

# Fosun Newsletter

Fosun International Limited (HK Stock Code: 656)  
www.fosun-international.com

**Newsletter (Dec. 2008)**  
**Invest in China**



## Stock Data

Price(12/31/2008) .....HK\$ 2.54  
52 Weeks Range .....HK\$1.13-10.08  
Shares(Mil).....6,422  
Market Cap(HK\$bil)..... 16.31

## Core Business <sup>(1)</sup>

### Pharmaceuticals

...Fosun Pharma(600196.SH)49.0%  
.....Sinopharm Holding 23.0%<sup>(2)</sup>

### Property Development

..... Forte(2337.HK)65.2%

### Steel

.....Nanjing Steel United 60.0%  
.....Jianlong Group 26.7%  
.....Ningbo Steel 20.0%

### Mining

..... Hainan Mining 60.0%  
..... Jin'an Mining 60.0%  
..... Huaxia Mining 18.4%  
..... Shanxi Coking Coal Mining 20.0%  
..... Zhaojin Mining(1818.HK) 8.2%

### Retails

..... Yuyuan(600655.SH)17.3%

### Financial Services & Strategic Investments

..... Tebon Securities 25.4%  
..... Yong'an Insurance 14.6%  
..... Focus Media 16.78%  
..... Fosun Capital 100.0%

Notes:

(1)Effective Shareholding

(2)Fosun Pharma holds a 47.04% stake of Sinopharm Holding

**Invest** capture investment opportunities in crisis with low cost & high return

## Strategic Investment

### 1. Fosun Intl. acquired 16.78% stake of Focus Media

Project	Acquirer	Cost (USD Mil)	Investment type	Stake
Focus Media <sup>1</sup> (Nasdaq:FMCN)	Fosun Intl.	191.82	Stock purchase in secondary market	16.78% <sup>2</sup>

Notes:

(1) As one of China's largest digital media group, the products of Focus Media include commercial apartment advertising network, in-store advertising network, outdoor LED network, mobile handset wireless advertising network, cinema advertising network and internet advertising network, etc.

(2) As of 23 December 2008

### 2. Fosun Pharma acquired 12.07% stake of Tongjitang Chinese Medicine

Project	Acquirer	Cost (USD Mil)	Investment type	Stake
Tongjitang <sup>1</sup> (NYSE:TCM)	Fosun Pharma	13.11	Stock purchase in secondary market	12.07 % <sup>2</sup>

Notes:

(1) TCM is a pharmaceutical company manufacturing modernized traditional Chinese medicine. Its key product Xianling Gubao is a patent product for the treatment of osteoporosis.

(2) As of 31 December 2008

## Industrial Investment

### 1. Shanghai Forte acquired Changchun Dongcheng International Garden

Project	Acquirer	Cost (RMB Mil)	Investment type	Stake
Changchun Dongcheng International Garden <sup>1</sup>	Forte	413.00	auction	100%

Note:

(1) On 19 Dec. 2008, a wholly subsidiary of Forte acquired a land of 339,000 sq.m. in Changchun city through auction with the GFA of 543,000 sq.m. and floor price of RMB 761/ sq.m.. This land is for residential and commercial uses.

## Manage Continuously improve management efficiency in the economic volatility

### — Technology innovation, development of independent intellectual property rights

#### NSU's patent application in 2008 has increased substantially

As of Oct. 2008, Nanjing Steel United (NSU) has applied for 33 patents including 15 invention patents. The total number of patent application has increased 17 files YOY. By now, NSU has obtained a total of 40 patents, including 18 invention patents.

### — Achieve success by high-quality services

#### The medium/heavy plates of NSU: National Customer Satisfactory Product

On Dec. 2, 2008, Shuangchui Medium/heavy plates of NSU was awarded as "National Customer Satisfactory Product" at the National Users Conference organized by China Association for Quality and China User Committee.

### — Expand market by leveraging government policies

#### NSU's products benefit from Shanghai- Nanjing intercity railway

On Dec. 15, 2008, NSU signed sales contract of 45,000 tons steel products with Shanghai- Nanjing Intercity Railway Shareholding Co. Ltd. These products, including hot-rolled low carbon wire rods, hot-rolled ribbed bars, will be provided by NSU in batches in 1H 09 for the national key project—the construction of Shanghai- Nanjing intercity railway.

## Finance Strengthen multi-channel financing capability

1. NSU submitted its application for an issuance of 5 to 7-year corporate bond of RMB 2.5 bil to National Development and Reform Commission in July 2008.
2. Forte submitted its application for an issuance of 5 to 8-year corporate bond of not more than RMB 1.9 bil to China Securities Regulatory Commission in October 2008.

Note: As of 31 Dec. 2008, the above mentioned proposals are subject to approval.

## Honor Continuous company development propelled by brand and corporate culture

1. On Dec. 15, 2008, Fosun Group was titled as "Domestic-funded Enterprise with Most Love" in "China Charity Prize" by Ministry of Civil Affairs.
2. Fosun Group was awarded the 2008 Best Corporate Citizen by "the 21st Century" newspaper.
3. Yuyuan Mart was titled as "2008 New Commercial Landmark of Shanghai" by Shanghai Commercial Economic Association and Shanghai Business School.
4. On Dec. 15, 2008, Yuyuan was selected as a component stock of Shanghai 180 Index.

## Latest FAQs

### 1. Why does Fosun make an investment in Focus Media?

Fosun made an investment in Focus Media for the following reasons:

To optimize business structure at a time when the prices of global assets are decreased;  
Fosun takes a positive view on industries that are based in China and related to the growing private consumption, including the new media industry, such as Focus Media and so on;  
Fosun's investment in Focus Media is a strategic investment.

### 2. Why does Fosun invest in Focus Media when the world is in the financial crisis?

Fosun has made continuous efforts to explore the value of companies with potentials. Our investment in Focus Media is subject to systematic analysis, long-term observation, field survey as well as examination upon its competitors. Based on broadband internet advertising network, mobile advertising network and outdoor advertising network, the growth of new media has surpassed that of traditional media. Besides, Fosun has adequate cash flow to capture good investment opportunities.

### 3. Will Fosun enter into the board of Focus Media and participate in its business operation?

We are investors rather than operators, and we appreciate the management team of Focus Media for their capability of new media operation and successful track record. Currently, Fosun has no plan to participate in its board.

### 4. Where does the fund come from by which Fosun made investments in Focus Media?

The source of fund is a portion of the proceeds of Fosun's initial public offering.

## Links to Relevant Information

**Fosun International**

www.fosun.com

**Pharmaceuticals**

www.fosunpharma.com

**Property Development**

www.forte.com.cn

**Steel**

www.njsteel.com.cn

www.ejianlong.com

www.ningbosteel.com

**Mining**

www.hnmining.com

www.zhaojin.com.cn

**Retail**

www.yuyuantm.com.cn

**Financial Services**

www.tebon.com.cn

ya.netecweb.com

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## Industrial Trend

### Steel & Mining

**1. Outputs of pig iron, crude steel, steel products, coke and iron ore (Mil tons)**

	Nov.2008	YOY %	YTD	YOY%
Pig Iron	33.52	-16.20	434.14	1.00
Crude Steel	35.19	-12.40	462.96	2.60
Steel Products	42.30	-11.00	530.75	4.30
Coke	20.25	-29.70	300.48	1.80
Iron Ore	72.38	13.30	741.55	20.40

China's crude steel outputs in Nov. is 35.19 million tons, a record low for 30 months, down 12.4% yoy and 2.0% mom. China's crude steel outputs in 2008 is expected to be less than 500 mil tons.

**Source:** China Iron & Steel Association (CISA)

**2. The losses of China's steel industry in Nov is RMB 12.77 bil**

According to the financial report of 71 large/medium sized steel enterprises latest announced by CISA, steel industry suffered losses again in Nov. with a total loss of RMB 12.77 bil. Among them, 48 steel enterprises recorded losses.

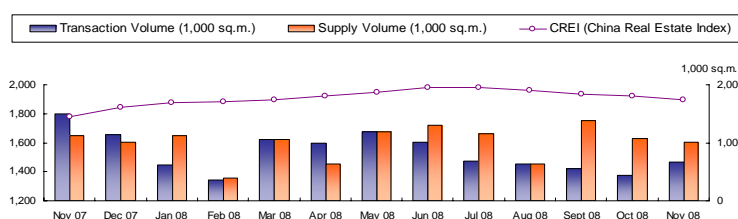
**Source:** [www.mysteel.com](http://www.mysteel.com)

**3. Mainstream steel enterprises increase prices despite of a weak market**

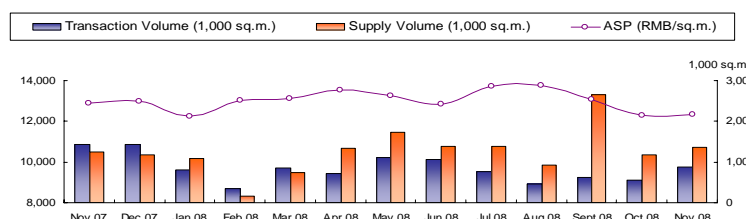
On Dec. 24, Baosteel increased product prices of Feb. 2009, up 6%- 10%. This is the first time for Baosteel to increase price since a substantial fall in Aug. 2008. Capital Iron & Steel and Benxi Iron & Steel also announced order price of Jan. 2009, which is a little up than before.

**Source:** [www.csteelnews.com](http://www.csteelnews.com)

## Property Development

**4. Central and local governments announced new policies, promoting the rebounds of transaction volume in Nov.****Shanghai Average Monthly Transaction**

**Source:** Shanghai Real Estate Development and Management Decision-making Consultation System & [www.valuer.org.cn](http://www.valuer.org.cn)

**Beijing Average Monthly Transaction**

**Source:** [www.bjfdc.gov.cn](http://www.bjfdc.gov.cn)