

Newsletter Fosun International

Fosun International Limited (00656.HK)
www.fosun-international.com

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Challenge ★ Strength ★ Development

Stock Information

Stock price (12/31/2009).....HKD 5.42
52-week range.....HKD 2.05-6.70
Shares in mil.....6,422
Market cap (HKD 10 bil)..... 34.81

Core Businesses ⁽¹⁾

Pharmaceuticals

...Fosun Pharma (600196.SH) 49.0%
...Sinopharm Group (01099.HK) 16.7%

Property Development

..... Forte (02337.HK) 65.7%

Steel

..... NSU 60.0%
.....Jianlong Group 26.7%

Mining

..... Hainan Mining 60.0%
..... Huaxia Mining 18.4%
..... Shanjiao Wulin 20.0%
..... Zhaojin Mining (01818.HK) 8.2%

Retail, Services & Strategic Investments

..... Yuyuan (600655.SH) 17.3%
...Focus Media
(NASDAQ:FMCN) 25.8%
..... Yong'an Insurance 14.6%
... Fosun Capital 100.0%

Note:

1. Effective Shareholding

Performance: Fosun Intl' issued positive profit alert

According to the announcement, based upon the preliminary calculations by the senior management of Fosun Intl', the unaudited consolidated profit for the year 2009 is expected to increase significantly in comparison with that for the year 2008.

The improvement in the performance of Fosun is mainly attributable to:

1. The fair value gain on certain equity investments held by the company;
2. The share of the gain on deemed disposal of the equity interest in Sinopharm Group as a result of Sinopharm Group's successful listing on HKSE in 2009.

Management: to strengthen competitive edge by continuous optimization and efficiency improvement

Customer First

After gaining the title of "National Customer Satisfaction Product" by its medium and heavy plate in 2008, NSU was awarded once again the title of "National Customer Satisfaction Enterprise" on the National User Working Conference i.e. Promotion Conference of Implementing Customer Satisfaction Project in Nov. 2009.

Technological Innovations

The technological cooperation project between NSU and Southeast University has recently won the first prize of "Technology Progress of Jiangsu Province in 2009". By the beginning of December, NSU has owned 70 patents in 2009, which is 184% of that in 2008.

Win-win Cooperation

Recently, Forte entered into strategic cooperation agreement with 4 enterprises, including Shanghai Mitsubishi Elevator etc. This is the second time Forte established such collaboration after its initial partnership with Schneider and Shanghai Construction Group.

This is an important step for Forte as it tries to set up a strategic procurement management system based upon the concept of a total cost management. This is believed to be able to effectively reduce the cost while at same time, to reinforce positive influence by combining the strengths of both excellent brands, thus to achieve a win-win development.

Links to Relevant Information

Fosun International

www.fosun-international.com

Pharmaceuticals

www.fosunpharma.com

Property Development

www.forte.com.cn

Steel

www.njsteel.com.cn

www.ejianlong.com

Mining

www.hnmining.com

www.zhaojin.com.cn

Retail, Services & Strategic Investments

www.yuyuantm.com.cn

www.focusmedia.cn

www.yaic.com.cn

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Investor Relations

Fosun Intl'

Investments/Divestments

Investments:

Fosun Pharma: to consolidate industrial chain by integrating both upstream and downstream industries

Project	Cost (RMB)	Investment Type	Stake
Shanhe Pharmaceutical Excipient Company	23.5 mil	Placement	20%
Industrial ranking and product features:	Ranked the 2 nd by sales among comprehensive pharmaceutical excipient enterprises		
MoluoDan Pharma	161.3 mil	Equity transfer + Placement	70%
Industrial ranking and product features:	Top 50 of Hebei pharmaceutical companies; top 200 of TCM companies. The exclusive "Moluo Dan" series dominate market in therapeutic area of atrophic gastritis treatment, enjoying a monopoly position.		

Yuyuan: to capture strategic investment opportunities in areas that are in close connection with Yuyuan's principle operations

Project	Cost (RMB)	Investment Type	Stake
Zhejiang Tours Holding	52.5 mil	Indirect equity transfer	14.75%
Industrial ranking and product features:	A comprehensive tourism company focusing on tourism development and management of tourist agencies. In 2008, the company was ranked "No. 17 of National Top 100" and "No. 1 of Zhejiang Province", gaining the title of "Most Influential Tourism Enterprise in China" honored by Asia & Pacific Tourism Organization.		

Forte: new project acquisition

Project Location	Equity Ownership	Land Cost RMB/sq.m.	Project Type	Attr. GFA sq.m.
Shanghai	100%	~18,000	residential	49,000

Divestment

Forte: to streamline asset mix and improve balance sheet

Transaction type: transfer of 75% equity interest of the project company

Transaction amount: 2 bil RMB

Estimate profit from the transaction: ~700 mil RMB (2010, pre-tax)

Updates on the progress of major asset reorganization plans

Proposed listing of NSU's steel-related core assets

NISCO plans to implement major reorganization plan by issuing A shares to acquire unlisted steel-related core assets of NSU. Recently, NSICO announced the draft of the plan which has been approved by shareholders in Dec. 2009. This draft has made the following modifications on the basis of its former version:

Value of assets targeted for acquisition: RMB 8.6 bil → RMB 9.1 bil
Issue scheme/Issue price: RMB 4.23 per share → RMB 4.19 per share
Issue scheme/Issue shares: 2.033 bil → 2.107 bil
Fosun's effective stake in NISCO after reorganization: 49.85% → 50.21%

Significance of the reorganization plan proposed:

Increase market value: with the completion of the plan, effective stake of NISCO held by Fosun Intl' will increase, which will improve the overall liquidity status of Fosun's steel asset.

Strengthen competitive advantages: NISCO will increase its iron ore self-supply ratio by becoming the sole owner of Jin'an Mining; Asset injection from NSU will help NISCO in strengthening and improving its core operations

Reduce the volume of connected transactions: The plan will enable NISCO to reduce the volume of its connected transactions and improve its independence and transparency.

Private issuance of A share by Fosun Pharma

Fosun Pharma announced the draft for private issuance of A share last December, which has obtained approval at the shareholder meeting early January. Fosun Pharma will remain a subsidiary of Fosun Intl' upon the completion of A share issue. The December version had the following amendments in comparison to the June version:

Number of A shares issued: Between 20 mil shares and 46 mil shares
Proceeds to be raised via private issuance: 595 mil RMB

Reasons for the A Share Issuance:

To enhance profitability of Fosun Pharma : The raised capital will be used to expand production capacity and improve product mix, which will strengthen Fosun Pharma's competitive advantages and profitability in its segmented market.

To reduce financial risks: the raised capital will improve Fosun Pharma's capital structure and cash flow situation.

Honor to propel growth by developing brand and culture

— Brand development

- ◆ Fosun was presented "The best business model Innovation Award"

— CSR

- ◆ Fosun was presented "China's Top Employers 2010"

— Honors

- ◆ Chairman Mr. Guo Guangchang was presented "the most influential business leader in China"
- ◆ Chairman Mr. Guo Guangchang was presented "Chinese Business Leader Annual Award 2009"
- ◆ President Mr. Wang Qunbin was presented "Chinese Healthcare 60 Years – 60 People"

Disclaimer

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