

**FOSUN INTERNATIONAL LTD:
WHO INVESTED IN THIS CHINESE LEVIATHAN ?
ARE THERE ÉMINENCE GRISES BEHIND THE CURTAINS ?**

Debt service has been strangling Fosun International Ltd () (Code: 656, Main Board, The Stock Exchange of Hongkong Ltd) for at least the 42 months, ended June 30, 2007 – and Senior Management had to find a way out of its choking financial dilemma.

And, in **TARGET**'s opinion, this mounting debt problem and its associated drain on the coffers of this Company was the main reason that Fosun International pitched its **Initial Public Offering (IPO)** on the Main Board of The Stock Exchange of Hongkong Ltd on June 29, 2007.

The Global Offering Prospectus states, at Pages 214 and 215, that the total indebtedness of the Company, as at April 30, 2007, stood at about 20,873.31 million renminbi.

Of that very material sum of money, approximately 33.33 percent was secured, 41.50 percent was unsecured, and 25.16 percent was guaranteed.

Debt service has played an increasingly important role in the determination of the Net Profit Attributable to Shareholders over the 36 months, ended December 31, 2006, amounting to about 573.15 million renminbi in the 2004 Financial Year, rising to about 767.99 million renminbi in the 2005 Financial Year, and rising to a whopping one billion renminbi in the 2006 Financial Year.

Over those 3 Years, therefore, debt service increased by about 74 percent.

As can be seen by studying the Consolidated Income Statements, located at Appendix I-3 of the Prospectus, the Bottom Lines have been restrained, greatly, by debt service, resulting in reduced net earnings over the 3-year, track-record period.

The following table, lifted from the Prospectus, says it all:

	Financial Year, Ended December 31		
	2004	2005	2006
	<u>All Figures Are Denominated In Renminbi'000</u>		
Revenue	7 18,032,991	23,453,184	24,231,018
Cost Of Sales	(14,496,121)	(19,764,021)	(20,123,872)
Gross Profit	3,536,870	3,689,163	4,107,146
Other Income And Gains	986,406	1,474,575	1,389,520
Selling And Distribution	(485,924)	(694,848)	(757,723)

Costs			
Administrative Expenses	(819,626)	(902,902)	(1,012,227)
Other Expenses	(225,946)	(159,420)	(776,573)
Financing Costs	(573,151)	(767,989)	(1,006,587)
Share Of Profits And Losses Of Associates	469,075	257,397	627,741
Profit Before Taxation	2,887,704	2,895,976	2,571,297
Taxation	(570,549)	(581,416)	(827,352)
Net Profit Attributable To Shareholders	2,317,155	2,314,560	1,743,945
Attributable To:			
Equity Holders Of The Parent Company	1,278,901	1,362,444	1,095,801
Minority Interests	1,038,254	952,116	648,144
	2,317,155	2,314,560	1,743,945
Earnings Per Share (In Renminbi)	0.26	0.27	0.22

And, for the Current Financial Year, ending December 31, 2007, Page 229 of the Prospectus states that the Net Profit Attributable to Shareholders is unlikely to be less than 2,151 million renminbi.

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