



July 30-31, 2019, Jianghai Hotel, Fosun 2019 was held in Shanghai. Attendance includes Mr. Guo Guangsheng, Chairman of Fosun International, Mr. Wang Dunbin, CEO, Mr. Xu Xiaoliang, co-president, Minlin Wang, Chief Growth Officer, Mr. Dong Ping, SVP and CEO of Fosun Blue Holding and Mr. Thomas Xue, CFO. They had in-depth discussion with attending investors and shareholders over a myriad of interested topics.



Investors and analysts from major institutions also attended the forum, including Goldman Sachs, Morgan Stanley, JP Morgan, Nomura, Citicobank Securities, Tianfeng Securities and Haxing Securities, etc.

In his opening speech, Mr. Wang Dunbin said that Fosun would continue to implement its global strategy and seek investment opportunities globally while bringing high-quality products and services to the Chinese customers. It will seek the opportunity to bring the Chinese products and services to overseas customers.



Below are the summary of the key Q&As between Chairman Guo and investors.

1. Economic volatility and cycles

Q: The market had been concerned about the downward trend of the global economy. The report released by the World Bank yesterday has lowered its forecast on the economic growth for 2019 and 2020. What will Fosun do to adjust to these changes and face well through the economic cycles?

A: As a company, it is hard to avoid economic cycles, including the industrial cycle, the capital cycle, and the innovation in the global market. The core strategy of Fosun is to focus on our own business and strengthen industrial capabilities.

Over the past few years, we have established global strategies focusing on family customers in three areas of health, happiness and wealth. Going forward, we will stay to implement 1+1 strategy. By deepening our industrial operations, we aim to build a C&F. These enterprises with multiple 20+ industry groups.

Secondly, China is still one of the fast growing economies with huge market potential. With roots in China, we firmly believe that China will see great opportunities for its future. In the perspective of consumption in our revenue continues reach new high, we are transitioning into a consumption-oriented and technology-driven enterprise. Fosun is positive about the consumption upgrade of the family customers in China, and thus we will strengthen our investments in those areas in China.

2. Operational Transformation

Q: Fosun used to be investment-driven. We notice that Fosun is now paying more attention to the consumption-related businesses and the application of internet technology in the industry operations. Will this change affect the previous operations and organizational structures?

A: Throughout different stages of development, Fosun has different prioritized strategies. Paying attention to industrial operations does not mean we are giving up on the priorities on investments. Investment capability has always been one of the core capabilities of Fosun and already become an integral part. Our investments and industry operations are empowering each other, which will continue to drive our group's overall development.

As for the internet, the battlefield has transitioned from industry-based application to the vertical domain. To succeed, we should harness strong industrial operational capabilities and deep understanding of the internet. Previously, we are mainly in the business model of 2B2C - namely conducting B businesses first before reaching out to C customers. But we witnessed more of Fosun's business approach and customer directly. For instance, our COO Robin Wang tested water on collaborating with internet celebrities to reach out to the end customers. In addition, we also have our Fosun Family Day in May 15th to approach family customers and cater into their needs.

3. Low share price

Q: The stock price of Fosun is a bit low. Have you considered the option of privatization of Fosun?

A: In comparison with our growth, Fosun has indeed been undervalued. To solve this issue, we have been consistently buying back. But we will not consider privatization because the listed status of the Fosun International is of importance to our strategy. In order to help more investors to understand Fosun and its value, we increase our communication and interaction with investors, including domestic institutions and high-net-worth individuals.

It is worth mentioning that Fosun has gradually transitioned into a consumer-oriented company through its focus on the operations. As a consequence, the transformation will also eventually change the valuation methodology to technology-driven and consumption-oriented multiples. In this case, our current PE multiple of 5 is way too low. But on the other side, there's tremendous room for growth if the valuation of the PE methodology is widely recognized. All in all, what matters most to manage the company well and focus on the growth of our enterprise. A good enterprise will always attract market recognition in the end.

Fosun's soccer investment

Q: Congratulations to the great performance of Wolverhampton last season. Could you give us a better understanding of the future strategy of Wolverhampton? When are you planning to win the Premier League?

A: I am now a big fan of soccer. Different from those who invest in what they like, I fall in love with what I invest. To be frank, I didn't watch soccer very often. Since I involved in the Wolverhampton, I have started to watch soccer a bit, even at 2 am in the morning. Soccer is one of the most exciting sports.

Admittedly, it takes time to build a successful soccer team. We are not buying soccer teams, Fosun is gradually building a world-class team. Our target is to create a team stronger than Manchester City and Liverpool and eventually win the championship in the English Premier League and UEFA Champions League.

As for the Wolverhampton, I have one more point to add. One of the critical parts of our 10-year soccer strategy is to support the development of Chinese Soccer. Wolverhampton is of critical importance to our strategy as Wolverhampton has a strong youth training program. Thus, we are bringing the youth program to search for young talented Chinese soccer players globally. I believe in the next three to five years, there will definitely be Chinese players from Wolverhampton training program to play for our national team. This is one of our goals.

5. About Talents and Organization

A: But I need to emphasize a bit more on talents. The most valuable assets of Fosun are still our people just like a soccer team, what matters most are the players and the manager. A team cannot function without these people. We have many of our board members and global partners present today and speak to the audience. They have one thing in common - that is the entrepreneurship.

To Fosun, we want to create a platform for these people, they also need collaborations among the platform, just like a soccer team, it is not about just one player, but a whole team of 11 players who are collaborating with each other. This is the process of developing a system. So, please be reassured that we will keep up our efforts and persist to create the value for Fosun.

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