

Fosun Newsletter

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

Newsletter (Sep. 2008)

To brave a crisis — invest in China



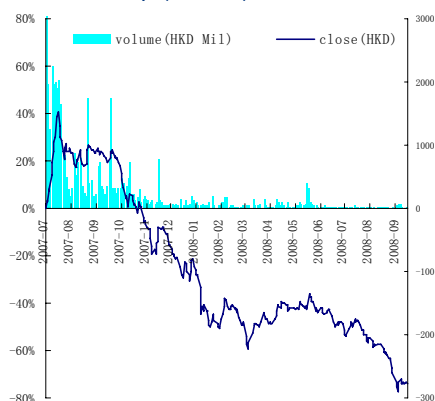
Stock Data

Recent Price(7/31/2008)...HK\$ 2.67

52 Weeks Range ...HK\$ 2.36-13.10

Shares (Mil).....6,422

Market Cap (HK\$Bil)..... 17.15



Highlights of the issue

Invest & Delivery

- Hainan Mining invests in venture project to explore for iron ore deposits
- Fosun International's wholly owned subsidiary invests in Zunyi Ni/Mo mining project

Manage & Improve

- Net profit growth of Fosun's steel and pharmaceutical segments is leading in respective industries
- NSU's important technology upgrade project commenced production successfully
- NSU received its first major order for E,F Class shipplates

Invest to capture investment opportunities in crisis with low cost and high return

Yunnan Laoxiangkeng iron ore exploration project—to discover more deposits at a reasonable cost with manageable risk

Hainan Mining has signed an agreement with Chengdu Dashi Mining to explore iron ore deposits at Laoxiangkeng. Form of further collaboration will be determined based on the actual outcome.

Project	Investment Type	Cost	Stake
Yunnan Laoxiangkeng exploration project	Equity acquisition	2.10 mil RMB (E)	70%

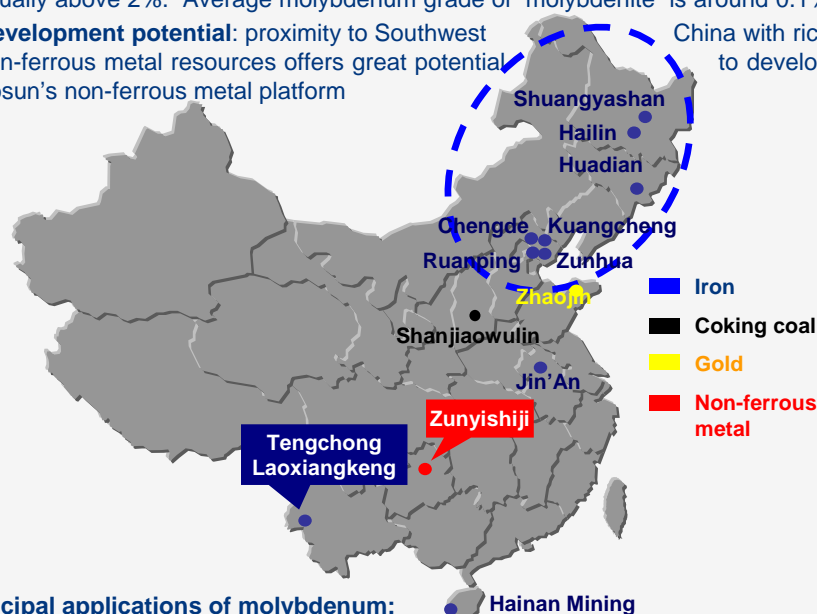
Guizhou Zunyi high-grade Ni/Mo project—to lay a solid foundation for Fosun's non-ferrous metal mining platform

Investment entity: Shanghai Fosun Mining Investment Management Co. Ltd. (a wholly-owned subsidiary of Fosun International)

Project	Investment Type	Cost	Stake
Guizhou Zunyi molybdenum mining project	Placement	190 mil RMB	55%

Project uniqueness:

- **Rich deposits:** proven molybdenum deposits is about 8,596 tons, estimated molybdenum prospective deposits is about 21,866 tons.
- **High grade:** average molybdenum grade of Ni/Mo ore exceeds 5%, which is usually above 2%. Average molybdenum grade of molybdenite is around 0.1%.
- **Development potential:** proximity to Southwest non-ferrous metal resources offers great potential



Principal applications of molybdenum:

- Steel (alloy/stainless steel/tool steel/high-speed steel/cast iron) ≈80%
- Chemical products
- Molybdenum metal products
- High-temperature high-strength superalloys

Core Business ⁽¹⁾**Pharmaceuticals**

...Fosun Pharma (600196.SH)49.0%
 Sino Pharm 23.0%⁽²⁾

Property Development

..... Forte(2337.HK)62.8%

Steel

..... NSU 60.0%
Jianlong Group 26.7%
Ningbo Steel 20.0%

Mining

..... Hainan Mining 60.0%
 Jinan Mining 60.0%
 Huaxia Mining 18.4%
 Shanjiao Wulin 20.0%
 Zhaojin Mining(1818.HK) 17.1%

Retails

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

Financial Services**and other Strategic Investment**

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

Notes:

(1)Effective Shareholding

(2)Fosun Pharma owns 47.0% stake of Sinopharm

Links to Relevant Information**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

Retails

www.yuyuantm.com.cn

Financial Services

www.tebon.com.cn
 ya.netecweb.com

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Manage Counteract economic turbulence with strong competitive strength achieved by continuous management improvement**— Corporate performance exceeds industrial average**

1. In 1H 08, Fosun's steel segment recorded a 78% YoY profit increase. The equivalent profit growth of China's large/medium-sized steel enterprises was 26%, which would be reduced to only about 14% if excluding attributable factors such as investment returns and increased outputs,
2. In 1H 08, YoY net profit growth of Fosun Pharma topped 250%, while that of China's listed pharmaceutical companies (chemical preparations) was only 14%. Fosun Pharma ranks No. 2 among 35 listed industrial peers.

— Upgrade technology and enhance efficiency

1. NSU's EAF plant's tech-upgrade project commenced production. The project is challenging as it involves upgrade of a continuous caster for blooms and the construction of an all-steel plant. With the joint efforts of NSU and China metallurgical Group, it took only 10 months and 21 days to complete the project.

— Optimize production mix and expand new market

1. In early Sep., NSU signed supply contract of E, F Class high strength shipplates for 2009 with Singapore Keppel Group., together with a strategic cooperation agreement. This is the first order of its kind NSU received since its certification scope was extended by classification societies of 9 nations in July this year.

— Honor

1. Tebon Securities's website was again awarded "China's top financial and securities websites—the best online brokerage website" by Securities Times.

Industrial Trends**Steel****1. China's steel exports achieved record high in Aug 2008**

According to the latest statistics by Customs, China's steel exports rebounded substantially in Aug to 7.68 mil tons, registering a 6.5% MoM growth and a 42.8% YoY growth. Exports of bars, plates and wire rods increased by 83.6%, 40.9% and 50.5% YoY respectively. Reasons for the surge in export are: I. The price gap between domestic and international steel products still exists; II. It's said that China may pose more measures to further regulate steel export which leads to a panic rush for export.

Source: www.mysteel.com

2. China recorded a 0.2% YoY drop in steel outputs in Aug. 2008.

China's crude steel outputs in Aug increased by 1.3% YoY while steel products outputs decrease by 0.2%. Both outputs recorded a MoM drop of 5.2% and 6% respectively. According to insiders' analysis, production restrains due to the Olympics remains the main driver for this evident decrease in crude steel outputs. Other important reasons include a declining market in Jul and Aug, as well as increasing pressures on eliminating backward productivity and on energy saving and emissions reduction imposed by the government.

Source: China Iron & Steel Association

3. Steel market shows no signs of recovery, and 25 steel enterprises began to reduce prices.

Status of falling steel prices hasn't changed in Sep. which is a traditional booming season. From Sep 15th to 19th, 25 companies decided to reduce prices for steel products. Baosteel also cut the Nov. futures prices of domestic steel products by RMB500-800 yuan/ton. According to analysts, with a slowing economy, a boost for the 4Q demand is unlikely despite of a traditional booming season in accord with the end of the Olympics. The pessimistic sentiment of the market is unlikely to change in a short term.

Source: www.mysteel.com