FOSUN 復星

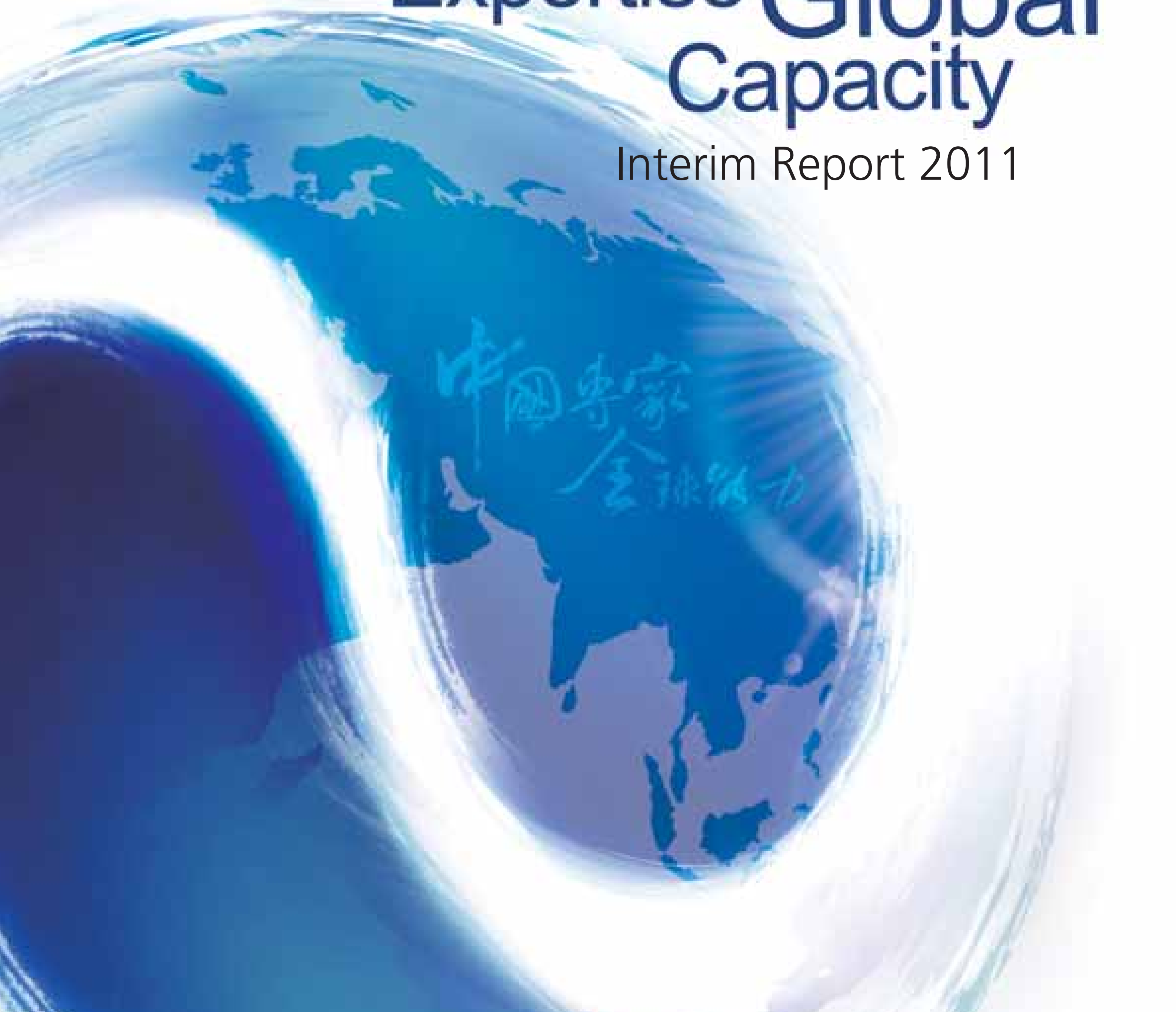
Fosun International Limited

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

Stock Code : 00656

China Expertise Global Capacity

Interim Report 2011



FOSUN's Vision

Our Vision

A premium investment group with a focus on China's growth momentum

Health

Maintaining the business and natural ecologies

Responsibility & Mission

Facilitating the rejuvenation of Chinese economy and culture

"In the first half of 2011, Fosun continued to enhance its global capabilities as well as actively pursuing its win-win cooperation model of 'combining China's growth momentum with global resources', with a vision of becoming 'a premium investment group with a focus on China's growth momentum'. While creating values for our shareholders, Fosun also dedicated to improving the commercial environment and natural environment of China so as to facilitate the rejuvenation of Chinese economy and culture."

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FINANCIAL SUMMARY

	For the six months ended 30 June	
In RMB million	**2011**	2010
Revenue	**25,545.7**	20,667.7
Pharmaceuticals and healthcare	**3,042.0**	2,158.1
Property	**2,260.3**	3,500.1
Steel	**19,013.6**	13,947.5
Mining	**2,038.9**	1,640.2
Elimination	**(809.1)**	(578.2)
Profit attributable to owners of the parent	**3,399.1**	1,611.9
Pharmaceuticals and healthcare	**413.6**	163.5
Property	**388.0**	995.2
Steel	**271.9**	233.0
Mining	**634.6**	507.4
Retail, services and other investments	**1,794.4**	(198.2)
Unallocated expenses	**(150.5)**	(81.6)
Elimination	**47.1**	(7.4)
Earnings per share *(in RMB)*	**0.53**	0.25

BUSINESS OVERVIEW

The Group is a large company with operations in pharmaceuticals and healthcare, property, steel and mining. By means of investment, the Group also shares the rapid growth of industries, such as retail, services and financial industries.

PHARMACEUTICALS AND HEALTHCARE

The Group's main subsidiary in the pharmaceuticals and healthcare sector is Fosun Pharma (a company listed on the Shanghai Stock Exchange, 600196.SH). Fosun Pharma mainly operates in different business segments of the pharmaceuticals and healthcare industry, including research, development ("**R&D**") and manufacturing, distribution (mainly by its associate, Sinopharm, a listed company on the Hong Kong Stock Exchange, 01099.HK), retailing, etc. Fosun Pharma also engages in the development of China's premium healthcare service industry by investing in Chindex International Inc. ("**Chindex**") (a listed company on Nasdaq, CHDX.NASDAQ).

PROPERTY

The Group's main subsidiaries in the property sector include Forte (a nationwide large property developer) and Resource Property. Forte mainly engages in residential development in major cities including Shanghai, Beijing, Tianjin, Nanjing, Chongqing, Wuhan, Wuxi, Hangzhou, Xi'an, Changchun, Chengdu, Taiyuan, Changsha and Datong. It also invests in Zendai (a listed company on the Hong Kong Stock Exchange, 00755.HK) to share its growth and strengthen mutual strategic collaborations. Resource Property is a Shanghai-centered integrated service provider of property distribution industry with nationwide presence. The core businesses of Resource Property include sales agency and real estate consulting.

STEEL

The Group's main subsidiary in the steel sector is Nanjing Iron & Steel (a listed company on the Shanghai Stock Exchange, 600282.SH). Located in East China, Nanjing Iron & Steel is an integrated steel company with a complete process of coking, sintering, iron smelting, steel casting and steel rolling. Its main products include mid-to-high-end medium and heavy plates, specialty bars and wire rods, as well as strips. As at the end of the Reporting Period, crude steel capacity of Nanjing Iron & Steel amounts to 8 million tonnes. The Group's main associate in the steel sector is Jianlong Group, which is one of the largest steel manufacturers in North China and Northeast China. Its main products consist of hot rolling medium wide strips, cold rolling medium wide strips, hot rolling narrow strips, hot rolling coils, bars and wire rods and sectional material.

MINING

The Group's main subsidiary in the mining sector is Hainan Mining. Hainan Mining is China's largest iron-rich lump producer. Its core businesses include mining and sale of iron ore. Also by means of investment, it aims to accelerate the growth in its operation scale and strengthen its industrial position. Via Nanjing Iron & Steel, the Group holds stake of Jin'an Mining and invests in coking coal enterprise Anhui Jinhuangzhuang Mining Co., Ltd.. In addition, the Group also has minority interests in both Huaxia Mining, a large mining group in Northern China, and Shanjiaowulin, a coking coal mine with over 800 million tonnes of premium coking coal reserve. Other significant investment of the Group includes its minority interests in Zhaojin Mining (a listed company on the Hong Kong Stock Exchange, 01818.HK), a China-based gold producer.

RETAIL, SERVICES AND OTHER INVESTMENTS

One of the Group's important investments in the retail business is Yuyuan (a listed company on the Shanghai Stock Exchange, 600655.SH), a well-known Shanghai company with main operations in tourism and the sales of gold and jewellery. Principal investments of the Group in the services industry include Focus Media (a listed company on Nasdaq, FMCN.NASDAQ), China's largest outdoor digital media operator; Club Med (a listed company on the Euronext Paris, CU.EPA), a global leisure and resort group; Folli Follie (a listed company on the Greek Stock Exchange, FFGRP.AT), an internationally renowned fashion and retail group, and Yong'an Insurance, a property and casualty insurance company headquartered in Xi'an with nationwide presence. Besides, the Group also takes minority interests in companies with listing potential, helps with the listing process, and exits at an appropriate time to increase shareholder value of the Company.

BUSINESS REVIEW

As at 30 June 2011, net assets attributable to owners of the parent of the Group reached RMB32,252.2 million, representing an increase of 8.0% over the end of 2010. Among that 66.1% were shares of listed companies held by the Group, which amounted to RMB32,576.3 million measured by attributable market capitalisation. During the Reporting Period, according to the consolidated financial statements, profit attributable to owners of the parent amounted to RMB3,399.1 million, representing an increase of 110.9% over the same period of 2010.

ASSET ALLOCATION OF THE GROUP

During the Reporting Period, the Group further increased its investment in consumption upgrade, financial services, resources and energy and manufacturing upgrade, and made continuous efforts to build an investment portfolio that benefits from China's growth momentum. During the Reporting Period, an aggregate investment of RMB13,046.9 million was made in 49 projects. Meanwhile, the Group retrieved cash amounted to RMB972.1 million through realising investment returns by disposal in secondary markets.

First driver of value growth: industrial operations as source of stable operating cash flows with sustainable growth

PHARMACEUTICALS AND HEALTHCARE

The Group's pharmaceuticals and healthcare segment mainly includes its subsidiary, Fosun Pharma. During the Reporting Period, the scale of Fosun Pharma's current core operations maintained a relatively rapid growth. In the meantime, Fosun Pharma continued to seek opportunities to participate in industrial chain integration, to enhance its in-house R&D capability while stepping up external merger and acquisition activities for both drug research firms and pharmaceutical manufacturers. Fosun Pharma also actively explored the premium healthcare service industry. Regarding businesses of drug R&D as well as manufacturing, Fosun Pharma announced its plan of acquiring Dalian Aleph Biomedical Co. Ltd. during the Reporting Period, an act that would allow Fosun Pharma to improve and upgrade its drug portfolio by entering into the vaccine industry, which has a higher entry barrier. In the field of premium healthcare service, Fosun Pharma continued to reinforce its cooperation with Chindex, while at the same time, invested in other non-state owned specialist hospitals with relatively high growth potential such as Anhui Jimin Cancer Hospital, through Fosun Pharma's healthcare management platform.

Meanwhile, in order to further strengthen the leading status of Fosun Pharma in China's pharmaceuticals and healthcare industry, during the Reporting Period, Fosun Pharma had announced its plan of issuing overseas listed foreign shares (H shares). The proposed H-share offering would allow Fosun Pharma to boost the development of its in-house R&D platforms, expand the merger and acquisitions towards both domestic and foreign pharmaceutical firms, and become a globally competitive pharmaceutical enterprise by leveraging such international financing platform.

PROPERTY

The Group's property segment mainly includes its subsidiary, Forte. The Group also develops its property business by means of strategic or PE investments. During the Reporting Period, in the face of sustaining macro regulation, the property segment of the Group adapted to the market situation, continued to maintain a flexible sales policy, strengthened the sales in second and third tier cities and realised a satisfactory sales performance. During the Reporting Period, total attributable contractual sales GFA and sales revenue completed by the Group's property segment were approximately 442,737 sq.m. and RMB4,190 million, respectively (including projects of joint venture companies and associated companies in which the Group has equity interests, excluding the development projects of Zendai, an associated company of Forte), representing an increase of approximately 34.8% and 5.6% respectively. (2010 interim: total GFA sold and sales revenue attributable to the Company were 328,363 sq.m. and RMB3,966.85 million respectively, which did not include the disposal of the equity interest of Tianjin Forte Puhe Development Co., Ltd. ("**Tianjin Forte**") in 2010). During the Reporting Period, the attributable GFA under development amounted to 3,457,650 sq.m., representing an increase of 33.51% compared with the same period in 2010. During the Reporting Period, attributable GFA of newly commenced projects amounted to 740,414 sq.m., representing an increase of 32.89% compared with the same period in 2010 and attributable GFA of completed projects was 402,696 sq.m., representing an increase of 2.75% compared with the same period in 2010.

Meanwhile, as a PRC-incorporated company with H shares listed in Hong Kong, Forte's off-shore fund raising capability has been largely limited under the current macro-control impacts, which have been in force since 2010. Therefore, the Company tendered a general offer to Forte's shareholders during the Reporting Period. The Group successfully completed such offer during the Reporting Period, and Forte has been delisted from the Hong Kong Stock Exchange. After delisting, Forte remains an important component of the Group's property segment. Together with the Group's other strategic and PE investments in real estate, besides residential development, the Group's property segment will also focus on themed projects such as commercial/tourism/culture properties, urban complex, senior housing, tourism properties, etc, as well as property distribution and service industries. Through overall planning, the Group will expand the scale of its operations in metropolitan cities, and spread out to the surrounding second and third tier cities, by which the Group will gradually increase the scale of its total property business.

As at the end of the Reporting Period, the Group had attributable GFA of 10,764,633 sq.m. for pipeline projects in 15 first and second tier cities including Shanghai, Beijing, Tianjin, Nanjing, Chongqing, Wuhan, Wuxi, Hangzhou, Xi'an, Changchun, Chengdu, Taiyuan, Changsha, Datong and Dalian, among which 1,732,102 sq.m. of GFA were newly added during the Reporting Period.

Property project reserves of the Group by region (as at 30 June 2011)

Region	Total GFA (sq.m.)	Attributable GFA (sq.m.)
Shanghai	2,121,922	1,395,049
Jiangsu and Zhejiang	3,041,954	1,667,538
Central and Western	7,438,024	4,630,998
Northern	3,575,309	3,071,048

STEEL

The main assets of the Group's steel segment include its subsidiary Nanjing Iron & Steel and strategic associate Jianlong Group. During the Reporting Period, Nanjing Iron & Steel committed to the operating rationale of cost reduction and efficiency enhancement and continued to apply strict expenses control. Nanjing Iron & Steel also continued to explore high-end product categories through R&D to optimise the product mix and improve product quality. Nanjing Iron & Steel was also dedicated to build a close cooperating relationship with enterprises in the upper and lower stream of the industry. As a result, Nanjing Iron & Steel attained strong competitive advantage by differential industrial features. Under the influence of the rising price of raw materials, during the Reporting Period, the gross profit per tonne of steel of Nanjing Iron & Steel experienced certain decrease compared with the same period in 2010. Nevertheless, the negative impact of the rising price of raw materials was partially offset, by the enhancement of productivity, the optimisation of product mix and the effective control of various expenses. Through product and R&D optimisation, Nanjing Iron & Steel has successively launched the special purpose steel pipes and 9Ni steel to the market. Products such as ultra heavy plates, ship building steel plates, steel plates for oil tanks and steel pipes have established considerable brand awareness and market competitiveness within the industry. In respect of raw materials which belong to the upper stream of the industry, Nanjing Iron & Steel made an equity investment in All Wealthy Capital Ltd. and entered into a supplier contract of iron ores with it, which can help secure the supply of key raw materials to Nanjing Iron & Steel and reduce production cost.

Principal operating data of subsidiary and major associate:

	Output of crude steel in the first half of 2011 ('000 tonnes)	Output of crude steel in the first half of 2010 ('000 tonnes)	Change over the same period last year
Nanjing Iron & Steel	**3,967.7**	3,380.7	17.4%
Jianlong Group	**6,132.9**	4,484.5	36.8%

MINING

Principal industrial investments of the Group's mining segment include Hainan Mining and Jin'an Mining. Other important strategic investments include Huaxia Mining, Shanjiaowulin and Zhaojin Mining. During the Reporting Period, not only had iron ore companies invested by the Group been benefiting from a sustaining high iron ore price, they were also able to capitalise on this opportunity further by expanding the outputs, both of which helped to generate satisfying returns. In particular, Hainan Mining, a major subsidiary of the Company, expanded production with its cost advantage, sustained its industry leadership in terms of operating efficiency and continued to rank the first within the industry in terms of comprehensive efficiency indicator. During the Reporting Period, Hainan Mining achieved total sales of iron ore products of 1.94 million tonnes, representing an increase of 10.1% compared with the same period in 2010. Besides, the Group actively encouraged Hainan Mining to gain access to the capital market. During the Reporting Period, the Group announced its proposed spin-off and separate listing of Hainan Mining independently on the main board of the Shanghai Stock Exchange.

Principal operating data of subsidiaries and major associates:

	Main product	Output in the first half of 2011 ('000 tonnes unless otherwise stated)	Change over the same period last year
Hainan Mining	iron ore	**1,985.5**	15.4%
Jin'an Mining	iron concentrate	**495.8**	9.6%
Huaxia Mining	iron concentrate	**1,225.6**	7.7%
Shanjiaowulin	coking coal	**391.4**	15.1%
Zhaojin Mining	gold production (own mines) (kilogram)	**7,634**	12.3%

Second driver of value growth: strategic and PE investments, to capture high-growth investment opportunities while realising remarkable returns

RETAIL, SERVICES AND OTHER INVESTMENTS

Apart from the four sectors mentioned above, the Group also seeks value-oriented investment opportunities in both public and private markets. The Group invests in companies in retail and services and other sectors that benefit most from China's growth momentum to share their development. The Group also actively seeks appropriate timing to build its industrial platforms within sectors that will highly benefit from China's growing domestic consumption, such as financial, consumer goods and retail sectors. The Group also invests in minority interests of companies with listing potential via several independent PE investment platforms, in order to increase shareholder value of the Company by listing and exiting them at an appropriate time.

During the Reporting Period, net profit attributable to owners of the parent of the Group contributed by retail, services and other investments segment amounted to RMB1,794.4 million, which mainly included the share of RMB81.1 million of net profit from Yuyuan and the fair value change of RMB1,683.3 million in respect of Focus Media, etc. Besides, the Group recognised a gain of RMB129.5 million in total via the disposal of some interests in listed investments.

Operations of major strategic investments: to assist the improvement of investees' management efficiency by being an active shareholder

Among retail, services and other investments, Yuyuan is an important associate of the Group, which is mainly engaged in tourism and gold and jewellery retail and wholesale. During the Reporting Period, benefiting from the continuous surge of gold price, gold sales of Yuyuan and its share of net profit from Zhaojin Mining continued to grow compared with the same period in 2010. Net profit attributable to owners of the parent of the Group by Yuyuan reached RMB81.1 million, representing an increase of 51.0% as compared with the corresponding period of 2010. Under the active support of the Group, Club Med and Yong'an Insurance, among other major invested enterprises, also maintained steady growth during the Reporting Period, of which Club Med achieved remarkable results in the Reporting Period. Its strategies in China, especially, have received very desirable responses after the Group made the investment in June 2010, and Club Med's business volume in China grew by 56% compared with the same period in 2010 in the Reporting Period. During the Reporting Period, Yong'an Insurance has sustained growth in the scale of its insurance premium, while its underwriting business turned around to become profitable. As a result, its profitability has been enhanced continuously.

Principal profiles of newly added strategic investments made during the Reporting Period: to continuously seek investment opportunities to combine China's growth momentum with global resources

During the Reporting Period, the Group continuously sought for value-oriented global investment opportunities that would benefit from China's growing domestic consumption market. Following the investment in Club Med, the Group once again invested in a globally renowned fashion retail group, Folli Follie. During the Reporting Period, the Group and its affiliate enterprise collectively subscribed for 9.5% equity interest in Folli Follie and the Group is entitled to a seat on its board. Folli Follie owns more than 274 branded chain stores worldwide which include a number of renowned fashion brands such as Folli Follie and Links of London. Leveraging the solid industrial foundation and extensive channels and resources of the Group in China, the Group aims to assist the management of Folli Follie to speed up its development in China in areas such as stores opening, brand building and multi-business expansion so as to achieve mutual beneficial and win-win results.

PE investments: to capitalise on investment premium brought by the rapid expansion and improvement of China capital market

During the Reporting Period, the Group continued to seek investment opportunities in industry leaders with listing potential, mainly through a number of PE platforms, such as Fosun Capital and Shanghai Fosun Venture Capital Investment Management Co., Ltd.. These platforms have completed 7 new investment projects and made additional investment to 5 existing projects, with an aggregate investment of RMB1,038.8 million. Business scopes of the major investees consist of industries such as resources, finance, consumer goods, construction machinery and information technology, such as Hunan Juewei Food Co., Ltd., a leading enterprise in the nationwide marinated food market, Shanghai Fengyun Restaurant Company Limited, a renowned seafood restaurant group in Shanghai.

Meanwhile, the Group continued to ride the trend of sustaining rapid development of China's capital market and actively fostered the listing of the invested enterprises. During the Reporting Period, three investment projects of the Group had completed initial public offerings ("**IPO**") and been listed on the ChiNext of the Shenzhen Stock Exchange successfully, multiple of invested capital ("**MOIC**") was 5.5 times in average based on the market capitalisation on 30 June 2011.

Listed company	Stock code	Investment amount (RMB million)	Appreciation of investment	Year of initial investment	Internal rate of return*
Shenzhen Jasic Technology Co., Ltd.	300193.SZ	129.86	432.6%	2009	108.0%
Shanghai Tofflon Science and Technology Co., Ltd.	300171.SZ	40.00	1,247.3%	2008	133.2%
Shandong Jincheng Pharmaceutical and Chemical Co., Ltd.	300233.SZ	52.00	726.6%	2007	65.1%

* Calculated based on the market capitalisation on 30 June 2011.

Besides, three additional projects received IPO application approval during the Reporting Period and were all listed successfully after the end of the Reporting Period. In addition, during the Reporting Period, the Group had exited a number of PE investment projects through disposal in secondary market realising investment return of RMB308.7 million, delivering a MOIC 6.14 times.

Third driver of value growth: asset management, to generate stable and growing asset management income by obtaining more funds for investment without over-leveraging the Group's statement of financial position

The Group believes that along with the rapid development of China's economy, asset management, which serves the mass affluent population and high net worth individuals in China, has demonstrated a trend of increasing growth and diversification. The Group has long been optimistic on this growing business area. Through its unique platforms and partnerships strategically established worldwide, the Group aims to share the growth of global enterprises benefiting from China's development by adopting the investment rationale of "combining China's growth momentum with global resources". As a result, the Group tries to create outstanding returns for limited partners while receiving management fee as a growing long-term income source as the scale of assets under management by the Group expands. During the Reporting Period, the Group and the world's famous US insurance company, Prudential, cooperated to set up a PE fund, of which a subsidiary of the Group is the general partner. Pursuant to the mutual agreement, Prudential will contribute USD500 million as a limited partner and the Group will contribute no less than USD100 million. During the Reporting Period, the PE fund had completed its first investment project. On the other hand, funds newly established by Fosun Capital and Shanghai Star Capital Investment Management Co., Ltd. had completed their first capital raising, with an aggregate amount of RMB5,205.0 million being raised. Among them, the fund of Fosun Capital completed investment in three projects during the Reporting Period.

As at the end of the Reporting Period, assets under management of the Group reached RMB9,740.0 million equivalent in total.

Multi-channel financing: long-term and sustainable funding sources at reasonable cost provide strong support as the Group continues to grow its investment capacity

The Group has been dedicated to establishing diversified financing channels, continuously exploring different types of new financing methods and instruments, in order to optimise debt structure at reasonable cost. During the Reporting Period, the Group has explored a number of local and overseas financing channels to achieve sustaining optimisation of the Group's debt structure in terms of debt instruments and maturity. As a result, the ratio of medium and long-term debt to total debt has continuously increased as compared with the end of last year with more debt instruments being used. During the Reporting Period, the Group has completed the overseas issuance of 5-year senior notes with an aggregate amount of USD300 million at the rate of 7.5% per annum which have been rated "BB+" by Standard and Poor's and "Ba2" by Moody's. Meanwhile, Fosun Pharma and Nanjing Iron & Steel, which are subsidiaries of the Company, issued 5-year medium-term notes and 7-year corporate bonds separately raising RMB1.6 billion and RMB4.0 billion at rates of 5.90% and 5.80% per annum respectively. During the Reporting Period, the ratio of foreign currency denominated debt, which has a relatively low cost, to total debt also rose to over 30%. Through the above-mentioned long-term and relatively low cost debt financing, adequate funds have been secured to support the Group's future investment and the business operations of its subsidiaries.

FUTURE PROSPECTS

Looking forward, although the global economy is still in the shadow of recession, the Group is still optimistic towards China's economy, which is propelled by urbanisation, industrialisation and the development of the domestic consumption market. The Group will continue to cultivate its three core capabilities. It will grasp local and overseas investment opportunities arisen from the growth momentum of China, assist major portfolio companies to optimise their operations, continue to improve the multi-channel financing system, expand the scale of assets of the Group, unremittingly optimise asset allocation, and maximise value for shareholders, enjoying contribution from the outstanding entrepreneurial team.

FINANCIAL REVIEW

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

For the six months ended 30 June 2011, the profit attributable to owners of the parent of the Group was RMB3,399.1 million, representing an increase of 110.9% as compared with RMB1,611.9 million in the same period of 2010. The increase in profit was primarily due to the fair value gain on certain equity investments held by the Group at fair value through profit or loss during the Reporting Period.

PROFIT CONTRIBUTION OF EACH BUSINESS SEGMENT

Comparison between the profit contribution of each business segment for the six months ended 30 June 2011 and the corresponding figures in the same period of 2010 is analysed as follows:

Unit: RMB million

Segments	For the six months ended 30 June 2011	2010	Increase/ (Decrease)
Pharmaceuticals and healthcare	**413.6**	163.5	250.1
Property	**388.0**	995.2	(607.2)
Steel	**271.9**	233.0	38.9
Mining	**634.6**	507.4	127.2
Retail, services and other investments	**1,794.4**	(198.2)	1,992.6
Unallocated expenses	**(150.5)**	(81.6)	(68.9)
Elimination	**47.1**	(7.4)	54.5
Total	**3,399.1**	1,611.9	1,787.2

Pharmaceuticals and healthcare: Profit contribution from the pharmaceuticals and healthcare segment increased to RMB413.6 million for the six months ended 30 June 2011 from RMB163.5 million for the six months ended 30 June 2010. The increase in profit was mainly due to (i) gain on deemed disposal of equity interest in Sinopharm as a result of its placement of H shares during the Reporting Period; and (ii) the sales growth in pharmaceutical industrial manufacturing and R&D business and commercial wholesale and retail business.

Property: Profit contribution from the property segment decreased to RMB388.0 million for the six months ended 30 June 2011 from RMB995.2 million for the six months ended 30 June 2010. Two main reasons for the decrease in profit contribution were: (i) there were gains derived from disposal of 75% equity interest in Tianjin Forte during the same period last year; and (ii) decrease in the average selling price per square meter of booked projects compared with the same period in 2010.

Steel: Profit contribution from the steel segment increased to RMB271.9 million for the six months ended 30 June 2011 from RMB233.0 million for the six months ended 30 June 2010. The increase in profit contribution was mainly due to the simultaneous increases in the quantity sold and price of steel during the Reporting Period and the fact that the product mix was continuously optimised to increase the sales of products with higher gross margin.

Mining: Profit contribution from the mining segment increased to RMB634.6 million for the six months ended 30 June 2011 from RMB507.4 million for the six months ended 30 June 2010. The increase in profit contribution was mainly due to: (i) rising prices of iron ore and iron concentrate; and (ii) the timely increase in supply to the market by relevant mining companies.

Retail, services and other investments: Profit contribution from the retail, services and other investments segment turn around to a profit of RMB1,794.4 million for the six months ended 30 June 2011 from loss of RMB198.2 million for the six months ended 30 June 2010, which was principally attributable to the fair value gain on certain equity investments held by the Group at fair value through profit or loss. Meanwhile, Yuyuan, an associate of the Group, maintained growth momentum in its gold, catering and other retail businesses.

REVENUE

For the six months ended 30 June 2011, total revenue of the Group was RMB25,545.7 million after elimination of internal sales in the amount of RMB809.1 million, an increase of 23.6% as compared with the total revenue of RMB20,667.7 million for the six months ended 30 June 2010. The increase in revenue of the Group during the Reporting Period was mainly due to increases in the revenue of all business segments, excluding the property segment, to different degrees as compared with the same period last year.

Pharmaceuticals and healthcare: Revenue of the pharmaceuticals and healthcare segment increased to RMB3,042.0 million for the six months ended 30 June 2011 from RMB2,158.1 million for the six months ended 30 June 2010. The increase in revenue was mainly due to the sales growth in pharmaceutical industrial manufacturing and R&D business and commercial wholesale and retail business.

Property: Revenue of the property segment decreased to RMB2,260.3 million for the six months ended 30 June 2011 from RMB3,500.1 million for the six months ended 30 June 2010. The decrease in revenue was mainly due to the decrease in the average selling price per square meter of booked projects in the Reporting Period.

Steel: Revenue of the steel segment increased to RMB19,013.6 million for the six months ended 30 June 2011 from RMB13,947.5 million for the six months ended 30 June 2010. The increase in revenue was mainly due to the fact that the Group realised significant increases both in sales volume and selling price of steel products during the Reporting Period.

Mining: Revenue of the mining segment increased to RMB2,038.9 million for the six months ended 30 June 2011 from RMB1,640.2 million for the six months ended 30 June 2010. The increase in revenue was mainly due to the increase in prices of iron ore and iron concentrate respectively as compared with the same period last year while their sales volume also increased respectively over the same period last year.

INTEREST EXPENSES

Interest expenses net of capitalised amounts of the Group increased from RMB703.8 million for the six months ended 30 June 2010 to RMB1,027.1 million for the six months ended 30 June 2011. This was mainly attributable to an increase of interest rates and expanding scale of total borrowings. For the six months ended 30 June 2011, the interest rates of borrowings were approximately between 1.0% and 12.18%, as compared with approximately between 1.10% and 12.18% for the same period last year.

TAX

Tax of the Group decreased from RMB1,456.2 million for the six months ended 30 June 2010 to RMB924.9 million for the six months ended 30 June 2011. The decrease in tax was mainly attributable to the decrease in projects booked of the property segment during the Reporting Period, which led to the decrease in income tax and land appreciation tax.

CAPITAL EXPENDITURES AND CAPITAL COMMITMENT

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

As at 30 June 2011, the Group's capital commitment contracted but not provided for was RMB6,942.3 million, while capital commitment authorised but not yet contracted was RMB946.9 million. These were mainly committed for property development, addition of plant and equipment and investments. Details of capital commitment are set out in note 16 to interim condensed consolidated financial statements.

INDEBTEDNESS AND LIQUIDITY OF THE GROUP

As at 30 June 2011, the total debt of the Group increased to RMB54,814.5 million from RMB43,935.4 million as at 31 December 2010. As at 30 June 2011, cash and bank balances decreased to RMB20,302.1 million from RMB21,335.0 million as at 31 December 2010. With the expanding development scale and the increasing investment needs, the Group raised funds from various channels to meet the requirements of operation and investments, and maintained the liquidity of the Group while increasing the debt.

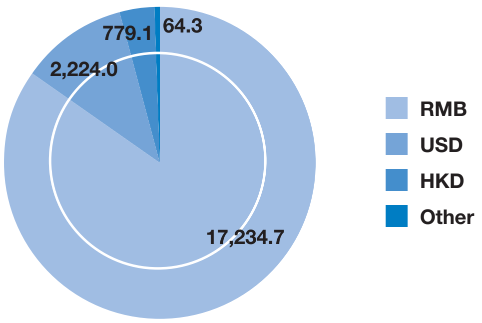
Unit: RMB million

	30 June 2011	31 December 2010
Total debt	**54,814.5**	43,935.4
Cash and bank balances	**20,302.1**	21,335.0

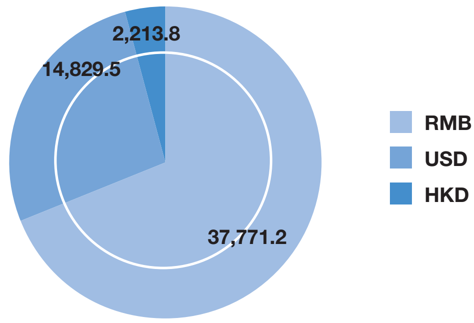
The original denomination of the Group's debt as well as cash and bank balances by currencies, equivalent in RMB, as at 30 June 2011, is summarised as follows:

Unit: RMB million equivalent

Cash and bank balances



Debt



TOTAL DEBT TO TOTAL CAPITALISATION RATIO

As at 30 June 2011, the ratio of total debt to total capitalisation was 53.4% as compared with 49.4% as at 31 December 2010. This ratio has increased slightly as a result of the expanding borrowing scale, which still maintained at a prudent level. Healthy debt ratios and abundant financial resources can reinforce the Group's ability to defend against risk exposure and provide support to the Group in capturing investment opportunities.

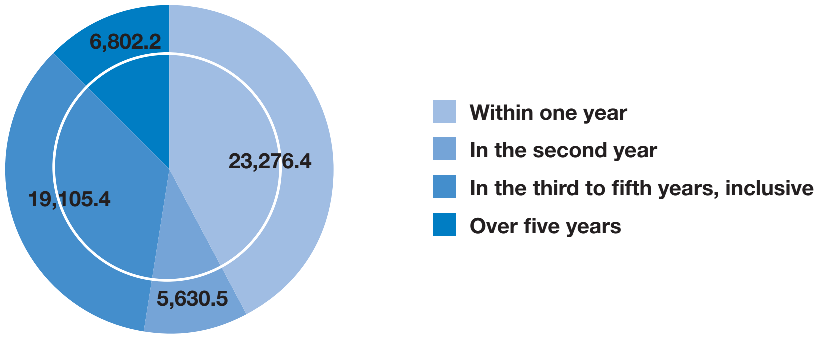
BASIS OF CALCULATING INTEREST RATE

To stabilise interest expenses, the Group endeavored to maintain appropriate borrowings at fixed interest rates and floating interest rates. The Group made timely adjustment to the debt structure according to the interest rate policy, seeking to optimise the interest rate level. As at 30 June 2011, 22.5% of the Group's total borrowings bore interest at a fixed interest rate.

THE MATURITY PROFILE OF OUTSTANDING BORROWINGS

The Group sought to manage and extend the maturity of outstanding borrowings, so as to ensure that outstanding borrowings due to mature every year would not exceed the expected cash flow of that year and the Group has the re-financing ability for the relevant liabilities in that year.

Outstanding borrowings classified by year of maturity as at 30 June 2011 are as follows:



AVAILABLE FACILITIES

Save for cash and bank balances of RMB20,302.1 million as at 30 June 2011, the Group had unutilised banking facilities of RMB36,079.6 million. The Group has entered into cooperation agreements with various major banks in China. Under these agreements, the banks have granted the Group general banking facilities to support its capital needs. Prior approval of individual projects in China from banks in accordance with bank regulations must be obtained before the use of these banking facilities. As at 30 June 2011, aggregate available banking facilities under these arrangements was approximately RMB75,890.0 million.

PLEDGED ASSETS

As at 30 June 2011, the Group had pledged assets of RMB15,165.5 million (31 December 2010: RMB14,548.5 million) for bank borrowings. Details of pledged assets are set out in note 13 to interim condensed consolidated financial statements.

CONTINGENT LIABILITIES

The Group's contingent liabilities were RMB3,581.1 million as at 30 June 2011 (31 December 2010: RMB4,113.8 million), primarily applied to guarantee the mortgage loans of qualified property buyers. Details of contingent liabilities are set out in note 17 to interim condensed consolidated financial statements.

INTEREST COVERAGE

For the six months ended 30 June 2011, EBITDA divided by interest expense was 7.5 times as compared with 8.3 times for the same period in 2010, mainly due to the interest expenses increased 45.9% while the EBITDA only increased 32.2% during the Reporting Period compared with the same period last year as the interest bearing bank and other borrowings increased as at 30 June 2011.

FINANCIAL POLICIES AND RISK MANAGEMENT

General policy

The Company maintains the financial independence of its subsidiaries in different business segments. Nevertheless, the Company also gives appropriate guidance on the fund management of different segments so as to ensure that risks of the Group are centrally monitored and financial resources are being effectively applied. The Group tries to obtain funds from different channels through banks and capital markets. Finance arrangements are organised to meet the business development needs and match the Group's cash flow.

Foreign currency exposure

Since the Group conducts its business mainly in Mainland China, RMB is also the functional and presentation currency. Most of the Group's revenue is received in RMB, with part of it converted into foreign currencies for the purchase of imported raw materials. Since the exchange rate reform in July 2005, the exchange rate of RMB against USD has appreciated steadily. However, we are uncertain of the stability of RMB in the future. The cost of conversion of RMB into foreign currencies will be subject to the fluctuation of the exchange rate of RMB. As at 30 June 2011, approximately 91.5% (approximately RMB123,601.1 million) of the Group's total assets were located in Mainland China (31 December 2010: RMB110,199.0 million or 93.1%).

Interest rate exposure

The Group uses bank loans and other borrowings to meet its capital expenditure and working capital requirements from time to time and is subjected to the risk of interest rate fluctuation. Since a certain amount of the Group's borrowings is 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, the interest expenses of the Group will increase if the People's Bank of China or foreign banks increase their interest rates.

Application of derivatives

The group will apply derivative instruments as necessary to hedge the risk exposure instead of speculation.

FORWARD-LOOKING STATEMENTS

This interim report includes certain forward-looking statements which involve the financial condition, results and business of the Group. These forward-looking statements are the Group's expectation or beliefs for future events and they involve known and unknown risks and uncertainties, which may cause actual results, performance or development of the situation to differ materially from the situation expressed or implied by these statements.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011

	Notes	For the six months ended 30 June 2011 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)
REVENUE		**25,545,653**	20,667,657
Cost of sales		**(20,756,749)**	(15,853,316)
Gross profit		**4,788,904**	4,814,341
Other income and gains	*5*	**3,724,872**	1,674,766
Selling and distribution costs		**(972,426)**	(699,821)
Administrative expenses		**(1,324,692)**	(950,128)
Other expenses		**(532,207)**	(443,253)
Finance costs	*6*	**(1,082,691)**	(734,883)
Share of profits and losses of:			
Jointly-controlled entities		**33,587**	(13,205)
Associates		**951,912**	557,275
PROFIT BEFORE TAX	*7*	**5,587,259**	4,205,092
Tax	*8*	**(924,892)**	(1,456,193)
PROFIT FOR THE PERIOD		**4,662,367**	2,748,899
Attributable to:			
Owners of the parent		**3,399,129**	1,611,913
Non-controlling interests		**1,263,238**	1,136,986
		4,662,367	2,748,899
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic and diluted (RMB)	*9*	**0.53**	0.25

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	For the six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**4,662,367**	2,748,899
OTHER COMPREHENSIVE INCOME		
Available-for-sale assets:		
Changes in fair value	**(144,789)**	968,375
Reversal of changes in fair value arising from the available-for-sale investment becoming an associate (note 11)	**(58,283)**	(152,931)
Reclassification adjustments for gains included in the interim condensed consolidated income statement – gain on disposal	**(261,856)**	–
Income tax effect	**(635)**	(228,119)
	(465,563)	587,325
Share of other comprehensive income of associates	**33,012**	11,336
Share of other comprehensive income of jointly-controlled entities	**(3,406)**	–
Exchange differences on translation of foreign operations	**(107,151)**	(44,940)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**(543,108)**	553,721
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**4,119,259**	3,302,620
Attributable to:		
Owners of the parent	**2,835,762**	2,073,031
Non-controlling interests	**1,283,497**	1,229,589
	4,119,259	3,302,620

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Notes	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**20,377,656**	20,553,341
Investment properties		**2,980,000**	2,551,167
Prepaid land lease payments		**1,319,406**	1,278,066
Exploration and evaluation assets		**454,307**	437,762
Mining rights		**666,532**	717,680
Intangible assets		**273,265**	240,978
Goodwill		**370,685**	376,875
Investments in jointly-controlled entities		**1,288,730**	1,070,429
Investments in associates	*11*	**17,432,625**	15,238,649
Held-to-maturity investments		**–**	14,312
Available-for-sale investments		**8,240,028**	7,327,045
Properties under development		**11,012,860**	6,931,439
Due from related companies		**445,908**	413,793
Loan receivable		**1,759,432**	1,493,432
Prepayments		**1,417,900**	756,748
Deferred tax assets		**1,162,205**	1,005,809
		69,201,539	60,407,525
Non-current assets held for sale		**74,024**	148,049
Total non-current assets		**69,275,563**	60,555,574
CURRENT ASSETS			
Cash and bank balances		**20,302,141**	21,334,977
Equity investments at fair value through profit or loss		**9,882,889**	6,478,648
Trade and notes receivables	*12*	**6,298,528**	5,496,535
Prepayments, deposits and other receivables		**4,708,487**	3,990,536
Inventories		**9,485,782**	6,901,609
Completed properties for sale		**1,632,523**	2,014,437
Properties under development		**11,492,488**	9,856,198
Loans receivable		**344,550**	220,000
Due from related companies		**1,722,346**	1,526,292
Total current assets		**65,869,734**	57,819,232

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Notes	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*13*	**23,159,122**	22,026,769
Loans from a related company		**117,227**	26,678
Trade and notes payables	*14*	**9,172,007**	8,617,385
Accrued liabilities and other payables		**14,409,247**	12,860,400
Tax payable		**2,101,789**	2,531,045
Finance lease payables		**45,217**	40,116
Derivative financial instruments		**36,912**	84,566
Due to the holding company		**1,695,856**	1,092,250
Due to related companies		**1,160,964**	954,385
Total current liabilities		**51,898,341**	48,233,594
NET CURRENT ASSETS		**13,971,393**	9,585,638
TOTAL ASSETS LESS CURRENT LIABILITIES		**83,246,956**	70,141,212
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*13*	**31,538,109**	21,795,074
Loans from related companies		**–**	86,887
Finance lease payables		**138,812**	164,178
Deferred income		**138,009**	144,876
Other long term payables		**958,511**	474,466
Deferred tax liabilities		**2,729,312**	2,476,645
Total non-current liabilities		**35,502,753**	25,142,126
Net assets		**47,744,203**	44,999,086
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**621,497**	621,497
Reserves		**31,630,697**	28,322,703
Proposed final dividends	*15*	**–**	928,936
		32,252,194	29,873,136
Non-controlling interests		**15,492,009**	15,125,950
Total equity		**47,744,203**	44,999,086

Guo Guangchang
Director

Ding Guoqi
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Attributable to owners of the parent												
	Issued capital RMB'000 (Unaudited)	Share premium RMB'000 (Unaudited)	Other deficits RMB'000 (Unaudited)	Statutory surplus reserve RMB'000 (Unaudited)	Available-for-sale investments revaluation reserve RMB'000 (Unaudited)	Capital redemption reserve RMB'000 (Unaudited)	Other reserve RMB'000 (Unaudited)	Retained earnings RMB'000 (Unaudited)	Exchange fluctuation reserve RMB'000 (Unaudited)	Proposed final dividend RMB'000 (Unaudited) (Note 15)	Total RMB'000 (Unaudited)	Non-controlling interests RMB'000 (Unaudited)	Total equity RMB'000 (Unaudited)
At 1 January 2011	621,497	11,787,763	(443,540)	2,390,537	2,432,714	1,465	384,254	12,281,599	(512,089)	928,936	29,873,136	15,125,950	44,999,086
Total comprehensive income for the period	-	-	-	-	(454,067)	-	-	3,399,129	(109,300)	-	2,835,762	1,283,497	4,119,259
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(336,340)	(336,340)
Final dividend declared	-	-	-	-	-	-	-	-	-	(928,936)	(928,936)	-	(928,936)
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	473,215	-	-	-	473,215	(2,577,882)	(2,104,667)
Deemed acquisition of partial interests in subsidiaries	-	-	-	-	-	-	59,439	-	-	-	59,439	(59,439)	-
Disposal of partial interests in a subsidiary without losing control	-	-	-	-	-	-	(85,106)	-	-	-	(85,106)	(1,208)	(86,314)
Fair value adjustment on the loan from non-controlling shareholder of a subsidiary	-	-	-	-	-	-	24,684	-	-	-	24,684	350	25,034
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	2,057,030	2,057,030
Compensation arising from land appreciation tax ("LAT") provision (note 8(3))	-	-	-	-	-	-	-	-	-	-	-	51	51
At 30 June 2011	621,497	11,787,763*	(443,540)*	2,390,537*	1,978,647*	1,465*	856,486*	15,680,728*	(621,389)*	-	32,252,194	15,492,009	47,744,203

* These reserve accounts comprise the consolidated reserve of RMB31,630,697,000 (31 December 2010: RMB28,322,703,000) in the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Attributable to owners of the parent												
	Issued capital RMB'000 (Unaudited)	Share premium RMB'000 (Unaudited)	Other deficits RMB'000 (Unaudited)	Statutory surplus reserve RMB'000 (Unaudited)	Available-for-sale investments revaluation reserve RMB'000 (Unaudited)	Capital redemption reserve RMB'000 (Unaudited)	Other reserve RMB'000 (Unaudited)	Retained earnings RMB'000 (Unaudited)	Exchange fluctuation reserve RMB'000 (Unaudited)	Proposed final dividend RMB'000 (Unaudited) (Note 15)	Total RMB'000 (Unaudited)	Non-controlling interests RMB'000 (Unaudited)	Total equity RMB'000 (Unaudited)
At 1 January 2010													
As previously reported	621,497	11,787,763	(443,540)	2,223,889	714,116	1,465	–	9,015,868	(364,008)	927,270	24,484,320	11,887,958	36,372,278
Reversal of impairment loss arising from the available-for-sale investment becoming an associate	–	–	–	–	–	–	–	134,223	–	–	134,223	56,003	190,226
As restated	621,497	11,787,763	(443,540)	2,223,889	714,116	1,465	–	9,150,091	(364,008)	927,270	24,618,543	11,943,961	36,562,504
Total comprehensive income for the period	–	–	–	–	510,824	–	–	1,611,913	(49,706)	–	2,073,031	1,229,589	3,302,620
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(268,824)	(268,824)
Final dividend declared	–	–	–	–	–	–	–	–	–	(927,270)	(927,270)	–	(927,270)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	177,377	–	–	–	177,377	(331,574)	(154,197)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(77,893)	(77,893)
Liquidation of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	(11,444)	(11,444)
Deemed disposal of partial interests in a subsidiary	–	–	–	–	–	–	171,683	–	–	–	171,683	(171,683)	–
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	704,576	704,576
Compensation arising from land appreciation tax ("LAT") provision (note 8(3))	–	–	–	–	–	–	–	–	–	–	–	43,139	43,139
At 30 June 2010	621,497	11,787,763*	(443,540)*	2,223,889*	1,224,940*	1,465*	349,060*	10,762,004*	(413,714)*	–	26,113,364	13,059,847	39,173,211

* These reserve accounts comprise the consolidated reserve of RMB25,491,867,000 (31 December 2009: RMB22,935,553,000) in the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	For the six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	**(4,395,997)**	931,329
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(7,271,598)**	(4,510,192)
NET CASH INFLOW FROM FINANCING ACTIVITIES	**11,264,649**	7,727,762
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(402,946)**	4,148,899
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**16,826,592**	11,595,058
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**16,423,646**	15,743,957
Analysis of balances of cash and cash equivalents		
Cash and bank balances at end of the period	**20,302,141**	20,511,637
Less: Pledged bank balances and deposits with original maturity of more than three months	**(3,878,495)**	(4,767,680)
Cash and cash equivalents at end of the period	**16,423,646**	15,743,957

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011

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 Hong Kong 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 (collectively referred to as the "Group") are the manufacture and sale of pharmaceuticals and healthcare products, property, the manufacture and sale of iron and steel products, mining and ore processing of various metals 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 Ltd. which are incorporated in Hong Kong and the British Virgin Islands, respectively.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") since 16 July 2007.

2. 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 2011 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months ended 30 June 2011 (the "Period"), have been prepared in accordance with HKAS 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2010.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2010, except for the adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations), as set out in note 3.2 to the interim condensed consolidated financial statements.

3.2 ADOPTION OF NEW AND REVISED HKFRSS

From 1 January 2011, the Group has adopted the following new and revised HKFRSs for the first time.

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HK (IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*

Apart from the above, Improvement to HKFRSs 2010 has been issued which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010 while the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HKFRIC 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard or interpretation.

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

The HKICPA has issued an amendment to HKAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

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

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

4. SEGMENT INFORMATION

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

(i) the pharmaceuticals and healthcare segment engages in the research and development, manufacturing, sale and trading of pharmaceutical 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; and

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

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

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011

4. SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2011

	Pharmaceuticals and healthcare RMB'000 (Unaudited)	Property RMB'000 (Unaudited)	Steel RMB'000 (Unaudited)	Mining RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue:							
Sales to external customers	3,041,974	2,260,319	19,013,642	1,229,718	–	–	25,545,653
Inter-segment sales	–	–	–	809,225	–	(809,225)	–
Other income and gains	916,617	82,653	194,716	57,676	2,177,906	–	3,429,568
Total	3,958,591	2,342,972	19,208,358	2,096,619	2,177,906	(809,225)	28,975,221
Segment results	872,599	629,819	780,315	1,264,947	1,944,538	47,434	5,539,652
Interest and dividend income	66,487	21,031	72,508	5,144	130,134	–	295,304
Unallocated expenses							(150,505)
Finance costs	(147,065)	(82,772)	(497,940)	(15,384)	(339,530)	–	(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	810,920	491,414	1,331,705	1,833,784	47,434	5,587,259
Tax	(255,739)	(297,006)	(43,152)	(271,034)	(49,141)	(8,820)	(924,892)
Profit for the period	966,768	513,914	448,262	1,060,671	1,784,643	38,614	4,662,367

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011

4. SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2010

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

4. SEGMENT INFORMATION (CONTINUED)

Segment assets:

Total segment assets as at 30 June 2011 and 31 December 2010 are as follows:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Pharmaceuticals and healthcare	**19,099,769**	16,763,998
Property	**46,733,011**	33,520,467
Steel	**42,617,877**	37,480,983
Mining	**7,751,123**	9,626,350
Others	**22,085,100**	23,386,903
	138,286,880	120,778,701
Eliminations*	**(3,141,583)**	(2,403,895)
Total consolidated assets	**135,145,297**	118,374,806

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

5. OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2011 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)
Other income		
Interest income	**102,691**	111,220
Dividends from available-for-sale investments	**157,917**	25,324
Dividends from equity investments at fair value through profit or loss	**34,696**	7,430
Gross rental income	**44,092**	29,608
Sale of scrap materials	**8,117**	10,997
Government grants	**71,164**	58,265
Consultancy and other service income	**28,267**	17,615
Processing income	**13,466**	12,904
Others	**64,145**	82,490
	524,555	355,853

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011

5. OTHER INCOME AND GAINS (CONTINUED)

	For the six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Gains		
Gain on disposal of subsidiaries	**5,515**	972,395
Gain on disposal of associates	**–**	55,082
Gain on deemed disposal of interest in associates	**888,518**	82,843
Gain on disposal of items of property, plant and equipment	**5,969**	257
Gain on disposal of available-for-sale investments	**222,261**	1,959
Gain on disposal of equity investments at fair value through profit or loss	**50,080**	–
Gain on fair value adjustment of investment properties	**49,591**	169,504
Gain on fair value adjustment of equity investments at fair value through profit or loss	**1,872,404**	–
Gain on disposal of derivative financial instruments	**–**	19,611
Exchange gains, net	**105,979**	17,262
	3,200,317	1,318,913
Other income and gains	**3,724,872**	1,674,766

6. FINANCE COSTS

	For the six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Total interest expenses	**1,250,337**	922,211
Less: Interest capitalized	**(223,281)**	(218,443)
Interest expenses, net	**1,027,056**	703,768
Bank charges and other finance costs	**55,635**	31,115
Total finance costs	**1,082,691**	734,883

7. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of sales	**20,756,749**	15,853,316
Inventories written off	**422**	–
Depreciation of items of property, plant and equipment	**1,042,472**	881,437
Amortisation of:		
– Prepaid land lease payments	**13,920**	11,924
– Mining rights	**52,098**	35,147
– Intangible assets	**5,101**	9,342
Provisions/(reversals) for impairment of:		
– Trade and other receivables	**2,480**	(939)
– Inventories	**26,525**	64,691
– Non-current assets held for sale	**74,025**	–
– Goodwill	**–**	33,327
Provision for indemnity of LAT (note 8(3))	**51**	43,139
Loss on fair value adjustment on equity investment at fair value through profit or loss	**–**	127,324
Loss on settlement of derivative financial instruments	**17,140**	–
Loss on disposal of items of property, plant and equipment	**6,737**	19,640

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011

8. TAX

The major components of tax expenses for the six months ended 30 June 2011 and 2010 are as follows:

		For the six months ended 30 June	
		2011	2010
		RMB'000	RMB'000
	Notes	**(Unaudited)**	(Unaudited)
Current – Hong Kong	*(1)*	**24,563**	8,162
Current – Mainland China			
– Income tax in Mainland China for the period	*(2)*	**600,958**	1,012,237
– LAT in Mainland China for the period	*(3)*	**175,975**	427,597
Deferred		**123,396**	8,197
Tax expenses for the period		**924,892**	1,456,193

Notes:

(1) Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2010: 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 2010: 25%) of the assessable profit of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China, which are exempted or taxed at preferential rates of 12.5% to 24%.

(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.

For the Period, based on the latest understanding of the LAT regulations from the tax authorities, the Group made an additional LAT provision in the amount of RMB137,352,000 (six months ended 30 June 2010: RMB384,684,000) in respect of the sales of properties up to 30 June 2011 in accordance with the requirements set forth in the relevant PRC tax laws and regulations.

In 2004, Shanghai Fosun High Technology (Group) Co., Ltd. ("Fosun Group") and Shanghai Forte Land Co., Ltd. ("Forte") entered into a deed of tax indemnity whereby Fosun Group has undertaken to indemnify Forte in respect of the LAT payable attributable to Forte and its subsidiaries ("Forte Group") in excess of the prepaid LAT based on 0.5% to 5% of sales proceeds, after netting off potential income tax savings, in consequence of the disposal of the properties owned by Forte Group as at 30 November 2003. As at 30 June 2011, the LAT indemnity to Forte Group, after netting off potential income tax savings, amounted to RMB251,144,000 (31 December 2010: RMB246,279,000) and the deferred tax liability amounted to RMB110,488,000 (31 December 2010: RMB109,270,000). The Group's share of losses arising from the LAT indemnity during the Period amounted to RMB51,000 (six months ended 30 June 2010: RMB43,139,000).

9. 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 RMB3,399,129,000 (six months ended 30 June 2010: RMB1,611,913,000) and on 6,421,595,000 ordinary shares in issue during the Period (six months ended 30 June 2010: 6,421,595,000 ordinary shares).

Diluted earnings per share amount is equal to basic earnings per share amount for the two periods ended 30 June 2011 and 30 June 2010 as no diluting events occurred during these two periods.

10. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment RMB'000 (Unaudited)
Carrying value at beginning of the Period	**20,553,341**
Additions	**1,104,900**
Disposals	**(238,113)**
Depreciation charge for the Period	**(1,042,472)**
Carrying value at end of the Period	**20,377,656**

The Group's property, plant and equipment with net carrying values of RMB2,923,665,000 (31 December 2010: RMB1,733,551,000), were pledged as security for interest-bearing bank loans as set out in note 13 to the interim condensed consolidated financial statements.

11. INVESTMENTS IN ASSOCIATES

(a) On 21 April 2011, Tongjitang Chinese Medicines Company ("Tongjitang"), an invested company of the Group, completed its privatisation process and was delisted on New York Stock Exchange. After the completion of privatisation, the Group still held 32.1% of the issued share capital of Tongjitang. From 9 May 2011, the Group commenced to account for Tongjitang as an associate under the equity method because the Group started to exercise significant influence over Tongjitang by way of presentation on the board of directors and participation in the policy-making process.

The changes in fair value of RMB58,283,000 in respect of the previously held equity interests in Tongjitang were reversed against other comprehensive income in the Period.

(b) On 4 May 2011, Sinopharm Group Co. Ltd. ("Sinopharm"), an associate of the Group, completed its placement of 138,056,825 H shares. After the completion of the placing, the Group's equity interest in Sinopharm was diluted from 34.00% to 32.05%. The gains on deemed disposal of Sinopharm amounting to RMB672,688,000 were credited to other gains during the Period as set out in note 5 to the interim condensed consolidated financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011

12. TRADE AND NOTES RECEIVABLES

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Trade receivables	1,719,304	1,394,348
Notes receivable	4,579,224	4,102,187
	6,298,528	5,496,535

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

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Outstanding balances with ages:		
Within 90 days	1,480,367	1,064,682
91-180 days	99,745	150,930
181-365 days	113,092	141,513
1-2 years	24,658	40,640
2-3 years	6,384	5,796
Over 3 years	52,798	50,613
	1,777,044	1,454,174
Less: Provision for impairment of trade receivables	(57,740)	(59,826)
	1,719,304	1,394,348

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

	Credit terms
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 RMB424,616,000 (31 December 2010: RMB253,285,000) was pledged to certain banks as security for bank loans granted to the Group (note 13).

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Bank loans:	*(1)*		
Guaranteed		**95,000**	1,313,000
Secured		**12,989,726**	12,124,726
Unsecured		**25,520,475**	21,963,487
		38,605,201	35,401,213
Enterprise bonds	*(2)*	**2,485,329**	2,485,329
Corporate bonds	*(3)*	**6,929,624**	2,966,591
Medium-term notes	*(4)*	**2,564,300**	986,104
Senior notes	*(5)*	**1,911,629**	–
Other borrowings, secured	*(1), (6)*	**688,764**	429,900
Other borrowings, unsecured	*(6)*	**1,512,384**	1,552,706
Total		**54,697,231**	43,821,843
Portion classified as:			
Current		**23,159,122**	22,026,769
Non-current		**31,538,109**	21,795,074
Total		**54,697,231**	43,821,843

Notes:

(1) Certain of the Group's bank loans and other borrowings are secured by:

(a) the pledge of certain of the Group's buildings amounting to RMB1,720,453,000 (31 December 2010: RMB888,973,000), plant and machinery amounting to RMB1,203,212,000 (31 December 2010: RMB844,578,000), investment properties situated in Mainland China amounting to RMB2,994,315,000 (31 December 2010: RMB2,551,167,000), prepaid land lease payments amounting to RMB188,625,000 (31 December 2010: RMB171,886,000), inventories amounting to RMB200,000,000 (31 December 2010: RMB600,000,000), properties under development amounting to RMB5,779,978,000 (31 December 2010: RMB5,778,577,000), mining rights amounting to RMB7,459,000 (31 December 2010: RMB131,061,000), bank balances amounting to RMB190,642,000 (31 December 2010: RMB179,091,000), trade and notes receivables amounting to RMB424,616,000 (31 December 2010: RMB253,285,000), time deposits with original maturity of more than three months amounting to RMB1,778,840,000 (31 December 2010: RMB1,968,873,000), investment in an associate amounting to RMB677,376,000 (31 December 2010: 865,487,000), and investment in subsidiaries.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011

13. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

Notes (continued):

(1) Certain of the Group's bank loans are secured by: (continued)

(b) none of the Group's completed properties for sale (31 December 2010: RMB315,519,000) were pledged to secure bank loans.

In addition, the Group's related parties have guaranteed certain of the Group's bank loans up to RMB95,000,000 (31 December 2010: RMB1,313,000,000).

The bank loans bear interest at rates ranging from 1.0% to 7.5% (2010: 0.22% to 7.31%) per annum.

(2) Enterprise bonds

On 27 February 2009, Nanjing Steel United Co. Ltd. issued long-term enterprise bonds with the par value of RMB2,500,000,000 and the effective interest rate is 6.29% per annum. One half of the principal of the enterprise bonds will be repaid on 27 February 2015 and the remainder on 27 February 2016. Interest will be paid annually in arrears.

(3) Corporate bonds

On 25 September 2009, Forte issued five-year domestic corporate bonds with the par value of RMB1,900,000,000 and the effective interest rate is 7.73% per annum. The interest will be paid annually in arrears and the maturity date is 22 September 2014.

On 24 December 2010, Fosun Group issued seven-year domestic corporate bonds with the par value of RMB1,100,000,000 and the effective interest rate is 6.17% per annum. The interest will be paid annually in arrears and the maturity date is 23 December 2017.

On 6 May 2011, Nanjing Iron&Steel Co., Ltd. issued seven-year domestic corporate bonds with the par value of RMB4,000,000,000 and the effective interest rate is 5.98% per annum. The interest will be paid annually in arrears and the maturity date is 6 May 2018.

(4) Medium-term notes

On 8 November 2010, Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("Fosun Pharma") issued five-year medium-term notes with the par value of RMB1,000,000,000 and the effective interest rate is 5.0% per annum. The interest will be paid annually in arrears and the maturity date is 10 November 2015.

On 31 March 2011, Fosun Pharma issued five-year medium-term notes with the par value of RMB1,600,000,000 and the effective interest rate is 6.26% per annum. The interest will be paid annually in arrears and the maturity date is 31 March 2016.

(5) Senior notes

On 12 May 2011, the Company issued five-year senior notes with the par value of USD300,000,000 and the effective interest rate is 7.9% per annum. The interest will be paid semi-annually in arrears.

(6) The other borrowings represent borrowings from third parties, which bear interest at rates ranging from 2.55% to 12.18% (2010: 2.55% to 12.18%) per annum.

14. TRADE AND NOTES PAYABLES

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Trade payables	**4,824,387**	4,440,072
Notes payables	**4,347,620**	4,177,313
	9,172,007	8,617,385

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

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Outstanding balances with ages:		
Within 90 days	**3,140,169**	3,262,713
91-180 days	**296,128**	460,137
181-365 days	**983,812**	98,504
1-2 years	**291,009**	375,793
2-3 years	**53,350**	143,341
Over 3 years	**59,919**	99,584
	4,824,387	4,440,072

15. DIVIDENDS

The directors did not recommend the payment of an interim dividend in respect of the Period (six months ended 30 June 2010: Nil).

The proposed final dividend of HKD0.17 per ordinary share for the year ended 31 December 2010 was declared payable and approved by the shareholders at the annual general meeting of the Company on 23 June 2011.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011

16. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Contracted, but not provided for:		
In respect of:		
Plant and equipment	**1,026,441**	576,433
Properties under development	**5,352,688**	3,576,589
Intangible assets	**–**	210
Mining and exploration rights	**–**	3,780
Investments	**563,183**	624,098
	6,942,312	4,781,110
Authorised, but not contracted for:		
In respect of:		
Plant and equipment	**67,593**	13,259
Investments	**879,308**	307,821
	946,901	321,080

17. CONTINGENT LIABILITIES

The Group had the following contingent liabilities:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Guarantees given to bank loans of:		
Related parties	**981,000**	1,026,800
Third parties	**123,400**	73,400
	1,104,400	1,100,200
Qualified buyers' mortgage loans*	**2,476,654**	3,013,599
	3,581,054	4,113,799

* The Group provided guarantees of approximately RMB2,476,654,000 (31 December 2010: RMB3,013,599,000) in favour of their customers in respect of mortgage loans provided by banks to such customers for their purchases of the Group's developed properties where the underlying real estate certificates can only be provided to the banks in a time delayed manner due to administrative procedures in the PRC. These guarantees provided by the Group will be released when the customers pledge their real estate certificates as security to the banks for the mortgage loans granted by the banks.

The directors consider that in case of default in payments, the net realisable value of the related properties can cover the outstanding mortgage principals together with the accrued interest and penalties and therefore no provision has been made for the guarantees in the interim condensed consolidated financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011

18. RELATED PARTY TRANSACTIONS

(1) During the Period, the Group had the following material transactions with related parties except for transactions disclosed in note 13:

	For the six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Associates:		
Sales of pharmaceutical products	**174,617**	34,121
Purchase of pharmaceutical products	**41,537**	19,023
Purchase of coking coal products	**47,006**	26,694
Service fee	**8,324**	4,529
Transportation fee	**66,866**	42,987
Interest income	**–**	5,310
Interest expense	**–**	6,728
Notional interest	**714**	677
Shareholder loan provided	**266,000**	–
Bank loan guarantees provided	**365,000**	205,000
	970,064	345,069
Non-controlling shareholders of the subsidiaries of the Group:		
Rental fee	**7,639**	2,000
Purchase of iron ore products	**27,964**	–
Notional interest	**–**	5,553
Bank loan guarantees received	**2,584,246**	3,113,950
	2,619,849	3,121,503
Other related parties:		
Sales of pharmaceutical products	**2,323**	2,928
Sales of other products	**34,597**	–
Purchase of other products	**26,004**	–
Shareholder loan provided	**124,595**	225,446
Entrusted bank loan provided	**70,000**	70,000
Interest income	**17,961**	8,797
Interest expense	**10,247**	–
Service fee	**–**	164
Service income	**8,381**	994
Notional interest	**2,947**	2,758
Bank loan guarantees provided	**175,000**	–
	472,055	311,087

In the opinion of the directors, except for bank loan guarantees provided by non-controlling shareholders of the subsidiaries, all other related party transactions as set out above were conducted on normal commercial terms.

18. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	For the six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	**13,060**	9,720
Pension scheme contributions	**228**	185
Total compensation paid to key management personnel	**13,288**	9,905

19. EVENTS AFTER THE REPORTING PERIOD

(a) On 6 July 2011, the Company entered into a securities repurchase agreement with Focus Media Holding Limited ("Focus Media"), pursuant to which Focus Media has agreed to repurchase 1,956,310 Focus Media ADSs from the Company at a total consideration of approximately USD60,000,000 (equivalent to approximately RMB388,290,000). On the same date, the Company entered into a placing agreement with a placing agent, pursuant to which, the placing agent who is an independent third party agreed to purchase from the Company 4,560,000 Focus Media ADSs at a total consideration of approximately USD139,855,000 (equivalent to approximately RMB905,073,000). After the completion of the sales, the Focus Media ADSs held by the Company decreased to 21,612,957.

(b) On 26 July 2011, Shanghai Xingyi Investment Management Co., Ltd., a subsidiary of the Group, with an independent third party of the Group (collectively, the "Joint Bidder") decided to jointly participate in a bid ("Bid") for land use right of land located at Qunli New District, Harbin, the PRC, with a bid price of approximately RMB2,960,000,000, the Joint Bidder succeeded in the Bid on 29 July 2011.

(c) On 10 March 2011, Chongqing Runjiang Real Estate Co., Ltd. (" Chongqing Runjiang"), a subsidiary of the Group, entered into a contract with the Second Military Medical University for the acquisition of the land use right of a piece of land located at Qixia District, Nanjing, the PRC, with a total consideration of RMB2,800,000,000. On 4 August 2011, Chongqing Runjiang received a written notification from the Second Military Medical University in relation to the approval of the contract and the contract came into effective.

20. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 25 August 2011.

STATUTORY DISCLOSURES

INTERIM DIVIDEND

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

SHARE OPTION SCHEME

The Share Option Scheme was adopted on 19 June 2007. The primary purpose of the Share Option Scheme is to provide incentive and/or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of the Group.

Since the adoption of the Share Option Scheme, no share option has been granted by the Company.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2011, the Group had approximately 30,000 employees. The Group provides equal employment opportunities with salaries and benefits at market competitive levels determined by external market remuneration through market research and in accordance with the development and profitability of the Company. The directors and eligible employees of the Group may be granted share options in accordance with the Share Option Scheme. Meanwhile, the Group is making a long-term incentive plan for senior management and mainstay of employees in view of driving their concerns for the long-term development of the Group and achievement of their values. The Group also offers internal and external training opportunities for staff to help them enhance their values.

INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 June 2011, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

(1) Long positions in the Shares, underlying shares and debentures of the Company

Name of Director/ chief executive	Class of Shares	Number of Shares	Type of interests	Approximate percentage of Shares in issue
Guo Guangchang	Ordinary	5,048,701,000[(1)]	Corporate	78.62%
Ding Guoqi	Ordinary	12,940,000	Individual	0.20%
Qin Xuetang	Ordinary	3,880,000	Individual	0.06%
Wu Ping	Ordinary	7,760,000	Individual	0.12%

(2) Long positions in the shares, underlying shares and debentures of the associated corporations (within the meaning of Part XV of the SFO) of the Company

Name of Director/ chief executive	Name of associated corporation	Class of shares	Number of shares	Type of interests	Approximate percentage of shares in issue
Guo Guangchang	Fosun Holdings	Ordinary	1	Corporate	100.00%
	Fosun International Holdings	Ordinary	29,000	Individual	58.00%
	Fosun Pharma	Ordinary	114,075	Individual	0.01%
Liang Xinjun	Fosun International Holdings	Ordinary	11,000	Individual	22.00%
Wang Qunbin	Fosun International Holdings	Ordinary	5,000	Individual	10.00%
	Fosun Pharma	Ordinary	114,075	Individual	0.01%
Fan Wei	Fosun International Holdings	Ordinary	5,000	Individual	10.00%
Qin Xuetang	Fosun Pharma	Ordinary	114,075	Individual	0.01%

Note:

(1) Pursuant to Division 7 of Part XV of the SFO, 5,048,701,000 Shares held by Mr. Guo Guangchang are deemed corporate interests held through Fosun Holdings and Fosun International Holdings.

INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2011, so far as was known to the Directors, the persons or entities, other than a Director or chief executive of the Company, who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of substantial shareholder	Number of Shares directly or indirectly held	Approximate percentage of Shares in issue
Fosun Holdings	5,024,555,500[(2)]	78.24%
Fosun International Holdings[(1)]	5,024,555,500[(2)]	78.24%

Notes:

(1) Fosun International Holdings is owned as to 58%, 22%, 10% and 10% by Messrs. Guo Guangchang, Liang Xinjun, Wang Qunbin and Fan Wei, respectively.

(2) Fosun International Holdings is the beneficial owner of all the issued shares in Fosun Holdings, and therefore Fosun International Holdings is deemed, or taken to be, interested in the Shares owned by Fosun Holdings for the purpose of the SFO. Despite the interests in Shares as recorded in the register pursuant to SFO, Fosun Holdings and Fosun International Holdings (by virtue of its shareholding in Fosun Holdings) is interested and deemed or taken to be interested in 5,048,701,000 Shares as of 30 June 2011.

(3) Mr. Guo Guangchang is the sole director of Fosun Holdings and Fosun International Holdings. Mr. Guo, by virtue of his ownership of shares in Fosun International Holdings as to 58%, is deemed or taken to be interested in the Shares owned by Fosun Holdings for the purpose of the SFO.

Save as disclosed herein and so far as was known to the Directors, as at 30 June 2011, the Company has not been notified by any persons (other than a Director or chief executive of the Company) who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B of the Listing Rules, the changes in the information of the Directors subsequent to the date of 2010 annual report are set out below:

On 23 June 2011, the Company has entered into service contracts with each of the Directors with a term of 3 years.

Mr. Ding Guoqi has been a director of Shanghai Ganglian E-Commerce Holdings Co., Ltd. since January 2007, and such company was listed on the Shenzhen Stock Exchange with stock code 300226 on June 2011.

With effect from 1 January 2011, the annual remuneration of the following Directors was revised as follows:

Name of Director	RMB million	HKD million
Guo Guangchang	3.40	0.72
Liang Xinjun	3.40	0.72
Wang Qunbin	3.40	0.72
Fan Wei	3.40	0.72
Ding Guoqi	2.30	0.72
Qin Xuetang	2.30	0.72
Wu Ping	2.30	0.72

Each of the above Directors is also entitled to an annual bonus of a sum to be determined in accordance with the 2011 Performance Bonus Plan for Directors and Senior Management of the Company.

Save as disclosed, there is no information required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

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

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

COMPLIANCE WITH THE 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.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as its code of conduct regarding Directors securities transactions. Having made specific enquiry with the Directors, all the Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the Reporting Period.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Guo Guangchang *(Chairman)*
Liang Xinjun *(Vice Chairman and Chief Executive Officer)*
Wang Qunbin *(President)*
Fan Wei *(Co-President)*
Ding Guoqi
Qin Xuetang
Wu Ping

NON-EXECUTIVE DIRECTOR

Liu Benren

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chen Kaixian
Zhang Shengman
Andrew Y. Yan

AUDIT COMMITTEE

Zhang Shengman *(Chairman)*
Chen Kaixian
Andrew Y. Yan

REMUNERATION COMMITTEE

Andrew Y. Yan *(Chairman)*
Liang Xinjun
Zhang Shengman

NOMINATION COMMITTEE

Wang Qunbin *(Chairman)*
Zhang Shengman
Andrew Y. Yan

COMPANY SECRETARY

Sze Mei Ming

AUTHORISED REPRESENTATIVES

Qin Xuetang
Ding Guoqi

AUDITORS

Ernst & Young

LEGAL ADVISOR AS TO HONG KONG LAW

Herbert Smith LLP

LEGAL ADVISOR AS TO PRC LAW

Chen & Co. Law Firm

PRINCIPAL BANKERS

Agricultural Bank of China
Bank of Communications
Industrial and Commercial Bank of China
China Construction Bank
China Development Bank
Bank of China
China Everbright Bank
Shanghai Pudong Development Bank
China Merchants Bank
Bank of Beijing
China CITIC Bank
Export-Import Bank of China

REGISTERED OFFICE

Room 808, ICBC Tower
3 Garden Road
Central
Hong Kong

PRINCIPAL OFFICE

No. 2 East Fuxing Road
Shanghai 200010
PRC

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

00656

WEBSITE

http://www.fosun.com

GLOSSARY

FORMULA

EBITDA	=	profit for the year + tax + interest expenses + depreciation and amortisation
Total debt	=	current and non-current interest-bearing borrowings + interest-free loans from related parties
Total capitalisation	=	equity attributable to owners of the parent + non-controlling interests + total debt
Interest coverage	=	EBITDA/interest expenses

DEFINITION

the Board	the board of Directors
CG Code	the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules
Club Med	Club Méditerranée SA
the Company or Fosun	Fosun International Limited
the Director(s)	the director(s) of the Company
Focus Media	Focus Media Holding Limited, a company whose American Depositary Shares are listed on Nasdaq (Stock Code: FMCN)
Forte	Shanghai Forte Land Co., Ltd., a company which was delisted from the Hong Kong Stock Exchange on 13 May 2011
Fosun Capital	Shanghai Fosun Capital Investment Management Company
Fosun Holdings	Fosun Holdings Limited
Fosun International Holdings	Fosun International Holdings Ltd.
Fosun Pharma	Shanghai Fosun Pharmaceutical (Group) Co., Ltd., a company whose A shares are listed on the Shanghai Stock Exchange (Stock Code: 600196)
GFA	gross floor area
the Group	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
Huaxia Mining	Beijing Huaxia Jianlong Mining Technology Co., Ltd.
Jianlong Group	Tianjin Jianlong Iron & Steel Industrial Co., Ltd.
Jin'an Mining	Anhui Jin'an Mining Co., Ltd.
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange

GLOSSARY

Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules
Nanjing Iron & Steel	Nanjing Iron & Steel Co., Ltd., a company whose A shares are listed on the Shanghai Stock Exchange (Stock Code: 600282)
PE	private equity
PRC	the People's Republic of China
Prudential	Prudential Financial, Inc.
Reporting Period	the six months ended 30 June 2011
Resource Property	Shanghai Resource Property Consultancy Co., Ltd.
RMB	Renminbi, the lawful currency of the PRC
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shanjiaowulin	Shanxi Coking Coal Group Wulin Coal Coke Development Co., Ltd.
Shares	the shares of the Company
Share Option Scheme	the share option scheme of the Company adopted on 19 June 2007
Sinopharm	Sinopharm Group Co. Ltd., a company whose H shares are listed on the Hong Kong Stock Exchange (Stock Code: 01099)
USD	United States dollars, the lawful currency of the United States
Yong'an Insurance	Yong'an Insurance Co., Ltd.
Yuyuan	Shanghai Yuyuan Tourist Mart Co., Ltd., a company whose A shares are listed on the Shanghai Stock Exchange (Stock Code: 600655)
Zendai	Shanghai Zendai Property Limited, a company whose shares are listed on the Hong Kong Stock Exchange (Stock Code: 00755)
Zhaojin Mining	Zhaojin Mining Industry Co., Ltd., a company whose H shares are listed on the Hong Kong Stock Exchange (Stock Code: 01818)

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