Administrative expenses		**(529,447)**	(478,306)
Other expenses		**(80,914)**	(305,112)
Finance costs	7	**(610,499)**	(453,962)
Share of profits and losses of:			
— Jointly-controlled entities		**8,176**	1,248
— Associates		**469,374**	178,302
PROFIT BEFORE TAX	8	**2,144,348**	868,698
Tax	9	**(636,603)**	(219,240)
PROFIT FOR THE PERIOD		**1,507,745**	649,458
Attributable to:			
Equity holders of the parent		**826,615**	415,524
Minority interests		**681,130**	233,934
		1,507,745	649,458
DIVIDENDS	10	**—**	—
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
— BASIC (RMB)	11	**0.17**	0.08

Consolidated Balance Sheet

	Notes	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Audited, restated)
NON-CURRENT ASSETS			
Property, plant and equipment	12	**14,435,008**	14,459,848
Investment properties	12	**451,000**	446,000
Prepaid land lease payments		**833,149**	542,707
Mining rights		**158,942**	160,890
Intangible assets		**16,974**	18,816
Goodwill		**181,280**	181,128
Investments in associates	13	**6,000,549**	5,461,836
Investments in jointly-controlled entities		**198,870**	95,573
Available-for-sale investments		**568,453**	291,209
Properties under development	14	**3,941,088**	3,487,672
Prepayments		**284,400**	111,742
Deferred tax assets		**253,840**	179,843
		27,323,553	25,437,264
CURRENT ASSETS			
Cash and bank balances		**5,719,937**	5,062,687
Derivative financial instruments	15	**4,966**	—
Equity investments at fair value through profit or loss		**—**	2,339
Trade and notes receivables	16	**2,592,865**	2,374,055
Prepayments, deposits and other receivables		**1,775,779**	1,399,069
Inventories		**4,347,782**	4,127,850
Completed properties for sale		**865,961**	790,489
Properties under development	14	**3,809,053**	4,022,172
Due from related parties		**403,035**	488,907
		19,519,378	18,267,568

	Notes	**30 June 2007 RMB'000 (Unaudited)**	31 December 2006 RMB'000 (Audited, restated)
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	17	**14,093,002**	11,262,555
Trade and notes payables	18	**4,796,193**	4,452,925
Accrued liabilities and other payables		**5,806,672**	5,713,728
Tax payable		**628,696**	447,521
Finance lease payables		**238,077**	238,077
Due to shareholders		**—**	190,404
Due to related parties		**658,871**	1,671,151
		26,221,511	23,976,361
NET CURRENT LIABILITIES		**(6,702,133)**	(5,708,793)
TOTAL ASSETS LESS CURRENT LIABILITIES		**20,621,420**	19,728,471
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	17	**7,134,773**	7,696,588
Loans from related companies		**149,301**	144,573
Deferred income		**28,794**	10,377
Other long-term payables		**358,855**	402,559
Deferred tax liabilities		**348,978**	333,440
		8,020,661	8,587,537
		12,600,759	11,140,934
EQUITY			
Issued capital	19	**208**	208
Reserves		**4,974,178**	3,982,455
Minority interests		**7,626,373**	7,158,271
		12,600,759	11,140,934

1. CORPORATE INFORMATION

Fosun International Limited (the "Company") was incorporated as a company with limited liability in Hong Kong on 24 December 2004 under the Companies Ordinance (Chapter 32). The registered office of the Company is located at Room 808, ICBC Tower, 3 Garden Road, Central, Hong Kong.

The principal activities of the Company and its subsidiaries (the "Group") are the manufacture and sale of pharmaceutical products, property development, the manufacture and sale of iron and steel products and the management of strategic investments.

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

2. BASIS OF PREPARATION

The unaudited interim condensed financial information, which comprises the interim condensed consolidated balance sheet of the Group as of 30 June 2007 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the six months ended 30 June 2007 (the "Period"), has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Accountants' Report included in the Company's prospectus dated 29 June 2007 (the "Prospectus").

3. NET CURRENT LIABILITIES

As at 30 June 2007, the current liabilities of the Group exceeded its current assets by approximately RMB6,702 million. The Directors have prepared the interim condensed financial information on a going concern basis notwithstanding the net current liabilities position because subsequent to the balance sheet date, the Company completed its initial public offering and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 July 2007. Taking into account the net proceeds from the initial public offering of approximately HK$12,770 million (equivalent to RMB12,443 million) (note 22(a) and (b)), the Group is no longer in a net current liabilities position.

4.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial information are consistent with those used in the preparation of the Accountants' Report included in the Prospectus, except for the change in accounting policy and adoption of certain new/revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations), as set out in note 4.2 and 4.3, respectively.

4.2 CHANGE IN ACCOUNTING POLICY

During the Period, the Group changed its accounting policy for reporting investments in jointly-controlled entities in the interim condensed financial information from "proportionate consolidation" to the "equity method" of accounting. The Company is an investment holding company and all its major subsidiaries are located in Mainland China, which prepare their People's Republic of China ("PRC") statutory financial statements in accordance with the new Chinese Accounting Standards ("CAS") effective for accounting periods beginning on or after 1 January 2007. Upon the adoption of the new CAS, all of the Group's subsidiaries changed their accounting policies for jointly-controlled entities from "proportionate consolidation" to "equity method". For cost effective purpose, the Group changed its accounting policy on accounting on jointly-controlled entities to align with the change in accounting policy effected by its subsidiaries in PRC.

This change in accounting policy has no impact on the opening retained earnings and the profit during the Period.

In accordance with HKAS 8, this change in accounting policy has been accounted for retrospectively, and certain comparative figures for the consolidated balance sheet as at 31 December 2006 have been restated.

The effect of this change in accounting policy on the consolidated balance sheet as at 31 December 2006 is tabulated below.

	Increase/(Decrease)
	RMB'000
Current assets	(6,993)
Non-current assets	(308,070)
Total assets	(315,063)
Current liabilities	(269,749)
Non-current liabilities	(45,314)
Total liabilities	(315,063)
Equity	—

4.3 ADOPTION OF NEW/REVISED HKFRSs

From 1 January 2007, the Group adopted the following new and revised HKFRSs, which are relevant to its operations.

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The adoption of these new/revised HKFRSs does not have any significant impact on the accounting policies of the Group and the method of computation in the interim condensed financial information.

4.4 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

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

HKAS23 (revised)	Borrowing costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRC)-Int 11	HKFRS 2 Group and Treasury Share Transactions[2]
HK(IFRIC)-Int 12	Service Concession Arrangements[3]

1 Effective for accounting periods beginning on or after 1 January 2009
2 Effective for accounting periods beginning on or after 1 March 2007
3 Effective for accounting periods beginning on or after 1 January 2008

The Group expects that while the adoption of HKFRS 8 may result in new or amended disclosures, these new/revised HKFRSs will not have any significant impact on the Group's financial statements in the period of initial application.

5. SEGMENT INFORMATION

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

(i) the steel segment engages in the manufacturing, sale and trading of iron and steel products;

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

(iii) the pharmaceutical segment engages in the manufacturing, sale and trading of pharmaceutical products; and

(iv) the "others" segment comprises, principally, the management of strategic investments.

Six months ended 30 June 2007

	Steel	**Property development**	**Pharma-ceutical**	**Others**	**Eliminations**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue:						
Sales to external customers	11,129,507	1,335,775	1,799,012	—	—	14,264,294
Other income and gains	62,738	27,204	99,748	6,633	—	196,323
Total	11,192,245	1,362,979	1,898,760	6,633	—	14,460,617
Segment results	**1,856,772**	**221,732**	**164,680**	**(24,910)**	**—**	**2,218,274**
Interest and dividend income	72,216	643	9,136	14,378	(12,261)	84,112
Unallocated expenses	—	—	—	—	—	(25,089)
Finance costs	(429,913)	(2,735)	(59,249)	(130,863)	12,261	(610,499)
Share of profits and losses of:						
— Jointly-controlled entities	—	8,176	—	—	—	8,176
— Associates	89,772	4,444	104,485	270,673	—	469,374
Profit before tax	1,588,847	232,260	219,052	129,278	—	2,144,348
Tax	(512,641)	(114,814)	(5,332)	(3,816)	—	(636,603)
Profit for the Period	1,076,206	117,446	213,720	125,462	—	1,507,745

Six months ended 30 June 2006

	Steel *RMB'000* (Unaudited)	Property development *RMB'000* (Unaudited)	Pharma-ceutical *RMB'000* (Unaudited)	Others *RMB'000* (Unaudited)	Eliminations *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue:						
Sales to external customers	8,112,256	981,490	1,931,645	—	—	11,025,391
Other income and gains	30,009	70,139	80,326	378,057	—	558,531
Total	8,142,265	1,051,629	2,011,971	378,057	—	11,583,922
Segment results	**583,719**	**308,742**	**49,247**	**368,546**	**—**	**1,310,254**
Interest and dividend income	35,024	4,356	8,628	16,283	(2,015)	62,276
Unallocated expenses	—	—	—	—	—	(22,436)
Loss on capital reform	—	—	(15,037)	(191,947)	—	(206,984)
Finance costs	(297,388)	(585)	(50,456)	(107,548)	2,015	(453,962)
Share of profits and losses of:						
— Jointly-controlled entities	—	1,248	—	—	—	1,248
— Associates	14,369	101,092	8,586	54,255	—	178,302
Profit before tax	335,724	414,853	968	139,589	—	868,698
Tax	(84,678)	(119,613)	(14,949)	—	—	(219,240)
Profit/(loss) for the Period	251,046	295,240	(13,981)	139,589	—	649,458

Total segment assets:

The following table presents the information of total segment assets as at 30 June 2007 and 31 December 2006:

	30 June 2007 ***RMB'000*** **(Unaudited)**	31 December 2006 *RMB'000* (Audited, restated)
Steel	**26,184,679**	24,774,231
Property development	**12,534,606**	11,441,341
Pharmaceutical	**6,287,763**	6,061,880
Others	**4,396,084**	2,860,643
	49,403,132	45,138,095
Elimination	**(2,560,201)**	(1,433,263)
Total consolidated assets	**46,842,931**	43,704,832

6. REVENUE, OTHER INCOME AND GAINS

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

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods:		
Properties	**1,364,488**	1,028,223
Pharmaceutical products	**1,788,260**	1,905,216
Iron and steel products	**11,227,828**	8,162,968
	14,380,576	11,096,407
Rendering of services in connection with:		
Property development	**47,728**	13,812
Pharmaceutical	**18,096**	33,832
Steel	**4,090**	606
	14,450,490	11,144,657
Less: Government surcharges	**(186,196)**	(119,266)
	14,264,294	11,025,391
Other income		
Interest income	**78,730**	57,829
Dividends from available-for-sale investments	**5,382**	4,447
Gross rental income	**16,941**	18,814
Sale of scrap materials	**9,110**	2,298
Government grants	**20,612**	36,282
Consultancy income	**4,289**	520
Excess of the share of net assets over the cost of acquisition of additional equity interest in subsidiaries realized as income	**—**	7,142
Others	**28,228**	23,631
	163,292	150,963

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Gains		
Gain on disposal of subsidiaries	**—**	3,271
Gain on disposal of interests in subsidiaries	**20,398**	39,921
Gain on disposal of interests in an associate	**27,169**	—
Gain on disposal of associates	**17,980**	17,950
Gain on disposal of items of property, plant and equipment	**3,812**	7,660
Gain on disposal of available-for-sale investments	**11,404**	—
Gain on disposal of equity investments at fair value through profit or loss	**17,243**	1,857
Exchange gains	**9,171**	4,829
Gain on deemed disposal of interests in subsidiaries and associates	**—**	378,057
Gain on fair value adjustment of investment properties *(note 12)*	**5,000**	16,299
Fair value gains of derivative financial instruments — transactions not qualifying as hedges	**4,966**	—
	117,143	469,844
Other income and gains	**280,435**	620,807
Total	**14,544,729**	11,646,198

7. FINANCE COSTS

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Total interest expenses	**670,903**	525,209
Less: Interest capitalized*	**(87,003)**	(84,497)
Interest expenses, net	**583,900**	440,712
Bank charges and other finance costs	**8,317**	5,013
Bank loan guarantee fees	**11,559**	5,405
Exchange losses	**6,723**	2,832
Total finance costs	**610,499**	453,962

* Average interest rate of borrowing costs capitalized	**6.47%**	6.05%

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of sales	**11,194,120**	9,369,494
Inventories written off	**350**	—
Depreciation of items of property, plant and equipment *(note 12)*	**661,227**	531,553
Amortization of:		
— Prepaid land lease payments	**7,313**	5,272
— Mining rights	**1,948**	—
— Intangible assets	**1,842**	2,599
Provision for impairment of:		
— Receivables	**1,511**	2,548
— Items of property, plant and equipment *(note 12)*	**186**	586
— Available-for-sale investments	**8,000**	7,742
— Inventories	**4,292**	—
Share of loss arising from the LAT indemnity *(note 9 (2))*	**7,066**	—
Loss on disposal of items of property, plant and equipment	**7,993**	1,496

9. TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the Period.

The major components of tax expenses for six months ended 30 June 2007 and 2006 are as follows:

		Six months ended 30 June	
		2007	2006
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Current taxation			
— Income tax in the PRC for the Period	(1)	**658,995**	238,653
— Under/(over) provision in prior years		**8,009**	(11,991)
— LAT in the PRC for the Period	(2)	**89,763**	7,900
Deferred tax	(3)	**(120,164)**	(15,322)
Tax expenses for the Period		**636,603**	219,240

Notes:

(1) The provision for PRC current income tax is based on a statutory rate of 33% of the assessable profit of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC for the six months ended 30 June 2007 and 2006, except for certain subsidiaries of the Group in the PRC, which are exempted or taxed at preferential rates of 15% or 27%.

(2) According to the requirements of the Provisional Regulations of the PRC on Land Appreciation Tax effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995, all income from the sale or transfer of state-owned prepaid land lease payments, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

According to the tax notice issued by the relevant local tax authorities, the Group began to pay LAT at rates ranging from 1% to 3% on proceeds of the sale and pre-sale of properties from 2004. Prior to the year ended 31 December 2006, 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.

Based on the latest understanding of LAT regulations from the tax authorities, the Group made additional LAT provision in respect of the sales of properties, in addition to the prepaid LAT, starting from the year ended 31 December 2006. For the Period, an amount of RMB77,186,000 (six months ended 30 June 2006: Nil) was fully provided by the Group in respect of properties sold up to 30 June 2007 in accordance with the requirements set forth in the relevant PRC tax laws and regulations.

In 2004, Fosun Group and Shanghai Forte Land Co., Ltd. ("Forte"), both subsidiaries of the Group, entered into a deed of tax indemnity whereby Fosun Group has undertaken to indemnify Forte in respect of the LAT payable attributable to Forte in excess of the prepaid LAT based on 1% to 3% of sales proceeds, after netting off potential income tax savings, in consequence of the disposal of the properties owned by Forte as at 30 November 2003.

As at 30 June 2007, the LAT indemnity to Forte after netting off potential income tax saving amounted to RMB139,854,000 (31 December 2006: RMB117,746,000), and the deferred tax liability arising thereon amounted to RMB46,152,000 (31 December 2006: RMB38,856,000). The Group's share of losses arising from the additional LAT indemnity during the Period amounted to RMB7,066,000 (six months ended 30 June 2006: Nil) as set out in note 8.

(3) During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law (the "New Corporate Income Tax Law") was approved and will become effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. The existing preferential tax rate currently enjoyed by certain subsidiaries of the Group will also be gradually migrated to 25% over a five-year transitional period. As the detailed instruction for the transition to the new tax rate is yet to be issued, the Group estimated that the applicable income tax rate under the preferential tax policy will be expired at the shorter of existing preferential tax periods and five-year transitional period. As a result, the temporary differences of the deferred tax assets and liabilities which are expected to be realized or settled after 1 January 2008 are measured at the tax rate of 25% or tax rate that are expected to apply to the respective periods when the asset is realized or the liability is settled, which is in accordance with HKAS 12. The Group's deferred tax assets and liabilities as at 30 June 2007 is estimated to decrease by RMB7,681,000, and RMB54,000,000, respectively. The net impact of the decrease in deferred tax assets and deferred tax liabilities has been recognized in the tax expenses for the Period.

(4) The share of tax attributable to jointly-controlled entities and associates amounting to RMB878,000 (six months ended 30 June 2006: RMB1,727,000) and RMB235,360,000 (six months ended 30 June 2006: RMB135,846,000), respectively, is included in "Share of profits and losses of jointly-controlled entities and associates" on the face of the interim condensed consolidated income statement.

10. DIVIDENDS

The Directors do not recommend the payment of interim dividend (2006: Nil).

11. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of earnings per share is based on profit for the Period attributable to equity holders of the parent of RMB826,615,000 (six months ended 30 June 2006: RMB415,524,000), on the basis as disclosed in note 13 to the Accountants' Report included in the Prospectus.

No diluted earnings per share amounts are presented for the two periods ended 30 June 2007 and 2006 as no diluting events occurred during the two periods ended 30 June 2007 and 2006.

12. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

	Property, plant and equipment *RMB'000* (Unaudited)	Investment properties *RMB'000* (Unaudited)
Carrying value at beginning of the Period	14,459,848	446,000
Additions	785,557	—
Disposals	(86,066)	—
Deconsolidation of a subsidiary *(note 13(2))*	(62,918)	—
Depreciation charge for the Period *(note 8)*	(661,227)	—
Impairment loss charge for the Period *(note 8)*	(186)	—
Gain from fair value adjustment *(note 6)*	—	5,000
Carrying value at end of the Period	14,435,008	451,000

The Group's investment properties were revalued on 30 June 2007 to the value of RMB451,000,000 by Sallmanns (Far East) Limited, independent professionally qualified valuers, on an open market, existing use basis. The valuation was made on the assumption that the seller sells the properties on the open market without the benefit of a deferred term contract, leaseback, management agreement or any similar arrangement that could serve to affect the values of the properties. The investment properties are leased to third parties under operating leases.

The Group's property, plant and equipment, and investment properties with net carrying value of RMB2,259,191,000 (31 December 2006: RMB2,006,678,000) and RMB451,000,000 (31 December 2006: RMB446,000,000) respectively, were pledged as securities for interest-bearing bank loans as set out in note 17.

13. INVESTMENTS IN ASSOCIATES

(1) On 1 April 2007, Fosun Group, a wholly-owned subsidiary of the Group, acquired a 20% equity interest in Beijing Huaxia Mining Technology Co., Ltd. ("Huaxia Mining") from Shanghai Junneng Industrial Co., Ltd., for a consideration of RMB16,887,000. An excess of the share of the fair value of the net assets over the cost of investment in Huaxia Mining arising from the acquisition amounting to approximately RMB129,047,000 was included as income in the determination of the Group's share of the associate's profits and losses during the Period.

(2) Beijing Jinxiang Fosun Pharmaceuticals Joint Stock Co., Ltd. ("Beijing Jinxiang"), previously a subsidiary of the Group, became an associate effective 1 January 2007. The Group ceased to control Beijing Jinxiang since 1 January 2007. Thereafter, the Group has significant influence over Beijing Jinxiang by way of representation on the Board of Directors and participation in the policy-making process since 1 January 2007. The assets and liabilities of Beijing Jinxiang were deconsolidated on 1 January 2007. The cost of initial investment together with the Group's share of post-acquisition profits in Beijing Jinxiang as at 1 January 2007 was recognized as carrying amount of investment in associates, which is in accordance with HKAS 28, on 1 January 2007.

(3) The Group interest in Tangshan Jianlong Industrial Co., Ltd. ("Tangshan Jianlong") was pledged to certain banks as security for bank loans granted to the Group (note 17).

14. PROPERTIES UNDER DEVELOPMENT

	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Audited, restated)
Land costs	**5,326,329**	4,924,685
Construction costs	**2,045,547**	2,299,362
Capitalized financial costs	**378,265**	285,797
	7,750,141	7,509,844
Portion classified as current assets	**(3,809,053)**	(4,022,172)
	3,941,088	3,487,672

The Group's properties under development are situated in Shanghai, Hangzhou, Wuhan, Nanjing, Beijing, Chongqing, Haikou, Wuxi and Tianjin, the PRC.

The Group's properties under development with carrying value of RMB2,510,881,000 (31 December 2006: RMB4,112,409,000) was pledged to certain banks as security for bank loans granted to the Group (note 17).

15. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments represent the fair value gains of the interest rate swap contracts as at 30 June 2007.

The Group uses interest rate swaps to manage its interest rate risk. During the Period, the Group effected the following interest rate swap contracts, which entitle the Group to receive interest at floating rate and pay interest at fixed rate on the same notional principal simultaneously:

Effective Period	Notional Principal *(RMB' million)*	Interest Rate: Floating	Interest Rate: Fixed
20 February 2007 to 20 September 2013	3,500	Floating interest rates are linked to number of days when: i) USD CMS30Y less USD CMS2Y is equal to or greater than negative 0.10% for the period from 20 February 2007 to 20 March 2009; ii) USD CMS30Y less USD CMS2Y is less than 0.00% for the period from 20 March 2009 to 20 September 2013	6.84%
20 March 2007 to 20 March 2008	950	Floating interest rates are linked to number of days when EURO CMS30Y less EURO CMS2Y is equal to or greater than 0.00%.	5.451%
28 March 2007 to 15 July 2010	83.5 (equivalent to USD10.97 million)	Floating interest rates of LIBOR plus 1.5%, which are linked to number of days when EURO CMS30Y less EURO CMS2Y is equal to or greater than negative 0.10%.	LIBOR plus 1.1%
16 April 2007 to 20 March 2010	215	Floating interest rates are linked to number of days when EURO CMS30Y less EURO CMS2Y is equal to or greater than negative 0.10%.	5.8615%
28 March 2007 to 25 May 2009	300	Floating interest rates are linked to number of days when: i) EURO CMS30Y less EUR CMS2Y is equal to or greater than negative 0.05% for the period from 28 March 2007 to 20 March 2008; and ii) EURO CMS30Y less EURO CMS2Y is equal to or greater than 0.00% for the period from 20 March 2008 to 25 May 2009.	6.20%
20 April 2007 to 14 November 2013	320	Floating interest rates are linked to number of days when EURO CMS30Y less EURO CMS2Y is greater than negative 0.105%.	5.58%
27 April 2007 to 27 April 2012	970	Floating interest rates are linked to number of days when EURO CMS30Y less EURO CMS2Y is greater than negative 0.105%.	5.65%
25 May 2007 to 25 May 2010	1,560	Floating interest rates are linked to number of days when EURO CMS30Y less EURO CMS2Y is equal to or greater than negative 0.10%.	6.23%

The remaining terms and notional principal amounts of the outstanding interest rate swap contracts of the Company as at 30 June 2007, which are denominated in RMB, were as follows:

	30 June 2007
	RMB'000
	(Unaudited)
Less than one year	**950,000**
More than one year but not more than five years	**3,128,500**
More than five years	**3,820,000**
	7,898,500

On 14 September 2007, the Group terminated all its interest swap contracts.

16. TRADE AND NOTES RECEIVABLES

	30 June 2007	31 December 2006
	RMB'000	*RMB'000*
	(Unaudited)	(Audited, restated)
Trade receivables	**1,716,940**	1,189,149
Notes receivable	**875,925**	1,184,906
	2,592,865	2,374,055

An aged analysis of trade receivables as at the balance sheet dates, based on the invoice date, is as follows:

	30 June 2007	31 December 2006
	RMB'000	*RMB'000*
	(Unaudited)	(Audited, restated)
Outstanding balances with ages:		
Within 90 days	**1,496,814**	985,347
91–180 days	**159,388**	148,910
181–365 days	**58,450**	41,895
1–2 years	**17,029**	32,373
2–3 years	**10,157**	13,392
Over 3 years	**41,952**	35,130
	1,783,790	1,257,047
Less: Provision for impairment of trade receivables	**(66,850)**	(67,898)
	1,716,940	1,189,149

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

	Credit terms
Steel segment	0 to 90 days
Pharmaceutical segment	90 to 180 days
Property development segment	30 to 360 days

The Group's notes receivable with carrying value of RMB150,000,000 (31 December 2006: Nil) was pledged to certain banks as security for bank loans granted to the Group (note 17).

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	**30 June 2007** *RMB'000* **(Unaudited)**	31 December 2006 *RMB'000* (Audited, restated)
Bank loans:	(1)		
Guaranteed		**2,992,865**	5,054,313
Secured		**7,259,950**	7,574,230
Unsecured		**10,223,010**	5,304,625
		20,475,825	17,933,168
Other borrowings:	(2)		
Secured		**200,000**	200,000
Unsecured		**551,910**	825,975
Total		**21,227,735**	18,959,143
Portion classified as:			
Current		**14,093,002**	11,262,555
Long-term		**7,134,733**	7,696,588
Total		**21,227,735**	18,959,143

Notes:

(1) Bank loans

Guaranteed by:		
Related parties	**2,892,865**	4,758,253
Third parties	**100,000**	296,060
	2,992,865	5,054,313
Secured by:		
Net carrying value/ net book value:		
Buildings *(note 12)*	**885,537**	157,839
Plant and machinery *(note 12)*	**1,373,654**	1,848,839
Investment properties *(note 12)*	**451,000**	446,000
Prepaid land lease payments	**103,660**	56,252
Mining rights	**158,942**	160,890
Completed properties held for sale	**31,671**	—
Time deposits with original maturity of more than three months	**2,246**	166,099
Notes receivable *(note 16)*	**150,000**	-
Interest in a subsidiary	**689,444**	737,437
Interests in an associate *(note 13)*	**1,402,107**	1,243,738
Properties under development *(note 14)*	**2,229,992**	3,909,014
	7,478,253	8,726,108
The bank loans bear interest at rates per annum in the range of	**2.13% to 8.54%**	2.13% to 7.90%

(2) Other borrowings

Borrowings from third parties	**751,910**	1,025,975
Secured by:		
Net book value:		
Properties under development (note 14)	**280,889**	203,395
The other borrowings bear interest at rates per annum in the range of	**2.8% to 9.20%**	3.13% to 9.20%

18. TRADE AND NOTES PAYABLES

	30 June 2007	31 December 2006
	RMB'000	*RMB'000*
	(Unaudited)	(Audited, restated)
Trade payables	**2,613,071**	2,952,043
Notes payable	**2,183,122**	1,500,882
	4,796,193	4,452,925

An aged analysis of trade payables as at the balance sheet dates, based on the invoice date, is as follows:

Outstanding balances with ages:		
Within 90 days	**1,789,031**	2,051,514
91–180 days	**243,138**	432,215
181–365 days	**214,948**	196,579
1–2 years	**308,570**	194,797
2–3 years	**10,433**	36,545
Over 3 years	**46,951**	40,393
	2,613,071	2,952,043

Credit terms granted by the Group's creditors are as follows:

	Credit terms
Steel segment	0 to 90 days
Pharmaceutical segment	0 to 360 days
Property development segment	180 to 360 days

19. SHARE CAPITAL

Pursuant to a Directors' resolution of the Company dated 19 June 2007, the authorised share capital of the Company increased from HK$200,000, divided into 200,000 shares of HK$1.00 each, to HK$10,000,000,000, divided into 100,000,000,000 shares of HK$0.10 each.

20. CONTINGENT LIABILITIES

The Group had the following contingent liabilities:

	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Audited)
Guaranteed bank loans of:		
Related parties	**1,116,639**	571,008
Third parties	**593,527**	876,700
	1,710,166	1,447,708
Qualified buyers' mortgage loans	**1,805,864**	1,325,788
	3,516,030	2,773,496

21. RELATED PARTY TRANSACTIONS

(1) During the Period, the Group had the following material transactions with related parties:

	For the six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Associates:		
Sales of pharmaceutical products	**40,368**	25,044
Purchase of pharmaceutical products	**13,288**	12,081
Interest income	**30,518**	-
Service income	**2,077**	—
Service fee	**35,944**	16,870
Entrusted bank loan provided	**—**	3,200
Bank loan guarantees granted	**1,079,639**	236,425
	1,201,834	293,620
Minority shareholders of the subsidiaries of the Group:		
Bank loan guarantees fees	**10,122**	4,737
Bank bills guarantees provided	**609,500**	—
Bank loan guarantees provided	**4,477,800**	2,558,085
	5,097,422	2,562,822
Other related parties:		
Bank loan guarantees provided	**780,000**	1,430,000
Notional interest	**4,728**	—
	784,728	1,430,000

In the opinion of the Directors, except for bank loan guarantees provided by related companies, all other related party transactions as set out above were conducted on normal commercial terms.

(2) On 1 April 2007, Fosun Group acquired a 20% equity interest in Huaxia Mining from Shanghai Junneng Industrial Co., Ltd., a related company of the Group's principal associate, Tangshan Jianlong, for a consideration of RMB16,887,000. The Directors consider that the acquisition was not carried out on an arm's length and the consideration was determined by agreement of the parties.

(3) Compensation of key management personnel of the Group:

	For the six month ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Basic salaries and other benefits	**3,858**	2,478
Pension contributions	**63**	56
Total compensation paid to key management personnel	**3,921**	2,534

22. EVENTS AFTER THE BALANCE SHEET DATE

(A) In connection with the Company's initial public offering, 1,250,000,000 new shares of HK$0.10 each were issued at a price of HK$9.23 per share for total gross proceeds, before expenses, of approximately HK$11,537,500,000. Dealings in these shares on the Stock Exchange commenced on 16 July 2007.

(B) In connection with the Company's initial public offering, an over-allotment option was granted to the Joint Global Coordinators (as defined in the Prospectus) whereby the Joint Global Coordinators, on behalf of the International Purchasers (as defined in the Prospectus), have the right to request the Company to issue and allot up to an aggregate of 187,500,000 additional shares of HK$0.10 each to subscribers under the initial public offering. On 19 July 2007, the Global Coordinators exercised the over-allotment option and accordingly, 187,500,000 new shares of HK$0.10 each were issued by the Company at a price of HK$9.23 per share for total gross proceeds, before expenses, of HK$1,730,625,000. Dealings in these shares on the Stock Exchange commenced on 25 July 2007.

(C) On 15 August 2007, Fosun Group and Shanghai Fosun Industrial Investment Co., Ltd., ("Industrial Investment"), both wholly owned subsidiaries of the Company, entered into a Joint Venture Agreement with Hainan Iron & Steel Company ("Hainan Steel") in respect of the formation of Hainan Mining United Co., Ltd. (the "JV") for the purpose of engaging in mining and processing iron ore. The equity interest in the JV held by Fosun Group, Industrial Investment and Hainan Steel is 20%, 40% and 40%, respectively. Upon its establishment, the will become a subsidiary of the Company.

23. COMPARATIVE AMOUNTS

As further explained in note 4.2 to the interim condensed financial information, due to the voluntary change in accounting policy during the Period, certain prior year adjustments have been made and certain comparative amounts have been reclassified and restated to conform with the Period's presentation and accounting treatment.