

# Fosun Newsletter

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

March 2008  
Investing in China



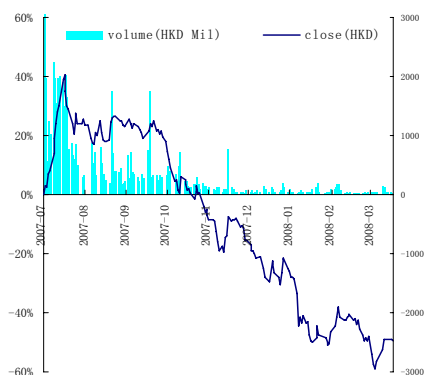
## Stock Data

Recent Price(3/31/2008)....HK\$ 5.25

52 Week Range.....HK\$4.05-15.00

Shares (mil) .....6,422

Market Cap (HK\$ bil) .....33.71



## Core Business (1)

### Pharmaceuticals

.....Fosun Pharma(600196.SH) 49.0%  
.....Sinopharm 24.0%

### Property Development

.....Shanghai Forte(2337.HK) 57.0%

### 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 20.0%  
.....Shanjiao Wulin 20.0%  
.....Zhaojin Mining(1818.HK) 17.1%

### Retail

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

### Financial Services & Strategic Investments

.....Tebon Securities 25.4%  
..... Yong'an Insurance 14.6%  
.....Fosun Capital Management 100 %

Note: (1)Effective Shareholding

## Manage Continuous Management Improvements

In 2007, Fosun International recorded net profit of RMB 3,354 million, increased by 206% yoy. EPS is RMB 0.59. The Board has recommended the payment of a proposed final dividend of HKD0.17 per ordinary share for the year ended December 31, 2007.

### Financial Highlights

(RMB in Mils except where stated)

	2007	2006	Change
Revenue	31,977	24,199	32%
Net Profit	3,354	1,096	206%
EPS (RMB)	0.59	0.22	168%
DPS (HKD)	0.17	-	-

Cash & Bank Balances	14,144	5,063	179%
Net Cash at the Group Level	4,601	-3,084	
Total Debt / Total Assets	33%	43%	
Total Debt / Total Equity	73%	171%	

## Prosper Branding & Corporate Culture to drive the enterprise development

### Forte Land Co., Ltd.

In March 2008, Forte was ranked No. 3 among the Top 100 best real estate developers in terms of risk management capability, jointly awarded by the Enterprise Research Institute of the State Council's Development & Research Center, IRES of Tsinghua University and CIA.

## Industrial Trends

### Steel

### Nanjing Steel United (NSU) achieved significant reduction of fresh water consumption for ton/steel

In the past 4 years, NSU effectively reduced the use of fresh water for ton/steel. Its fresh water consumption for ton per steel decreased from 21 ton in 2005 to 13.96 ton in 2006, and then 7.95 ton in 2007. This figure is further dropped to just 4.92 ton this February. Thus, NSU's water saving measurements have achieved remarkable results.

Source: China Metallurgical News

## Industrial Trends

### Steel

#### Domestic steel market remain stable in late March

Domestic steel market remained stable from March 24 to March 31. Prices for some products remain at a status of adjustment while price recovery is observed in some categories such as cold rolled coil, hot rolled coil, and etc.

Source: China Metallurgical News

#### Domestic demand for Ship Plate is estimated to increase steadily

Based on the steel demand from domestic ship-building, ship-repairing and ocean engineering industries, as well as that from domestic shipyards owned by foreign enterprises, Mr. Zhang, Jiaguo, Chief Researcher at Economic Research Center of CSIC forecasted a domestic need of 41.52 mil tons of ship plates from 2006 to 2010, with an average of 8.30 mil tons per year; the domestic demand will reach 51.41 mil tons from 2011 to 2015, equals to an average of 10.28 mil tons. In total, the need for ship plate between 2006 and 2015 is estimated to be 92.93 mil tons. Taken into consideration the development trend of shipbuilding, the need for steel by our shipping industry will further increased comparing with the forecasted data. The overall need will remain at a relatively high level.

Source: www.mysteel.com

#### London GFMS estimates the price for global long steel products will peak by this May

The London-based consulting firm GFMS recently forecasted a potential significant increase in the price of long plate in 2008. According to GFMS, the price is expected to peak in May. Over the past twelve months, price for global long plates has increased 44%. It is estimated to surge additional 10% by May. The price may be on a downward by the end of the year after its peak.

Source: China Metallurgical News

#### Profit for the first two months of 2008 by large and medium sized steel factories increased 20% over the corresponding period of last year

Based on statistics announced by China ISA, during the first two months of this year, large and medium sized steel companies recorded profit of RMB 22.563 billion, a 20.41% increase over the same period last year.

Source: China ISA

### Mining

#### WSD forecast a potential drop in international spot iron ore prices this summer

World Steel Dynamics, a steel industrial information provider, recently suggested a potential drop in international iron ore prices this summer due to the weakening of "China Demand" as a result of a declining Chinese iron ore imports as well as China's surging domestic production. WSD also estimated a potential fall in 1-year international contract prices in 2009 after a significant 65-71% increase in 2008. WSD forecasted the scale of decrease can be up to 20%

Source: www.custeel.com

#### China Coking Industry Association (CCIA) predicted that China's coke demand will reach 360 million tons this year

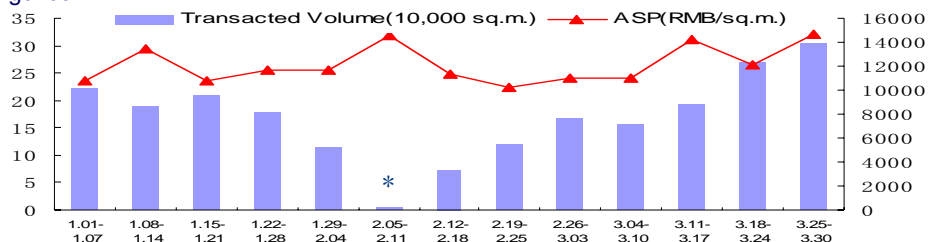
Due to the rapid growth of economy, CCIA predicted that China's coke demand may reach approximately 360 million tons in 2008. With an estimated global crude steel production volume exceeding 1.40 billion tons and an estimated global pig iron production volume exceeding 1.0 billion tons, the global coke apparent consumption is expected to exceed 600 million tons.

Source: CITA

### Property development

#### Shanghai weekly transactions warming up in March (primary residential Market Jan. 1. - March. 30, 2008)

Source: www.fangdi.com



Note: \* the lower transaction volume from Feb. 5 to Feb. 11 was due to Spring Festival break

## Links to Relevant Information

### Pharmaceuticals

[www.fosunpharma.com](http://www.fosunpharma.com)

### Property

[www.forte.com.cn](http://www.forte.com.cn)

### Steel

[www.njsteel.com.cn](http://www.njsteel.com.cn)  
[www.ejianlong.com](http://www.ejianlong.com)  
[www.ningbosteel.com](http://www.ningbosteel.com)

### Mining

[www.hnmining.com](http://www.hnmining.com)  
[www.zhaojin.com.cn](http://www.zhaojin.com.cn)

### Retail

[www.yuyuantm.com.cn](http://www.yuyuantm.com.cn)

### Financial Service

[www.tebon.com.cn](http://www.tebon.com.cn)  
[ya.netecweb.com](http://ya.netecweb.com)

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## Answers to Recent FAQs

### 1. What is the detailed breakdown of cost of goods sold in steel segment?

The chart below is cost structure of NSU, a subsidiary of Fosun International:

	% in total cost
Iron Ore	29%
Purchase Steel Scrap	14%
Coking Coal, Coke	16%
Others	41%
Total	100%

### 2. 2008 outlook for steel segment and what is the effect of increasing cost of iron ore?

In general, we expect the price hikes could cover the cost increase in 2008. Using NSU as an example, in 2007, NSU's cost per ton is approximately 3,268 yuan/ton. In 2008 the price of steel products keep fluctuating with the market trends. In March 2008, the price of NSU's steel products hiked about 12% compared with that of December 2007 while the cost raised about 10%. The corresponding price for medium / heavy plate increased by about 13% while its cost raised about 13%.

### 3. Fosun's self-supply ratio of iron ore

Based on the effective production volume, Fosun steel's iron ore self-supply rate is near to 20% for 2007 and estimated to be near to 34% in 2008.

Note:

(1) The production volume of steel is calculated on the pig iron production volume base

(2) Calculation is based on the assumption of 1.6 tons of iron ore for 1 ton of pig iron

### 4. What is the breakdown of Fosun International's one-off profit?

In 2007, Fosun International recorded one-off profit of approximately 1,327 million RMB <sup>(1)</sup>, the breakdown of which are listed as bellows (RMB in Mils)

Segments	to segment	to Fosun Intl.
Pharmaceuticals( Fosun Phamrma)	190	93
Property development (Forte)	390	204
Steel (Nanjing Steel United)	757	454
Mining (Huaxia)	129	129
Others	541	447
Total	2007	1327

Note: (1)Management data, not audited

in the past several years. Fosun Intl. on an annual basis have approximate 600-800 million one-off profit.