

**SPARKLE ASSETS LIMITED**  
(the “**Company**”)  
(Incorporated in the British Virgin Islands with limited liability)

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**ANNOUNCEMENT**

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We refer to the US\$400,000,000 6.875% Senior Notes due 2020 issued by the Company on 30 January 2013 and guaranteed by, *inter alias*, Fosun International Limited (the “**Parent Guarantor**”).

The Parent Guarantor has released the attached announcement dated 28 April 2016 on The Stock Exchange of Hong Kong Limited.

BY ORDER OF THE BOARD

Qin Xuetang  
Director

28 April 2016

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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares of Fosun International Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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**MAJOR AND CONNECTED TRANSACTION**

**DELEGATION OF VOTING RIGHTS IN NANJING NANGANG**

**Independent Financial Adviser to the Independent Board Committee  
and the Shareholders of the Company**



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## DEFINITIONS

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*In this circular, the following expressions have the following meanings, unless the context requires otherwise:*

|                                |                                                                                                                                                                                                           |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Announcement”                 | the announcement dated 31 December 2015 issued by the Company in relation to the Delegation                                                                                                               |
| “associate(s)”                 | has the meaning ascribed to it under the Listing Rules                                                                                                                                                    |
| “Board”                        | the board of Directors                                                                                                                                                                                    |
| “Company” or “Fosun”           | Fosun International Limited, a company incorporated under the laws of Hong Kong and the Shares are listed and traded on the main board of the Hong Kong Stock Exchange (Stock Code: 00656)                |
| “connected person(s)”          | has the meaning ascribed thereto under the Listing Rules                                                                                                                                                  |
| “Delegation”                   | the delegation of the voting rights held by Fosun Industrial Development in Nanjing Nangang to Nanjing Iron & Steel Group through the execution of the Proxy                                              |
| “Directors”                    | the directors of the Company                                                                                                                                                                              |
| “Fosun High Technology”        | Shanghai Fosun High Technology (Group) Co., Ltd. (上海復星高科技(集團)有限公司), a limited liability company incorporated under the laws of PRC and a wholly-owned subsidiary of the Company                           |
| “Fosun Holdings”               | Fosun Holdings Limited                                                                                                                                                                                    |
| “Fosun Industrial Development” | Shanghai Fosun Industrial Technology Development Co., Ltd. (上海復星工業技術發展有限公司), a limited liability company incorporated under the laws of PRC and an wholly-owned subsidiary of Fosun Industrial Investment |
| “Fosun Industrial Investment”  | Shanghai Fosun Industrial Investment Co., Ltd. (上海復星產業投資有限公司), a limited liability company incorporated under the laws of PRC and a wholly-owned subsidiary of Fosun High Technology                      |
| “Fosun International Holdings” | Fosun International Holdings Ltd.                                                                                                                                                                         |
| “Fosun Pharma”                 | Shanghai Fosun Pharmaceutical (Group) Co., Ltd.                                                                                                                                                           |
| “Group”                        | the Company and its subsidiaries                                                                                                                                                                          |
| “HKFRS”                        | Hong Kong Financial Reporting Standards                                                                                                                                                                   |
| “Hong Kong”                    | the Hong Kong Special Administrative Region of PRC                                                                                                                                                        |
| “Hong Kong Stock Exchange”     | The Stock Exchange of Hong Kong Limited                                                                                                                                                                   |

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## DEFINITIONS

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|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Independent Board Committee”                               | the independent board committee of the Company comprising all the independent non-executive Directors of the Company, being Mr. Zhang Shengman, Mr. Zhang Huaqiao, Mr. David T. Zhang and Mr. Yang Chao                                                                                                                             |
| “Independent Financial Adviser” or “Lego Corporate Finance” | Lego Corporate Finance Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee and Shareholders in respect of the transactions contemplated under the Proxy |
| “Latest Practicable Date”                                   | 21 April 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein                                                                                                                                                                                       |
| “Listing Rules”                                             | the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange                                                                                                                                                                                                                                                       |
| “Nanjing Iron & Steel Group”                                | Nanjing Iron & Steel Group Co., Ltd. (南京鋼鐵集團有限公司), a limited liability company incorporated under the laws of PRC and is appointed as the assignee by Fosun Industrial Development under the Proxy                                                                                                                                  |
| “Nanjing Nangang”                                           | Nanjing Nangang Iron & Steel United Co., Ltd. (南京南鋼鋼鐵聯合有限公司), a limited liability company incorporated under the laws of PRC                                                                                                                                                                                                        |
| “PRC” or “China”                                            | the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of PRC and Taiwan                                                                                                                                                                                        |
| “Proxy”                                                     | the proxy executed by Fosun Industrial Development to appoint Nanjing Iron & Steel Group as its proxy in respect of all the shares held by Fosun Industrial Development in Nanjing Nangang                                                                                                                                          |
| “RMB”                                                       | Renminbi, the lawful currency of PRC                                                                                                                                                                                                                                                                                                |
| “SFO”                                                       | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time                                                                                                                                                                                                                               |
| “Shanghai Stock Exchange”                                   | The Shanghai Stock Exchange                                                                                                                                                                                                                                                                                                         |
| “Share(s)”                                                  | the shares of the Company                                                                                                                                                                                                                                                                                                           |
| “Shareholder(s)”                                            | holder(s) of the issued ordinary share(s) of the Company                                                                                                                                                                                                                                                                            |
| “Waivers”                                                   | the three waivers granted under each of Rules 14.41(a), 14A.37 and 14A.46(2) of the Listing Rules                                                                                                                                                                                                                                   |
| “%”                                                         | per cent                                                                                                                                                                                                                                                                                                                            |

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## LETTER FROM THE BOARD

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**FOSUN 复星**  
**復星國際有限公司**  
**FOSUN INTERNATIONAL LIMITED**  
*(Incorporated in Hong Kong with limited liability)*  
(Stock Code: 00656)

**Directors:**

*Executive Directors:*

Mr. Guo Guangchang (*Chairman*)  
Mr. Liang Xinjun (*Vice Chairman and Chief Executive Officer*)  
Mr. Wang Qunbin (*President*)  
Mr. Ding Guoqi  
Mr. Qin Xuetao  
Mr. Chen Qiyu  
Mr. Xu Xiaoliang

*Independent Non-Executive Directors:*

Mr. Zhang Shengman  
Mr. Zhang Huaqiao  
Mr. David T. Zhang  
Mr. Yang Chao

**Registered address:**

Room 808, ICBC Tower  
3 Garden Road  
Central  
Hong Kong

28 April 2016

*To the Shareholders*

Dear Sir or Madam,

### MAJOR AND CONNECTED TRANSACTION

### DELEGATION OF VOTING RIGHTS IN NANJING NANGANG

#### 1. INTRODUCTION

Reference is made to the Announcement whereby the Company announced that on 31 December 2015, Fosun Industrial Development, an indirect wholly-owned subsidiary of the Company, executed a Proxy to appoint Nanjing Iron & Steel Group as its proxy in respect of all the shares held by Fosun Industrial Development in Nanjing Nangang at nil consideration (namely, the “**Delegation**”).

Before the execution of the Proxy, Nanjing Nangang was a 60% indirectly owned subsidiary of the Company (30% owned by Fosun High Technology, 20% owned by Fosun Industrial Investment, 10% owned by Fosun Industrial Development).

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## LETTER FROM THE BOARD

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Upon the execution of the Proxy, the Company was deemed to be indirectly interested in 50% of the voting rights of Nanjing Nangang while Nanjing Iron & Steel Group was deemed to be interested in 50% of the voting rights of Nanjing Nangang, and Nanjing Nangang ceased to be accounted for as a subsidiary of the Company in accordance with the prevailing accounting standards under the HKFRS. The Proxy is revocable at the option of the Group. When considering whether to revoke the Proxy, the Board will take into account of a number of factors such as, the financial performance of Nanjing Nangang, whether the vision of Nanjing Iron & Steel Group in the operation of Nanjing Nangang remains in line with that of the Board, and whether the revocation would be in the best interests of the Company and the Shareholders as a whole. As the Board has no present intention to revoke the Proxy, it would be practically difficult for the Company to assess the financial impact on the Group if the Proxy was revoked. The Board also has no present intention to further dispose of or delegate the voting rights attached to the shares in Nanjing Nangang.

The Company will comply with the relevant requirements of the Listing Rules when the Board intends to revoke the Proxy.

The purposes of this Circular, among other things, are:

- (1) to provide you with further details of the Proxy;
- (2) to set out the recommendation of the Independent Board Committee in respect of the Proxy; and
- (3) to set out the letter of advice from Lego Corporate Finance to the Independent Board Committee and the Shareholders in respect of the Proxy.

## 2. SUMMARY OF FINANCIAL RESULTS OF NANJING NANGANG

A summary of the consolidated financial results of Nanjing Nangang which were included in the audited consolidated financial statement of the Company prepared under HKFRS for two fiscal years immediately prior to the Latest Practicable Date is as follows:

|                   | Year ended 31 December |                |
|-------------------|------------------------|----------------|
|                   | 2015                   | 2014           |
|                   | <i>RMB'000</i>         | <i>RMB'000</i> |
| Revenue           | 21,986,032             | 27,272,049     |
| Profit before tax | 1,730,470              | 460,068        |
| Profit after tax  | 770,292                | 355,522        |

The audited consolidated total assets of Nanjing Nangang as at 31 December 2015 amounted to approximately RMB44.9 billion, mainly including RMB23.8 billion fixed assets, RMB5.0 billion cash and bank balances, RMB3.9 billion notes receivable, RMB2.6 billion inventories, RMB1.7 billion investments at fair value through profit or loss, as well as RMB1.2 billion available-for-sale investments. The audited consolidated net assets of Nanjing Nangang as at 31 December 2015 amounted to approximately RMB12.8 billion.

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## LETTER FROM THE BOARD

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### 3. REASONS FOR AND BENEFITS OF GRANTING THE PROXY

#### A. *The key benefits of granting the Proxy*

The Proxy was granted for the following reasons, and is expected to bring the following benefits to the Group:

##### *(a) Improving operational structure in an increasingly competitive market*

China's iron and steel industry is advancing into a "new normal" phase. As PRC economic growth declines, the demand for iron and steel is expected to slump. However, outputs of crude steel are high and supply is far greater than demand in the iron and steel market, and the price of iron and steel is expected to continue to recede at a pace much quicker than that of raw minerals. In addition, ever tightening regulations in PRC in relation to environmental protection is expected to increase the cost of production in the iron and steel industry.

In light of the above, it is imperative for Nanjing Nangang to adapt to the changing market by improving its operational structure, so as to streamline the operation of Nanjing Nangang and to maintain its competitiveness in a declining market.

Prior to the Delegation, Nanjing Iron & Steel Group already held 40% equity interest in Nanjing Nangang, and has had a history of heavy engagement in the iron and steel industry. Following the Delegation, the heightened influence of the Nanjing Iron & Steel Group is likely to drive the progression of Nanjing Nangang in one respect, while allowing the Group to continue to support the business of Nanjing Nangang collaboratively with Nanjing Iron & Steel Group in another respect.

##### *(b) Allowing the Group to focus on its core business at nil consideration*

The Delegation is in line with the Group's business strategy. As a result of the Delegation, Nanjing Iron & Steel Group will be able to exercise the voting rights attached to 50% of the shares of Nanjing Nangang, thus allowing it to assert greater influence over the operation and management of Nanjing Nangang, using its expertise in the iron and steel industry in engaging with the daily operations of Nanjing Nangang, while also allowing the Group to flexibly allocate management resources that had been focused on Nanjing Nangang prior to the Delegation to concentrate on the Group's core businesses.

As such, through the Delegation, Nanjing Iron & Steel Group will effectively be providing a professional management service to the Group at nil consideration. The Company believes that this arrangement is much more economical and beneficial to the Company, as and when compared to hiring third party managers to manage Nanjing Nangang, and is also expected to help reduce the managerial resources and expenses required by the Group in managing Nanjing Nangang.

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## LETTER FROM THE BOARD

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*(c) Expected reduction in administrative expenses attributable to Nanjing Nangang as a result of the Delegation*

Notwithstanding the execution of the Proxy, the Company remains the holder of 60% equity interest in the shares of Nanjing Nangang, and accordingly shall continue to enjoy 60% of the economic benefit (such as dividend income and capital gains in the future) derived from Nanjing Nangang.

Further, as highlighted above, as a result of the Delegation, Nanjing Iron & Steel Group will effectively be providing management services to the Group in relation to Nanjing Nangang on a charge free basis, and accordingly, is expected to help reduce the managerial resources and expenses required by the Group in managing Nanjing Nangang.

*(d) No change in the Company's equity attributable to owners as a result of the Delegation*

Although upon the execution of the Proxy, Nanjing Nangang ceased to be accounted for as a subsidiary of the Company in accordance with the prevailing accounting standards under the HKFRS and its operating results will no longer be consolidated in the financial statements of the Company, the Company will account for its interest in Nanjing Nangang as an interest in a joint venture under the equity-method (i.e. the Company will record 60% share of profit and loss of Nanjing Nangang in its consolidated income statement, and will accordingly increase or decrease its investment in Nanjing Nangang on its consolidated balance sheet).

On the aforesaid basis, the Company's equity attributable to owners of the parent under such equity-method will be consistent with what the Company would account for should Nanjing Nangang continue to be consolidated in the financial statements of the Company as a subsidiary of the Company.

***B. Advantages of the grant of the Proxy compared with alternative options***

When considering how Nanjing Nangang is best managed going forward, the Board has considered various options, such as by way of (i) a revocable Proxy ("**Option A**"), (ii) a disposal of 10% equity interest in Nanjing Nangang to Nanjing Iron & Steel Group ("**Option B**"), and (iii) the entering into of an understanding with Nanjing Iron & Steel Group that it will abstain from voting on certain decisions at board and shareholders' meetings with respect to Nanjing Nangang ("**Option C**"). The Board considers that Option A is in the best interest of the Company and the Shareholders as a whole, for the following reasons:

*(a) Greater influence by Nanjing Iron & Steel Group on Nanjing Nangang*

After executing the Proxy, Nanjing Nangang will be operated and managed in line with a traditional 50:50 joint venture, where parties to the joint venture have an equal power to operate and manage the affairs of Nanjing Nangang (as compared with Option C, where (i) Nanjing Nangang will be relying on a negative undertaking from the Company in not

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## LETTER FROM THE BOARD

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exercising the voting rights attached to its Nanjing Nangang shares; and (ii) the Company may be effectively prohibited from making certain decisions at the board and shareholder level at Nanjing Nangang).

The Company expects that this will bring a much greater incentive on Nanjing Iron & Steel Group to better manage and operate Nanjing Nangang, so as to bring forth the benefits set out in the sub-section headed “A. *The key benefits of granting the Proxy*” above.

**(b) *Simplicity***

As compared with Option B and Option C, Option A offered a simple solution to both the Group and Nanjing Iron & Steel Group on the ongoing management structure of Nanjing Nangang. On one hand, as the grant of Proxy does not involve the actual sale of shares in Nanjing Nangang, the Group and Nanjing Iron & Steel Group would not need to negotiate or appraise the value of the 10% equity interest in Nanjing Nangang, while on the other hand, the Group and Nanjing Iron & Steel Group also would not need to go into lengthy discussions as to which resolutions the Group should abstain from voting on in the future.

**(c) *No change in the Company’s equity attributable to owners as a result of the Delegation***

After the execution of the Proxy, the Company remains the holder of 60% equity interest in Nanjing Nangang, and accordingly the Company shall continue to enjoy 60% of the economic benefit (such as dividend income and capital gains in the future) derived from Nanjing Nangang. As such, Option A is also a more attractive option to the Company than Option B.

Based on the abovementioned factors, the Board is of the view that, as and when compared with the other options, the execution of the Proxy is of the best interest of the Company and its Shareholders as a whole.

#### **4. FINANCIAL EFFECTS OF THE PROXY**

Based on the reasons set out in the section headed “3. *Reasons for and benefits of Granting the Proxy*” above, the Directors are of the view that in the foreseeable future, the Company will not revoke the Delegation.

The Group will not receive any cash inflow as a result of the execution of the Proxy. The consideration for the Proxy was determined after arm’s length negotiations between Fosun Industrial Development and Nanjing Iron & Steel Group, having taken into account the factors set out in the section headed “3. *Reasons for and benefits of Granting the Proxy*” above.

In accordance with HKFRS 10, paragraph 25 (see below), the Group is allowed to recognize a deemed gain on deemed disposal of Nanjing Nangang into the consolidated income statement for the year ended 31 December 2015, based on the difference between the appraisal value and the book value of the Company’s 60% equity interest in Nanjing Nangang at the date of disposal, i.e. 31 December 2015,

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## LETTER FROM THE BOARD

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**HKFRS 10, para 25** *“If a parent loses control of a subsidiary, the parent:*

- (a) derecognises the assets and liabilities of the former subsidiary from the consolidated statement of financial position.*
- (b) recognises any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRSs. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with IFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.*
- (c) recognises the gain or loss associated with the loss of control attributable to the former controlling interest.”*

The appraisal value of Nanjing Nangang’s net assets at the date of disposal is primarily derived from the appraisal value of its equity investment in Nanjing Iron & Steel Co., Ltd. As the latter is an A share listed company, the basis for determination of such appraisal value was based on Nanjing Iron & Steel Co., Ltd.’s closing share price as at 31 December 2015.

Nanjing Nangang also owns the entire equity interest in Nanjing Iron & Steel United Co., Ltd., which is a private company and principally engaged in providing utility services to Nanjing Iron & Steel Co., Ltd. and its subsidiaries. Given the break-even recurring operation result and unique business model (no external sales) of Nanjing Iron & Steel United Co., Ltd., the fair value of the net assets of Nanjing Iron & Steel United Co., Ltd. was measured by reference to the book value of assets and liabilities on the disposal date.

The appraisal value and the book value of the Company’s 60% equity interest in Nanjing Nangang were approximately RMB7.2 billion and RMB5.5 billion, respectively. Upon the execution of the Proxy, the Group recognized the deemed gain attributable to owners of the parent of approximately RMB1.7 billion on the deemed disposal of Nanjing Nangang into the consolidated income statement. After taking into account the tax impact, the Group’s profit attributable to owners of the parent increased by approximately RMB1.3 billion. In the future, the Group will account for its interest in Nanjing Nangang as an interest in a joint venture. As such, Nanjing Nangang’s operating results will be shared by the Group under the equity method.

Upon the execution of the Proxy, Nanjing Nangang ceased to be accounted for as a subsidiary of the Company and its assets and liabilities will no longer be consolidated in the Group’s consolidated statement of financial position. In accordance with HKFRS 10, the consolidated total assets and liabilities of Nanjing Nangang of approximately RMB44.9 billion and RMB32.1 billion were deconsolidated by the Group, resulting in a deconsolidation of RMB12.8 billion in net assets of the Group including the deconsolidation of the net asset attributable to the non-controlling interests of Nanjing Nangang RMB7.3 billion.

In addition to the derecognition of Nanjing Nangang’s assets and liabilities from the Group’s consolidated statement of financial position, the appraisal value of the Group’s 60% equity interest in Nanjing Nangang (approximately RMB7.2 billion) was recognized in the Group’s consolidated statement of financial position as investment in a joint venture and a deemed disposal gain of approximately RMB1.7 billion was recognized into the consolidation income statement.

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## LETTER FROM THE BOARD

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### 5. LISTING RULES IMPLICATIONS

The Delegation constitutes a deemed disposal of the Company's equity interest in Nanjing Nangang. As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Proxy exceeds 25% and is less than 75%, the Delegation constitutes a major transaction for the Company and is subject to notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As prior to the grant of Proxy, Nanjing Nangang is a subsidiary of the Company and Nanjing Iron & Steel Group is a substantial shareholder of Nanjing Nangang, Nanjing Iron & Steel Group is a connected person of the Company and the Delegation also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

To the best of the knowledge of the Directors, no Shareholders or any of their respective associates have any material interest in the Proxy and none of the Shareholders is required to abstain from voting in favour of the resolution approving the Proxy.

Accordingly, the Company has obtained a written Shareholder approval from Fosun Holdings Limited, the controlling Shareholder holding approximately 71.37% of the total issued shares of the Company on 31 December 2015, in lieu of holding a general meeting to approve the Proxy in accordance with Rule 14.44 of the Listing Rules.

In addition, the Company has applied to the Stock Exchange for a waiver under Rule 14A.37 of the Listing Rules and the Stock Exchange has granted the waiver on 11 April 2016. Pursuant to Rule 14A.37 of the Listing Rules, written Shareholders' approval of Fosun Holdings Limited has been obtained in lieu of holding a general meeting of the Company to approve the Proxy.

Further, pursuant to Rules 14.41(a) and 14A.46(2) of the Listing Rules, the listed issuer must send a circular to its Shareholders, if no general meeting is to be held, within 15 business days after publication of the announcement. As the Company will need additional time to prepare, among other things, the financial information of the Group for inclusion in this circular, the Company has applied to the Stock Exchange for a waiver from strict compliance with Rules 14.41(a) and 14A.46(2) of the Listing Rules, such that the circular in relation to the Proxy and the Delegation will be despatched to the Shareholders on or before 30 April 2016. The Stock Exchange has granted the Waivers on 31 December 2015 and 11 April 2016 respectively.

The Waivers were granted on the basis that the Hong Kong Stock Exchange may withdraw or change the terms of the Waivers if the Company's situation changed.

### 6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Fosun provides clients with products and services related to wealth, health and happiness. Meanwhile, it constantly optimize its debt structure, aiming for a higher rating of the Group.

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## LETTER FROM THE BOARD

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For the wealth segment, Fosun hopes to provide its customers with a comprehensive solution of a wealthy life through the development and accumulation of its wealth segment. We are devoted to building a global platform of household wealth management, which includes not only the risk management and the wealth protection provided by different insurance products, but also integrated financial services in a more diversified manner including families' wealth development management allocation and internet finance.

In relation to health segment, the health segment of Fosun is ready to grasp opportunity for consolidating its advantages and it is to focus on four main areas, namely population aging, newborns, sub-health and tumors. We will build a closed-loop ecosystem for the mega-health industry by comprehensively upgrading medical services and medical technology, connecting health management and health insurance, and actively adopting modern information technology. The three new directions for the health segment of Fosun is (1) the establishment of the medical service system of Fosun, for which the core is comprised of hospital and senior living, which we undertook in the past few years; (2) health management + health insurance; and (3) the innovative medical care based on modern information technology such as mobile internet and big data.

Regarding happiness segment, Fosun is searching for the best resources in the world to bring such happiness to our clients.

Based on Fosun's well-developed strengths and fundamentals, we will build up the capabilities of "wealth+", "health+" and "happiness+", quickly, enhance the products patiently, and replicate speedily the products and models which have become mature, fully leverage the strength and advantages of Fosun's businesses and create value for our clients consistently.

### **7. INFORMATION REGARDING FOSUN INDUSTRIAL DEVELOPMENT, NANJING IRON & STEEL GROUP AND NANJING NANGANG**

#### **Fosun Industrial Development**

Fosun Industrial Development is principally engaged in investment holding.

#### **Nanjing Iron & Steel Group**

Nanjing Iron & Steel Group is principally engaged in investment in iron & steel manufacturing.

#### **Nanjing Nangang**

Nanjing Nangang is principally engaged in investment holding.

#### **Nangang Iron & Steel United Co., Ltd.**

Nanjing Nangang holds 100% equity interest in Nanjing Iron & Steel United Co., Ltd., which is principally engaged in providing utility services.

#### **Nanjing Iron & Steel Co., Ltd.**

Nanjing Nangang effectively holds 48.2% equity interest in Nanjing Iron & Steel Co., Ltd., which is principally engaged in manufacturing and selling iron and steel products.

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## LETTER FROM THE BOARD

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### 8. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on page 12 of this Circular which contains its recommendation to the Shareholders on the terms of the Proxy.

Your attention is also drawn to the letter of advice received from Lego Corporate Finance, the Independent Financial Adviser, to the Independent Board Committee and the Shareholders as set out on pages 13 to 20 of this Circular which contains, among others, its advice to the Independent Board Committee and the Shareholders in relation to the terms of the Proxy, the casting of votes for or against the resolutions approving the Proxy, had the Proxy been required to be put forward for consideration and approval at a general meeting of the Company, as well as the principal factors and reasons considered by it in concluding its advice.

None of the Directors were considered to have a conflict of interest in the Delegation contemplated under the Proxy. Therefore, none of the Directors was required to abstain from voting at the resolutions in relation to the Proxy.

The Directors consider that the terms of the Proxy are fair and reasonable and in the interest of the Shareholders and the Company as a whole and had the Proxy been required to be put forward for consideration and approval at a general meeting of the Company, the Board and the Independent Board Committee would recommend the Shareholders to approve the Proxy.

### 9. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,  
By Order of the Board  
**Guo Guangchang**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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**FOSUN 复星**  
**復星國際有限公司**  
**FOSUN INTERNATIONAL LIMITED**  
*(Incorporated in Hong Kong with limited liability)*  
(Stock Code: 00656)

28 April 2016

*To the Shareholders*

Dear Sirs or Madams,

**MAJOR AND CONNECTED TRANSACTION**  
**DELEGATION OF VOTING RIGHTS IN NANJING NANGANG**

We refer to the circular issued by the Company to the shareholders dated 28 April 2016 (the “Circular”) of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires. Under the Listing Rules, the Proxy constitutes a major and connected transaction of the Company.

We have been appointed as the Independent Board Committee to consider the terms of the Proxy and to advise the Shareholders in connection with the Proxy as to whether, in our opinion, their terms are fair and reasonable and whether the Proxy are in the interests of the Company and the shareholders as a whole. Lego Corporate Finance has been appointed as the Independent Financial Adviser to advise us in this respect.

We wish to draw your attention to the letter from the Board and the letter from Lego Corporate Finance as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of Lego Corporate Finance as set out in its letter of advice, we consider that the Proxy are on normal commercial terms, and that the Proxy are in the best interests of the Company and the Shareholders as a whole.

We also consider that the terms of the Proxy are fair and reasonable. Had the Proxy been required to be put forward for consideration and approval at a general meeting of the Company, the Independent Board Committee would recommend the Shareholders to approve the Proxy.

Yours faithfully,  
Independent Board Committee of  
Fosun International Limited

**Mr. Zhang Shengman      Mr. Zhang Huaqiao      Mr. David T. Zhang      Mr. Yang Chao**

*Independent non-executive Directors*

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## LETTER OF ADVICE FROM LEGO CORPORATE FINANCE LIMITED

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*The following is the full text of a letter of advice from Lego Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Shareholders, which has been prepared for the purpose of incorporation in this circular, setting out its advice to the Independent Board Committee and the Shareholders in respect of the execution of the Proxy.*



28 April 2016

*To the Independent Board Committee and the Shareholders*

Fosun International Limited  
Room 808  
ICBC Tower  
3 Garden Road  
Central  
Hong Kong

Dear Sirs or Madams,

### **MAJOR AND CONNECTED TRANSACTION DELEGATION OF VOTING RIGHTS IN NANJING NANGANG**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Shareholders in respect of execution of a Proxy by Fosun Industrial Development, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 28 April 2016 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

According to the announcement of the Company dated 31 December 2015, the Board announced that Fosun Industrial Development, the shareholder of Nanjing Nangang, executed a Proxy to appoint Nanjing Iron & Steel Group as its proxy in respect of all the shares held by Fosun Industrial Development in Nanjing Nangang. According to the Letter from the Board, the Delegation constitutes a deemed disposal of the Company’s equity interest in Nanjing Nangang. As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Proxy exceeds 25% and is less than 75%, the Delegation constitutes a major transaction for the Company and is subject to notification, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

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As prior to the grant of Proxy, Nanjing Nangang is a subsidiary of the Company and Nanjing Iron & Steel Group is a substantial shareholder of Nanjing Nangang, Nanjing Iron & Steel Group is a connected person of the Company and the Delegation also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Zhang Shengman, Mr. Zhang Huaqiao, Mr. David T. Zhang and Mr. Yang Chao, has been established to advise the Shareholders as to whether the Proxy is on normal commercial terms, fair and reasonable so far as the Shareholders are concerned and whether they are in the interests of the Company and the Shareholders as a whole. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Shareholders in such regard.

As at the Latest Practicable Date, Lego Corporate Finance did not have any relationships or interests with the Company that could reasonably be regarded as relevant to the independence of Lego Corporate Finance. Lego Corporate Finance has acted as the independent financial adviser to the Shareholders of the Company (on 28 April 2016) in relation to the issue of new shares under the share award scheme. Apart from normal professional fees paid or payable to us in connection with the aforementioned appointment and this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Company. Accordingly, we are qualified to give independent advice in respect of the Delegation and the transactions contemplated thereunder.

### **BASIS OF OUR OPINION**

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continued to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the management of the Group, and/or the advisers of the Company. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continue to be so until the Latest Practicable Date.

We consider that we have reviewed the sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the

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management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, its subsidiaries and associates as well as the companies and assets to be disposed of pursuant to the Agreement.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have considered the following principal factors and reasons:

#### 1. Background of and reasons for the Delegation

##### *1.1 Information on the Group*

The Group's principal businesses include integrated finance (wealth) and industrial operations. The integrated finance (wealth) business includes the four major segments: insurance, investment, wealth management and internet finance while the industrial operations include five key segments: health, happiness, steel, property development and sales, and resources.

The following table summarises the financial information of the Group for the audited results for the two years ended 31 December 2015 prepared in accordance with HKFRS extracted from the annual results announcement of the Company dated 30 March 2016 ("**2015 Annual Results Announcement**").

|                                    | For the year ended<br>31 December |                    | Year<br>change (%) |
|------------------------------------|-----------------------------------|--------------------|--------------------|
|                                    | 2015                              | 2014               |                    |
|                                    | <i>RMB million</i>                | <i>RMB million</i> |                    |
|                                    | <i>(audited)</i>                  | <i>(audited)</i>   |                    |
| Revenue                            | 78,796.9                          | 61,738.4           | 27.6               |
| <i>Integrated finance (Wealth)</i> | 15,615.8                          | 9,016.2            | 73.2               |
| – Insurance                        | 14,667.4                          | 7,867.6            | 86.4               |
| – Investment                       | 442.5                             | 700.5              | (36.8)             |
| – Wealth Management                | 505.3                             | 448.1              | 12.8               |
| – Internet Finance                 | 0.6                               | –                  | N/A                |
| <i>Industrial Operations</i>       | 63,563.8                          | 52,948.6           | 20.0               |
| – Health                           | 15,614.9                          | 11,938.2           | 30.8               |
| – Happiness                        | 7,441.6                           | –                  | N/A                |
| – Steel                            | 21,986.0                          | 27,272.0           | (19.4)             |
| – Property Development and Sales   | 16,893.7                          | 12,149.2           | 39.1               |
| – Resources                        | 1,627.6                           | 1,589.2            | 2.4                |
| Profit before tax                  | 16,182.5                          | 12,705.3           | 27.4               |
| Profit for the year                | 10,953.4                          | 9,586.1            | 14.3               |

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According to the 2015 Annual Results Announcement, the Group adheres to the development strategy of “investment + insurance”, especially the insurance and investment segments. As noted from the table above, the revenue and profit of the Group grew significantly as compared to the previous year. Revenue of the Group increased from approximately RMB61,738.4 million for the year ended 31 December 2014 to approximately RMB78,796.9 million for the year ended 31 December 2015, representing a growth of approximately 27.6%; whereas profit of the Group grew from approximately RMB9,586.1 million to RMB10,953.4 million, representing a growth of approximately 14.3%.

The significant increase of the revenue and profit of the Group in 2015 were mainly due to the significant growth for insurance and happiness segments of the Group. Revenue from the insurance segment increased from approximately RMB7,867.6 million for the year ended 31 December 2014 to approximately RMB14,667.4 million for the year ended 31 December 2015, representing an increase of approximately 86.4%. The increase in both revenue and profit attributable to owners of the parent of the insurance segment was mainly attributable to the business growth of both Fidelidade – Companhia de Seguros, S.A., Multicare-Seguros de Saúde, S.A. and Fidelidade Assistência – Companhia de Seguros, S.A. and Peak Reinsurance Company Limited. The increase in profit attributable to owners of the parent was also in line with the Group’s acquisitions of 100% equity interest in both Meadowbrook Insurance Group, Inc. and Ironshore Inc. which were completed in July and November 2015, respectively. Revenue from the happiness segment increased from nil for the year ended 31 December 2014 to approximately RMB7,441.6 million for the year ended 31 December 2015 was, in principle, contributed by the operating income from Club Méditerranée SA. The increase of the revenue from these two segments offset the decrease in revenue of steel segment of approximately RMB5,286 million and resulted an overall increase of revenue for the Group.

### ***1.2 Reasons for the Delegation***

According to the announcement of the Company dated 31 December 2015, the Board announced that Fosun Industrial Development, the shareholder of Nanjing Nangang, executed a Proxy to appoint Nanjing Iron & Steel Group as its proxy in respect of all the shares held by Fosun Industrial Development in Nanjing Nangang.

According to the Letter from the Board, the price of iron and steel is expected to recede at a faster pace than that of raw material due to the outputs of crude steel are high and supply is far greater than demand in the iron and steel market. In addition, ever tightening regulations in PRC in relation to environmental protection is expected to increase the cost of production in the iron and steel industry. According to the statistic of World Steel Association, the Steel Home China Steel Price Index has dropped 17.88% during the period from 1 March 2015 to 31 March 2016. The Directors believe that the Delegation will streamline the decision making of Nanjing Nangang and to maintain its competitiveness in a declining market.

We noted that Nanjing Iron & Steel Group has a state-owned background, with long-term, stable relationship and good communication levels with the PRC government authorities, as such the increased management involvement of Nanjing Iron & Steel Group in Nanjing Nangang achieved through the Delegation would support Nanjing Nangang’s business transition through directly enhancing the communications channels and interaction between Nanjing Nangang and the relevant PRC government department.

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We have reviewed the articles of Nanjing Nangang, and noted that the board of directors of Nanjing Nangang is required to approve, inter alia, the operation and investment plan and distribution of profits proposal. As at the Latest Practicable Date, the board of directors of Nanjing Nangang consists of seven directors, of which the Group and Nanjing Iron & Steel Group appoints four and three members respectively, and thus the board of directors of Nanjing Nangang is controlled by the Group. After executing the Proxy, Nanjing Iron & Steel Group will be able to exercise Fosun Industrial Development's voting rights attached to 10% of its shares in Nanjing Nangang so that Nanjing Iron & Steel Group could have greater influence over Nanjing Nangang to improve the industry upgrading and transition of Nanjing Nangang. Under the articles of Nanjing Nangang, decisions in connection with Nanjing Nangang, inter alia, strategy and investment plans could be approved by shareholders. As such, after the Delegation, leveraging on Nanjing Iron & Steel Group expertise in the iron and steel industry, most of the strategic matters of Nanjing Nangang could be approved by shareholders (i.e. Nanjing Iron & Steel Group). As such, after obtaining the approval, the management of Nanjing Nangang could execute decisions faster in the fast changing business environment and to capture future business opportunities.

We have discussed with the management of the Company and was advised that the Board has considered various options, namely (i) a revocable Proxy ("**Option A**"), (ii) a disposal of 10% interest in Nanjing Nangang to Nanjing Iron & Steel Group ("**Option B**"), and (iii) the entering into an understanding with Nanjing Iron & Steel Group that it will abstain from voting on certain decisions at board and shareholders meeting at Nanjing Nangang ("**Option C**"). The Board has considered the following: (a) influence by Nanjing Iron & Steel on Nangang: Option A imposes greater influence than Option C by releasing the negative undertaking in not exercising the voting rights as well as the prohibition from making certain decisions at the board and shareholder level at Nanjing Nangang, consequently providing a greater incentive on Nanjing Iron & Steel Group to better manage and operate Nanjing Nangang; (b) simplicity: Option A offers a simple solution to both the Group and Nanjing Iron & Steel Group on the ongoing management structure of Nanjing Nangang while both Option B and C involve negotiation for the actual settlement; and (c) changes in the Company's equity attributable to owners: under Option A, the Company remains the 60% equity interest in the shares of Nanjing Nangang and continues to enjoy the attached economic benefit. As such, Option A is more attractive to the Company than Option B.

Given that Nanjing Nangang could rely more on Nanjing Iron & Steel Group with its experience and management, while the grant of Proxy does not jeopardise the Group's controls on the board of Nanjing Nangang, the Directors believe that the grant of Proxy is the best alternative. Moreover, we have reviewed the Proxy and have discussed with the management of the Company that the Proxy is granted at the sole discretion of Fosun Industrial Development and is revocable by Fosun Industrial Development.

Given the long history and expertise of Nanjing Iron & Steel Group in iron and steel manufacturing, we agree with the Directors' view that the Delegation will achieve a competitive advantage as the efficiency of decision making of Nanjing Nangang will be improved and hence improve the operation of Nanjing Nangang leveraging on Nanjing Iron & Steel Group's expertise. The directors and management of Nanjing Nangang could make faster decisions for the fast changing business environment and to capture future business opportunities.

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As disclosed in the Letter from the Board, despite the delegation of 10% voting rights of Nanjing Nangang by Fosun Industrial Development to Nanjing Iron & Steel Group, the Proxy is merely granting the voting right to Nanjing Iron & Steel Group of the shares held by Fosun Industrial Development. After the Delegation, the Group will still enjoy the 60% economic benefits of Nanjing Nangang, including dividend income and capital gains in the future.

Upon the execution of the Proxy, Nanjing Nangang ceased to be accounted for as a subsidiary of the Company in accordance with the prevailing accounting standards under the HKFRS and its operating results will no longer be consolidated in the financial statements of the Company, and the Company will account for its interest in Nanjing Nangang as an interest in a joint venture under the equity-method.

On the aforesaid basis, the Company's equity attributable to owners of the parent under such equity-method will be consistent with what the Company would account for should Nanjing Nangang continue to be consolidated in the financial statements of the Company as a subsidiary of the Company.

As advised by the management of the Company, the grant of Proxy to Nanjing Iron & Steel Group is expected to achieve a win-win situation to both the Group and Nanjing Iron & Steel Group. We have reviewed the background of Nanjing Iron & Steel Group, and noted that it is principally engaged in investment in iron and steel manufacturing. As at 31 December 2015, the unaudited total assets and net assets of Nanjing Iron & Steel Group were approximately RMB7.9 billion and RMB5.1 billion respectively. Nanjing Iron & Steel Group was originally founded in 1958 and was renamed as Nanjing Iron & Steel Group based on the reformation of corporate system in July 1996. Nanjing Iron & Steel Co., Ltd ("NISCO"), the main subsidiary of Nanjing Nangang, was successfully listed on Shanghai Stock Exchange (stock code: 600282.SH) on 19 September 2000 with a market capitalization of approximately RMB10.4 billion as at 31 March 2016. NISCO is an integrated steel company covering the entire steel production process, including mining, coking, sintering, iron smelting, steel smelting and steel rolling, and is also one of the few steel product producers in China with the ability to produce 9% Ni steel. NISCO has an annual production capacity of 10.0 million tonnes of crude steel, 9.0 million tonnes of pig iron and 9.4 million tonnes of finished steel product in 2015.

As at 31 December 2015, for consolidated financial statements of the Company prepared under HKFRSs, the total assets of Nanjing Nangang and the Group were approximately RMB44.9 billion and RMB405.3 billion respectively. As compared to the size of the Group, investment in Nanjing Nangang is relatively insignificant. By executing the Proxy, the management of the Group could flexibly allocate managerial resources that has been focused on Nanjing Nangang prior to the Delegation to (i) concentrate on the Group's core business, while continuing to maintain a 60% economic interest in Nanjing Nangang; and (ii) identifying new investments or manage other businesses to further increase shareholders' value.

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After the Delegation, Nanjing Iron & Steel Group will effectively provide a professional management service to the Group at nil consideration. The Company believes that this arrangement is much more economical and beneficial to the Company, as and when compared to hiring third party managers to manage Nanjing Nangang, and is also expected to help reduce the managerial resources and expenses required by the Group in managing Nanjing Nangang.

In view of the foregoing reasons for and possible benefits of the Delegation, we are of the opinion that the Proxy is in the interests of the Company and the Shareholders as a whole.

### **2. Principal terms of the Proxy**

On 31 December 2015, Fosun Industrial Development, the shareholder of Nanjing Nangang, executed a Proxy to appoint Nanjing Iron & Steel Group as its proxy in respect of all the shares held by Fosun Industrial Development in Nanjing Nangang. The Proxy delegated 10% voting rights to Nanjing Iron & Steel Group at nil consideration and the Group shall continue to maintain a 60% equity interest in Nanjing Nangang.

### **3. Financial effects of the Delegation**

Upon the execution of the Proxy, Nanjing Nangang ceased to be accounted for as a subsidiary of the Company and its assets and liabilities will no longer be consolidated in the Group's consolidated statement of financial position. In accordance with HKFRS 10, the consolidated total assets and liabilities of Nanjing Nangang of approximately RMB44.9 billion and RMB32.1 billion were deconsolidated by the Group, resulting in a deconsolidation of RMB12.8 billion in net assets of the Group including the deconsolidation of the net asset attributable to the non-controlling interests of Nanjing Nangang as RMB7.3 billion. As such, the Group will only recognize a decrease in net asset value attributable to owners of the parent of only RMB5.5 billion upon execution of the Proxy, without any actual cash inflow/outflow.

In addition to the derecognition of Nanjing Nangang's assets and liabilities from the Group's consolidated statement of financial position, the appraisal value of the Group's 60% equity interest in Nanjing Nangang (approximately RMB7.2 billion) has been recognized in the Group's consolidated statement of financial position as investment in a joint venture and deemed disposal gain of approximately RMB1.7 billion was recognized into the consolidation income statement.

For the year ended 31 December 2015, for consolidated financial statements of the Company prepared under HKFRSs, the revenue of Nanjing Nangang was approximately RMB21,986.0 million, which represents approximately 27.9% of the total revenue of approximately RMB78,796.9 million of the Group. The net profit after tax of Nanjing Nangang was approximately RMB770.3 million, which represents approximately 7.0% of the total net profit after tax of approximately RMB10,953.4 million of the Group. On 31 December 2015, the book value of the net assets of the Company's 60% equity interest in Nanjing Nangang was approximately RMB7,226.9 million which represents approximately 7.4% of the total net assets of approximately RMB98,154.1 million of the Group.

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Despite Nanjing Nangang represents approximately 27.9% of the Group's revenue, the net profit after tax and the net assets of Nanjing Nangang represents only approximately 7.0% and 7.4% as compared to the Group's in 2015. As such, the deconsolidation of Nanjing Nangang in the book of the Group shall have minimum impact.

### RECOMMENDATION

Having considered (i) the Company remains to have the 60% economic benefits in Nanjing Nangang before and after the execution of the Proxy; (ii) no cash inflow/outflow to the Group; and (iii) the operational efficiency brought to its investment in Nanjing Nangang, we are of the opinion that the execution of Proxy is on normal commercial terms, fair and reasonable so far as the Shareholders are concerned and the Proxy is in the interests of the Company and the Shareholders as a whole.

Yours faithfully,  
For and on behalf of  
**Lego Corporate Finance Limited**  
**Gary Mui**  
*Chief Executive Officer*

*Mr. Gary Mui is a licensed person registered with the SFC and a responsible officer of Lego to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 18 years of experience in the finance and investment banking industry.*

**1. FINANCIAL INFORMATION OF THE GROUP**

The Company is required to set out or refer to in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes on the annual accounts for the last financial year for the Group. The financial information of the Group is disclosed in the following documents which have been published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.fosun.com>):

- The audited consolidated financial statements of the Group for the year ended 31 December 2015 are set out in the annual report of the Company (pages 100 – 247) published on 28 April 2016.
- The audited consolidated financial statements of the Group for the year ended 31 December 2014 are set out in the annual report of the Company (pages 91 – 247) published on 20 April 2015.
- The audited consolidated financial statements of the Group for the year ended 31 December 2013 are set out in the annual report of the Company (pages 77 – 204) published on 14 April 2014.

**2. INDEBTEDNESS**

At the close of business on 29 February 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained in this indebtedness statement, the Group had an aggregate outstanding indebtedness of approximately RMB119,636,443,000, which comprised of:

|                                                       | <b>As at<br/>29 February 2016<br/>RMB'000</b> |
|-------------------------------------------------------|-----------------------------------------------|
| Interest-bearing bank and other borrowings:           |                                               |
| Bank loans                                            |                                               |
| Guaranteed                                            | 1,603,574                                     |
| Secured                                               | 25,049,864                                    |
| Unsecured                                             | 51,326,743                                    |
|                                                       | <hr/>                                         |
| Total                                                 | 77,980,181                                    |
| Private place notes (unguaranteed, unsecured)         | 7,558,489                                     |
| Corporate bonds and enterprise bonds                  | 14,759,854                                    |
| Guaranteed                                            | 3,483,276                                     |
| Unguaranteed                                          | 11,276,578                                    |
| Commercial paper (unguaranteed, unsecured)            | 2,053,979                                     |
| Senior notes (unguaranteed, unsecured)                | 2,361,396                                     |
| Medium-term notes (unguaranteed, unsecured)           | 5,983,026                                     |
| Other borrowings, secured                             | 3,630,976                                     |
| Other borrowings, unsecured                           | 4,797,441                                     |
| Total interest-bearing bank and other borrowings      | 119,125,342                                   |
| Convertible bonds (unguaranteed, unsecured)           | 271,940                                       |
| Loan from related companies (unguaranteed, unsecured) | 193,000                                       |
| Finance lease payables                                | 46,161                                        |
|                                                       | <hr/>                                         |
| Total                                                 | 119,636,443                                   |
| Repayable:                                            |                                               |
| Within one year                                       | 46,837,111                                    |
| In the second year                                    | 19,557,766                                    |
| In the third to fifth years, inclusive                | 43,780,562                                    |
| Over five years                                       | 9,461,004                                     |
|                                                       | <hr/>                                         |
|                                                       | <hr/> <hr/>                                   |
|                                                       | 119,636,443                                   |

As at the close of business on 29 February 2016, some of the Group's bank loans were secured by the pledge of some of the Group's buildings, plant and machinery, mining infrastructure, investment properties, prepaid land lease payments, properties under development, completed properties for sale, time deposits with original maturity of more than three months, trade and notes receivables, inventories, equity investment at fair value through profit or loss, an investment in a jointly-controlled entity and investment in subsidiaries.

**Contingent Liabilities:**

As at the close of business on 29 February 2016, the Group had the following contingent liabilities:

|                                  | <b>As at<br/>29 February 2016<br/>RMB'000</b> |
|----------------------------------|-----------------------------------------------|
| Guaranteed bank loans of:        |                                               |
| Related parties                  | 4,084,000                                     |
| Third parties                    | 0                                             |
| Qualified buyers' mortgage loans | <u>2,726,667</u>                              |
| <br>Total                        | <br><u><u>6,810,667</u></u>                   |

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, at the close of business on 29 February 2016, the Group did not have any outstanding debts securities, bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptances credits, material hire purchase commitments, mortgages or charges, which were either guaranteed, unguaranteed, secured or unsecured.

Save as disclosed above, the Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of the Group since 29 February 2016.

**3. WORKING CAPITAL**

Taking into account the existing cash and bank balances, the present internal resources and the available banking facilities of the Group, the Directors, after due and careful enquiry, are of the opinion that the working capital of the Group is sufficient for at least twelve months from the date of this circular.

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**2. DISCLOSURE OF INTERESTS OF DIRECTORS**

As at the Latest Practicable Date, the interests or short positions of the Directors or chief executive of the Company in the Shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code in Appendix 10 of the Listing Rules were as follows:

**(1) Long positions in the Shares, underlying shares and debentures of the Company**

| <b>Name of Director/<br/>chief executive</b> | <b>Class of<br/>Shares</b> | <b>Number of<br/>Shares</b>  | <b>Type of<br/>interests</b> | <b>Approximate<br/>percentage of<br/>Shares in issue</b> |
|----------------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------------------------------------|
| Guo Guangchang                               | Ordinary                   | 6,154,692,473 <sup>(1)</sup> | Corporate                    | 71.51%                                                   |
| Ding Guoqi                                   | Ordinary                   | 24,644,320                   | Individual                   | 0.29%                                                    |
| Qin Xuetang                                  | Ordinary                   | 14,822,640                   | Individual                   | 0.17%                                                    |
| Chen Qiyu                                    | Ordinary                   | 14,353,000                   | Individual                   | 0.17%                                                    |
| Xu Xiaoliang                                 | Ordinary                   | 11,920,000                   | Individual                   | 0.14%                                                    |
| Zhang Shengman                               | Ordinary                   | 195,000                      | Individual                   | 0.00%                                                    |
| Zhang Huaqiao                                | Ordinary                   | 45,000                       | Individual                   | 0.00%                                                    |
| David T. Zhang                               | Ordinary                   | 45,000                       | Individual                   | 0.00%                                                    |
| Yang Chao                                    | Ordinary                   | 35,000                       | Individual                   | 0.00%                                                    |

## (2) Long positions in the shares, underlying shares and debentures of the associated corporations (within the meaning of Part XV of the SFO) of the Company

| Name of Director/<br>chief executive | Name of associated<br>corporation | Class of<br>shares      | Number of<br>shares | Type of<br>interests | Approximate<br>percentage<br>of shares in<br>issue |
|--------------------------------------|-----------------------------------|-------------------------|---------------------|----------------------|----------------------------------------------------|
| Guo Guangchang                       | Fosun Holdings                    | Ordinary                | 1                   | Corporate            | 100.00%                                            |
|                                      | Fosun International<br>Holdings   | Ordinary                | 32,225              | Individual           | 64.45%                                             |
|                                      | Fosun Pharma                      | A Shares <sup>(2)</sup> | 114,075             | Individual           | 0.01%                                              |
|                                      |                                   |                         | 923,453,264         | Corporate            | 48.32%                                             |
| Liang Xinjun                         | Fosun International<br>Holdings   | Ordinary                | 12,220              | Individual           | 24.44%                                             |
| Wang Qunbin                          | Fosun International<br>Holdings   | Ordinary                | 5,555               | Individual           | 11.11%                                             |
|                                      | Fosun Pharma                      | A Shares <sup>(2)</sup> | 114,075             | Individual           | 0.01%                                              |
| Qin Xuetang                          | Fosun Pharma                      | A Shares <sup>(2)</sup> | 114,075             | Individual           | 0.01%                                              |
| Chen Qiyu                            | Fosun Pharma                      | A Shares <sup>(2)</sup> | 114,075             | Individual           | 0.01%                                              |

*Notes:*

- (1) Pursuant to Division 7 of Part XV of the SFO, 6,154,692,473 Shares held by Mr. Guo Guangchang are deemed corporate interests held through Fosun Holdings and Fosun International Holdings.
- (2) A Shares mean the equity securities listed on the Shanghai Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company and their respective associates had interests or short positions in the shares, underlying shares and/or debentures (as the case may be) of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which are taken or deemed to have under such provisions of the SFO), or recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code in Appendix 10 of the Listing Rules.

### 3. DIRECTORS' INTERESTS

- (a) None of the Directors has any direct or indirect interest in any assets which have been, since 31 December 2015, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to any member of the Group.
- (b) None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

- (c) None of the Directors or chief executive of the Company and their respective associates has any competing interests which would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling Shareholder of the Company.

#### 4. SERVICE CONTRACTS

None of the Directors has any existing or proposed service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

#### 5. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

##### Long positions in the Shares, underlying shares and debentures of the Company

As at the Latest Practicable Date, so far as was known to the Directors, the persons or entities, other than a Director or chief executive of the Company, who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

| Name of substantial Shareholder             | Number of Shares<br>directly or<br>indirectly held | Approximate<br>percentage of<br>Shares in issue |
|---------------------------------------------|----------------------------------------------------|-------------------------------------------------|
| Fosun Holdings                              | 6,154,692,473 <sup>(2)</sup>                       | 71.51%                                          |
| Fosun International Holdings <sup>(1)</sup> | 6,154,692,473 <sup>(2)(3)</sup>                    | 71.51%                                          |

*Notes:*

- (1) Fosun International Holdings is owned as to 64.45%, 24.44% and 11.11% by Messrs. Guo Guangchang, Liang Xinjun and Wang Qunbin, respectively.
- (2) Fosun International Holdings is the beneficial owner of all the issued shares in Fosun Holdings and therefore, Fosun International Holdings is deemed, or taken to be interested in the Shares owned by Fosun Holdings for the purpose of the SFO.
- (3) Mr. Guo Guangchang is the sole director of Fosun Holdings and Fosun International Holdings. Mr. Guo, by virtue of his ownership of shares in Fosun International Holdings as to 64.45%, is deemed or taken to be interested in the Shares owned by Fosun Holdings for the purpose of the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the Company has not been notified by any persons (other than a Director or chief executive of the Company) who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

**6. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirmed that there were not any material adverse changes in the financial or trading position of the Group since 31 December 2015, the date to which the latest published audited consolidated accounts of the Group were made up.

**7. MATERIAL LITIGATION**

No member of the Group was engaged in any litigation or claims of material importance, and no such litigation or claim of material importance was known to the Directors to be pending or threatened by or against any members of the Group, as at the Latest Practicable Date.

**8. QUALIFICATION AND CONSENT OF EXPERT**

The following is the qualification of the expert who has given its opinions or advice, which are contained or referred to in this circular:

| <b>Name</b>                    | <b>Qualification</b>                                                                                      |
|--------------------------------|-----------------------------------------------------------------------------------------------------------|
| Lego Corporate Finance Limited | A licensed corporation to conduct Type 6 (advising on corporate finance) regulated activity under the SFO |

As at the Latest Practicable Date, Lego Corporate Finance had no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group.

As at the Latest Practicable Date, Lego Corporate Finance was not interested, directly or indirectly, in any assets which had since 31 December 2015 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group or which are proposed to be acquired or disposed of by or leased to any member of the Group.

Lego Corporate Finance has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it appears.

**9. MATERIAL CONTRACTS**

The following material contracts have been entered into by the Group (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the date of this circular:

- (a) the placing and subscription agreement dated 12 May 2015, among Fosun Holdings and the Company on the one hand, and Morgan Stanley & Co. International plc, UBS AG, Hong Kong Branch, Goldman Sachs (Asia) L.L.C., Citigroup Global Markets Limited, CMB International Capital Limited (“CMBI”), Fosun Hani Securities Limited (formerly known as “Hani Securities (H.K.) Limited”) and CLSA Limited (中信里昂證券有限公司) (the “**Placing Agents**”) on the other hand, pursuant to which (i) each of the Placing Agents has agreed to act

as a placing agent to procure purchasers for (or failing which, to purchase itself (other than with respect to Fosun Hani Securities Limited)) an aggregate of 465,000,000 placing shares owned by Fosun Holdings at the placing price of HK\$20.00 per placing share; and (ii) the Company has conditionally agreed to issue and allot to Fosun Holdings, and Fosun Holdings has conditionally agreed to subscribe for, 465,000,000 subscription shares at the subscription price of HK\$20.00 per subscription share;

- (b) the share purchase agreement dated 21 June 2015 entered into between PI Emerald II (UK) Limited (an indirect wholly-owned subsidiary of the Company) (“**PI Emerald**”) and Delek Group Ltd. (“**Delek**”) (the “**SPA**”), pursuant to which PI Emerald has agreed to acquire 130,623,262 ordinary shares of Phoenix Holdings Ltd. (“**Phoenix**”) from Delek, representing 52.31% of the issued and outstanding share capital of Phoenix at a consideration of NIS1,763,204,090 (approximately USD461,571,751) (subject to certain adjustments), together with interest accrued on such amount at 4.75% per annum for the period from 30 September 2014 to the closing date of the SPA;
- (c) the termination agreement dated 16 February 2016 entered into by PI Emerald and Delek to terminate the SPA; and
- (d) the underwriting agreement dated 10 September 2015 between the Company on the one hand, and Fosun Holdings and CMBI (the “**Underwriters**”) on the other hand, pursuant to which, Fosun Holdings has agreed to underwrite at least 98% of all of the rights shares (other than the rights shares that are provisionally allotted to Fosun Holdings as a shareholder of the Company) with the balance to be underwritten by CMBI, issued in the rights issue announced by the Company on 10 September 2015.

Save as disclosed above, no other material contract had been entered into by the Group within the two years immediately preceding the date of this circular.

## 10. MISCELLANEOUS

- (a) The company secretary of the Company is Ms. Sze Mei Ming. Ms. Sze is a fellow member of the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (b) The registered address of the Company is at Room 808, ICBC Tower, 3 Garden Road, Central, Hong Kong.
- (c) The share registrar of the Company is Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the registered office address of the Company in Hong Kong at Room 808, ICBC Tower, 3 Garden Road, Central, Hong Kong for a period of 14 days from the date of this circular:

- (a) the articles of association of the Company;
- (b) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (c) the Proxy;
- (d) the annual reports of the Company for each of the three financial years ended 31 December 2013, 2014 and 2015;
- (e) the letter of advice from Lego Corporate Finance, the text of which is set out on pages 13 to 20 in this circular; and
- (f) the letter of consent referred to in the paragraph headed “Qualification and consent of expert” in this appendix.