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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)

**PROPOSED SPIN-OFF AND SEPARATE LISTING OF
HAINAN MINING
ON THE SHANGHAI STOCK EXCHANGE
AND
LETTER OF ADVICE FROM
THE INDEPENDENT FINANCIAL ADVISER
IN RELATION TO
WAIVER ON ASSURED ENTITLEMENT TO SHARES IN
HAINAN MINING
UNDER THE PROPOSED SPIN-OFF AND SEPARATE LISTING**

PROPOSED SPIN-OFF

Reference is made to Previous Announcements. In June 2011, Hainan Mining made an application to the CSRC for the A Share IPO. As the proposed separate listing of Hainan Mining will constitute a spin-off for the Company under Practice Note 15 of the Listing Rules, a formal application to the Stock Exchange for its approval of the Proposed Spin-Off was also submitted in June 2011 and the application was granted by the Listing Committee of the Stock Exchange in December 2011.

On 13 November 2014, Hainan Mining obtained a written approval from CSRC for its listing application in respect of the A Share IPO.

Hainan Mining issued an Issuance Announcement dated 24 November 2014, pursuant to which, Hainan Mining and the Lead Underwriter, based on the preliminary pricing inquiry results, have determined that the offer price for the A Share IPO is RMB10.34 per share.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Listing Committee of the Stock Exchange has granted the Waiver on certain conditions, including the obtaining of the advice of an independent financial adviser in respect of the implications of not providing the assured entitlements, and whether the Proposed Spin-Off and the Waiver are fair and reasonable and are in the interests of the Company and its shareholders as a whole. Shenyin Wanguo has been appointed as the independent financial adviser for this purpose.

Shenyin Wanguo considers that the Proposed Spin-Off and the Waiver are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

The full text of the letter from Shenyin Wanguo is set out below in this announcement. No general meeting of the Company is required to be held to consider the Proposed Spin-Off or the Waiver and no circulars to shareholders of the Company will be issued in this regard.

Shareholders and public investors should note that there is no assurance as to whether or when the Proposed Spin-Off will complete. As the Proposed Spin-Off may or may not complete, shareholders and public investors are advised to exercise caution when dealing in the securities of the Company.

INFORMATION ON THE PROPOSED SPIN-OFF

Introduction

Reference is made to the Previous Announcements. Unless the context requires otherwise, terms defined in the Previous Announcements have the same meanings when used in this announcement.

In June 2011, Hainan Mining made an application to the CSRC for the A Share IPO. As the proposed separate listing of Hainan Mining will constitute a spin-off for the Company under Practice Note 15 of the Listing Rules, a formal application to the Stock Exchange for its approval of the Proposed Spin-Off was also submitted in June 2011 and the application was granted by the Listing Committee of the Stock Exchange in December 2011.

On 13 November 2014, Hainan Mining obtained a written approval from CSRC for its listing application in respect of the A Share IPO.

Hainan Mining issued an Issuance Announcement dated 24 November 2014, pursuant to which, Hainan Mining and the Lead Underwriter, based on the preliminary pricing inquiry results, have determined that the offer price for the A Share IPO is RMB10.34 per share.

Structure of the A Share IPO

Hainan Mining is a 60% indirectly owned subsidiary of the Company. The principal businesses of Hainan Mining include mining and sale of iron ore, and its main products are iron ore products comprising lump, fines and iron concentrate, etc.

As at the date of this announcement, Hainan Mining has an issued share capital of 1,680,000,000 shares with a par value of RMB1.00 each. It is proposed that no more than 10% of the enlarged issued share capital of Hainan Mining will be issued in the A Share IPO. As a result of the Proposed Spin-Off, the equity interest of the Company (through Shanghai Fosun High Technology (Group) Co., Ltd. and Shanghai Fosun Industrial Investment Co., Ltd.) in Hainan Mining will be diluted from 60% to not less than 54%. Hainan Mining will remain as a subsidiary of the Company.

In connection with the Proposed Spin-Off:

1. The Group undertook to Hainan Mining that within 36 months from the date of listing of Hainan Mining's shares, they will not transfer or entrust others to manage the shares of Hainan Mining issued before the A Share IPO which are directly or indirectly owned by the Company, and will not allow Hainan Mining to repurchase any of above-mentioned shares of Hainan Mining, issued before A Share IPO which are directly or indirectly owned by the Company (excluding the shares issued in the A Share IPO).
2. Each of Mr. Guo Guangchang (the Chairman and the controlling shareholder of the Company) and the Group has executed a letter of undertaking for non-competition. Pursuant to the letters of undertaking, Mr. Guo Guangchang and the Group have, among others :
 - (i) undertook to Hainan Mining that they will not, and will procure their controlled entities not to, directly or indirectly compete with Hainan Mining's principal businesses and main products; and
 - (ii) agreed that if they, or their controlled entities, become aware of a business opportunity which directly or indirectly competes, or may lead to competition, with Hainan Mining's principal businesses and main products, they will, or will procure that their controlled entities (excluding listed companies) will, notify Hainan Mining

of such business opportunity immediately upon becoming aware of it, and to ensure that such opportunity is first offered to Hainan Mining.

Reasons for and benefits of the Proposed Spin-Off

The Board considers that the Proposed Spin-Off may bring about the following benefits:

1. **Funding the core business development projects:** the Proposed Spin-Off may provide funds for increasing capacity, expanding resource reserve, technology research and development, increasing capacity and operation efficiency, and facilitating the long-term sustainable growth of the core business of Hainan Mining.
2. **Providing new sources of capital:** the Proposed Spin-Off may enable Hainan Mining to gain independent access to both equity and debt capital markets, as well as the bank credit market, on potentially more advantageous terms than those that are presently available to it. The A Share IPO is expected to build a continuous funding platform to provide new and more diversified funding sources to finance the existing operations of Hainan Mining and its future expansion.
3. **Fair valuation for Hainan Mining:** the Proposed Spin-Off may allow Hainan Mining to achieve its fair valuation potential, which will in turn be beneficial to the Company as a substantial shareholder of Hainan Mining and therefore enhance the shareholders' value of the Company.
4. **Clarity of business and financial status:** the Proposed Spin-Off may provide investors, the investment market and rating agencies with greater clarity on the businesses and financial status of Hainan Mining, raise the corporate profile, and improve the corporate governance of both Hainan Mining and the Company.
5. **Continued control:** as the Company will remain as a controlling shareholder of Hainan Mining, the shareholders of the Company will continue to enjoy the benefits from future development and growth of Hainan Mining's business.

The Company is of the view that the Proposed Spin-Off and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Proposed use of net proceeds from the A Share IPO

The offer price under the A Share IPO is arrived at after taking into account the value of Hainan Mining and the entire issued share capital of Hainan Mining (as enlarged assuming completion of the A Share IPO), which is RMB10.34 per share. The net proceeds from the A Share IPO (after deduction of the underwriting fees and estimated expenses in relation to the A Share IPO) are expected to be RMB1,759,579,795.5.

The directors of Hainan Mining expect that the net proceeds from the A Share IPO will be applied as follows:

1. 27.84% of the amount of the net proceeds from the A Share IPO for the establishment of a new concentration plant;
2. 26.70% of the amount of the net proceeds from the A Share IPO for an extension to the phase II of the newly established concentration plant;
3. 17.05% of the amount of the net proceeds from the A Share IPO for prospecting and exploration for iron-rich metal mine in Shilu mining area;
4. 5.68% of the amount of the net proceeds from the A Share IPO for engineering and technology research center for iron, cobalt and copper; and
5. 22.73% of the amount of the net proceeds from the A Share IPO for replenishment of working capital.

The above intended use of net proceeds from the A Share IPO is indicative only. Further information on the application of the net proceeds from the A Share IPO is set forth in the prospectus of Hainan Mining.

FINANCIAL EFFECT OF THE PROPOSED SPIN-OFF

Following completion of the Proposed Spin-Off, Hainan Mining will continue to be a non-wholly owned subsidiary of the Company. The operating results of Hainan Mining will therefore be consolidated into the financial statements of the Company. The following are the estimates of the financial impact of the Proposed Spin-Off on the Company.

Net asset value

In accordance with Hong Kong Financial Reporting Standards, the unaudited consolidated net assets of the Company were approximately RMB67,373 million as of 30 June 2014. In accordance with the PRC Accounting Standards, the audited consolidated net assets of Hainan Mining as of 30 June 2014 were approximately RMB2,704 million.

Based on (i) current proposed structure of the A Share IPO, (ii) the audited consolidated net assets of Hainan Mining as of 30 June 2014 under the PRC Accounting Standards, and (iii) the estimated total proceeds from the A Share IPO, the directors of the Company expect that the consolidated net asset value of the Company will be increased by approximately RMB787.9 million. Immediately after the Proposed Spin-Off, the consolidated cash balance of the Company will be increased by the net proceeds received from the A Share IPO.

In accordance with the Hong Kong Financial Reporting Standards, a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Such transaction will not give rise to a gain or loss. As Hainan Mining will continue to be a non-wholly owned subsidiary of the Company, there will be no gain or loss arising from the deemed disposal by the Company of the interest in Hainan Mining under the A Share IPO to be recognized in the consolidated income statement of the Company.

Earnings

The effect of the Proposed Spin-Off on the future earnings of the Company will depend on, among others, the return generated from the proceeds raised from the A Share IPO as well as the growth of the business operations of Hainan Mining.

Based on the unaudited consolidated financial statements of the Company for the six months ended 30 June 2014, the unaudited consolidated net profits before taxation and after taxation of the Company in accordance with Hong Kong Financial Reporting Standards was approximately RMB3,483 million and RMB2,724 million, respectively.

Based on the audited consolidated financial statements of Hainan Mining for the six months ended 30 June 2014, the audited consolidated net profits before taxation and after taxation of Hainan Mining in accordance with the PRC Accounting Standards were approximately RMB379 million and RMB288 million, respectively.

Following the completion of the Proposed Spin-Off, the Company's earnings contributed from Hainan Mining are expected to be reduced as the Company's interest in Hainan Mining will be reduced from 60% to not less than 54% (depending on the percentage of Hainan Mining in

public hands immediately following the completion of the Proposed Spin-Off), and the earnings attributable to the non-controlling interests of the Company are expected to increase.

INFORMATION OF THE COMPANY AND HAINAN MINING

The Company

The principal activities of the Company are: (i) insurance; (ii) industrial operations; (iii) investment; and (iv) asset management.

Hainan Mining

Hainan Mining is a limited company incorporated under the laws of the PRC. It is a 60% indirectly owned subsidiary of the Company as of the date of this announcement. The principal businesses of Hainan Mining include mining and sale of iron ore, and its main products are iron ore products comprising lump, fines and iron concentrate, etc.

STOCK EXCHANGE WAIVER AND CONFIRMATION

Pursuant to the existing PRC laws, the public offering of A shares shall take place within the PRC and is available for subscription by: (1) domestic natural persons, legal persons and other institutions who have maintained A-share accounts with domestic stock exchanges; (2) residents from Hong Kong and Macau Special Administrative Region of the PRC and Taiwan who work and live in the Mainland and have maintained A-share accounts as required by law; (3) Qualified Foreign Institutional Investors and Renminbi Qualified Foreign Institutional Investors; (4) other entities permitted by competent authorities to participate in the initial public offering of Hainan Mining.

Accordingly, if not all shareholders of the Company have fulfilled the aforesaid entity qualifications, there will be legal impediments to the direct public offering of A shares or the granting of the right to subscribe A shares to all shareholders of the Company during the first public offering of Hainan Mining.

Further, according to the Shanghai Stock Exchange Shanghai-Hong Kong Stock Connect Pilot Provisions 《上海證券交易所滬港通試點辦法》 issued by the Shanghai Stock Exchange, the eligible stocks for the Shanghai-Hong Kong Stock Connect including: “(1) constituent stocks of the SSE 180 Index; (2) constituent stocks of SSE 380 Index; and (3) A shares of A+H shares listed companies listed on the Shanghai Stock Exchange. However, stocks which are traded on the “risk alert board” on the Shanghai Stock Exchange (i.e. ST, *ST stocks and stocks in the delisting process), stocks which are traded in foreign currencies (i.e. B shares) and stocks

which the Shanghai Stock Exchange determines are under special circumstances, are all excluded from the eligible stocks for the Shanghai-Hong Kong Stock Connect”.

As Hainan Mining will not have completed its listing before the completion of its A Share IPO, A shares of Hainan Mining are currently not stocks that are available for trading under the aforesaid Shanghai-Hong Kong Stock Connect. As such, shareholders of the Company cannot participate in this issuance through the “Shanghai-Hong Kong Stock Connect”.

The Listing Committee of the Stock Exchange has agreed to grant the Waiver on the condition that the Company would include in an announcement (i) the details for not providing assured entitlements to its shareholders; (ii) the legal restriction in the provision of assured entitlements; and (iii) the advice from independent financial advisers on the implications of not providing the assured entitlements, and whether the proposed spin-off and the Waiver are fair and reasonable and are in the interests of the Company and its shareholders as a whole. For this purpose, the Company has engaged Shenyin Wanguo as its independent financial adviser.

Therefore, no general meeting of the Company is required to be held to consider the Proposed Spin-Off or the Waiver and no circulars to shareholders of the Company will be issued in this regard. As none of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the deemed disposal under the Proposed Spin-Off exceeds 5%, the Proposed Spin-Off does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

The full text of the letter of advice from Shenyin Wanguo is set out below:

LETTER OF ADVICE FROM SHENYIN WANGUO



Shenyin Wanguo Capital (H.K.) Limited
Level 19, 28 Hennessy Road
Hong Kong

24 November 2014

To: *The board of directors of Fosun International Limited (the “Board”)*

Dear Sirs,

**PROPOSED SPIN-OFF AND SEPARATE LISTING OF
HAINAN MINING ON THE SHANGHAI STOCK EXCHANGE A SHARE MARKET
AND
WAIVER ON THE ASSURED ENTITLEMENT TO SHARES IN HAINAN MINING
UNDER THE PROPOSED SPIN-OFF AND SEPARATE LISTING ON
THE SHANGHAI STOCK EXCHANGE A SHARE MARKET**

I. INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Board in relation to the Proposed Spin-Off and the Waiver granted by the Listing Committee of the Stock Exchange to the Company from providing the existing shareholders of the Company (the “**Shareholders**”) with assured entitlement of shares in Hainan Mining under the A Share IPO. Details of the Proposed Spin-Off and the Waiver are set out in the announcement of the Company dated 24 November 2014 (“**Announcement**”). Terms used in this letter shall have the same meanings as those defined in the Announcement unless the context otherwise specifies. Where amounts in HK\$ are translated into RMB, the exchange rate of HK\$1.00 equivalent to RMB0.79 has been used.

In June 2011, the Company submitted a formal application to the Stock Exchange for the Proposed Spin-Off pursuant to Practice Note 15 of the Listing Rules and Hainan Mining made an application to the CSRC for the A Share IPO. The Listing Committee of the Stock Exchange granted the approval for the Proposed Spin-Off to the Company and the Waiver (as defined in the Announcement) in December 2011.

The Company intends to spin-off its iron ore business under Hainan Mining by listing of its shares (referred herein as “**Hainan Mining Shares**”) on the Shanghai Stock Exchange A Share Market by way of initial public offering. On 10 September 2014, the Company announced that the proposed A Share IPO was reviewed and passed by the Public Offering Review Committee of the CSRC. On 13 November 2014, the Company further announced that Hainan Mining received a written approval from the CSRC in respect of the A Share IPO, pursuant to which Hainan Mining is approved to, subject to the satisfaction of certain conditions, publicly issue no more than 186,670,000 new Hainan Mining Shares within 12 months from the date of approval.

Prior to the Proposed Spin-Off, the Company indirectly holds (through Fosun High Technology and Fosun Industrial Investment respectively) 60% attributable equity interest in Hainan Mining. The 186,670,000 new Hainan Mining Shares to be issued under the A Share IPO will amount to not more than 10% of enlarged share capital of Hainan Mining. Therefore, the effective attributable equity interest in Hainan Mining held by the Company will be diluted from 60% to not less than 54% immediately following completion of the Proposed Spin-Off. According to Issuance Announcement (as defined in the Announcement), Hainan Mining and the Underwriters determined that the offer price of the A Share IPO would be RMB10.34 per Hainan Mining Shares.

The Proposed Spin-Off, if implemented, will constitute a deemed disposal of the Company’s certain equity interest in Hainan Mining pursuant to Rule 14.29 of the Listing Rules. As none of the applicable percentage ratios in relation to the Proposed Spin-Off exceeds 5%, the Proposed Spin-Off does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As the Independent Financial Adviser to the Board, our role is to give an independent opinion to the Board as to whether the Proposed Spin-Off and the Waiver are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

As at the date of this letter, other than the appointment as the Independent Financial Adviser in connection with the Proposed Spin-Off, we did not have any relationship or interests with the Company and any other parties that could reasonably be regarded as relevant to our independence. We are therefore independent from the Company pursuant to Rule 13.84 of the Listing Rules.

II. BASIS AND ASSUMPTIONS

In formulating our opinion, we have relied upon the information, facts and representations contained in the Announcement, Hainan Mining’s prospectus in relation to the A Share IPO

dated 21 November 2014 (“**Hainan Mining Prospectus**”), and those supplied or made available to us by the directors of the Company (the “**Directors**”) and management of the Company for which they are solely responsible, and to their information and knowledge, were true, accurate and complete in all respects at the time they were given or made and continue to be true, accurate and valid as at the date of the Announcement and can be relied upon. We have assumed that all statement and information supplied, and the opinions and representations made or provided by the Directors and management of the Company contained in the Announcement have been reasonably made after due and careful enquiry, are 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 in the Announcement misleading.

We consider that we have reviewed all available information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company, the Directors and representative of the Company, and their respective advisers, or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, conducted any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Company or any of its subsidiaries or associates or future prospects of the Group.

III. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the terms of the Proposed Spin-Off and the Waiver, we have taken into consideration the following principal factors:

1. Background information of the Company

The principal activities of the Company and its subsidiaries (collectively, the “**Group**”) include (i) insurance; (ii) industrial operations; (iii) investment; and (iv) asset management.

2. Background information of Hainan Mining

(i) Principal business of Hainan Mining

Hainan Mining is a limited company incorporated under the laws of the PRC and is a 60% owned indirect subsidiary of the Company as at the date of the Announcement. As stated in the Announcement, the principal businesses of Hainan Mining and its subsidiaries

(collectively, the “**Hainan Mining Group**”) include mining and sale of iron ore and its main products are iron ore products comprising lump, fines and iron concentrate, etc.

(ii) Historical financial information of Hainan Mining

For illustrative purpose only, set out below is the consolidated financial information of Hainan Mining for the two years ended 31 December 2012 and 2013 and the six months ended 30 June 2014 prepared in accordance with the Accounting Standards for Business Enterprises of the PRC (“**PRC Accounting Standards for Business Enterprises**”) as extracted from the Hainan Mining Prospectus.

	For the year ended		For the six
	31 December		months ended
	2012	2013	30 June
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Revenue	2,415.3	2,921.0	950.9
Profit before tax and extraordinary items	1,086.3	1,339.6	379.4
Profit after tax and extraordinary items	771.3	1,003.9	287.5
	As at 31 December		As at 30 June
	2012	2013	2014
Net assets	3,018.4	3,366.4	2,703.9

Following the completion of the Proposed Spin-Off and the A Share IPO, Hainan Mining will continue to be a non-wholly owned subsidiary of the Company and its financial results will continue to be consolidated into the financial statements of the Company. For further discussion on the financial effects to the Group resulting from the Proposed Spin-off, please refer to the paragraph headed “Possible financial effects of the Proposed Spin-Off” below in this letter.

3. Reasons for and benefits of the Proposed Spin-Off

As set out in the Announcement, the Directors believe that the Proposed Spin-Off will provide funds to run the operation projects for purpose of increasing capacity, expanding resource reserve, technology research and development, and focusing on building capacity and operation efficiency, and to facilitate the long-term sustainable growth of the core business of Hainan Mining. It will also provide a continuous funding platform and independent access to both equity and debt capital markets for Hainan Mining to raise funds to support its existing operations and future expansions. Furthermore, it will provide the opportunity for Hainan Mining to achieve its fair value potential and therefore enhance the Shareholders’ value of the Company given its equity interest in Hainan Mining. We believe that the Proposed Spin-Off

would broaden its investor base and attract new investors seeking investments in the iron ore mining industry.

The Proposed Spin-Off will enable Hainan Mining to provide investors, the investment market and rating agencies with greater clarity on its businesses and financial status, raise its corporate profile, and improve its corporate governance. In view of the continuous disclosure requirements imposed on companies listed on the Shanghai Stock Exchange, the listing on the Shanghai Stock Exchange upon implementation of the A Share IPO will also lead Hainan Mining to make a more timely and detailed public disclosure of its business and financial information for its investors as well as the Shareholders.

Taking into account the aforesaid reasons and benefits of the Proposed Spin-Off, we are of the view that the Proposed Spin-Off will provide a viable option to finance and implement the longer-term expansion of the businesses of the Hainan Mining Group without compromising the financial interests of the Company and/or the Shareholders. In addition, despite the decrease in effective equity interests in Hainan Mining from 60% to not less than 54% as discussed above, the Company, remaining as a controlling shareholder of Hainan Mining after the A Share IPO, will continue to enjoy the benefits from any future development and growth of Hainan Mining Group's business.

4. Principal terms of the A Share IPO

(i) Structure of the A Share IPO

As of the date of the Announcement, Hainan Mining had a total of 1,680,000,000 issued and fully paid shares with par value of RMB1.00 each. It is proposed that the Hainan Mining Shares to be issued under the A Share IPO will not be more than 186,670,000 Hainan Mining Shares, representing approximately 10% of enlarged issued share capital of Hainan Mining. Therefore, the equity interest in Hainan Mining held by the Company (through Fosun High Technology and Fosun Industrial Investment) will be diluted from 60% at present to not less than 54% immediately following completion of the Proposed Spin-Off.

(ii) Non-disposal undertaking

As mentioned in the Announcement, the Company and its wholly-owned subsidiaries, namely Fosun High Technology and Fosun Industrial Investment, undertake to Hainan Mining that they will not transfer and, directly or indirectly, hold in trust or repurchase shares of Hainan Mining within 36 months from the date of listing of the Hainan Mining Shares pursuant to the A Share IPO as required by the Rules Governing the Listing of Stocks on Shanghai Stock Exchange. We were further advised by the Directors that the Company has no present

intention to dispose of any of its Hainan Mining Shares upon and after the A Share IPO. Despite the abovementioned lock-up period, we believe that the Proposed Spin-Off will be beneficial to the Company and the Shareholders in the long term as the listing of Hainan Mining on the Shanghai Stock Exchange will render the Group's investment in Hainan Mining a publicly tradable asset, as a result of which the Group will be able to trade its Hainan Mining Shares through an open trading platform as it sees fit in the future.

(iii) Deed of non-competition

According to the Announcement, each of Mr. Guo Guangchang (the chairman and the controlling shareholder of the Company), Fosun High Technology and Fosun Industrial Investment has executed the deed of non-competition ("**Deed of Non-competition**"), pursuant to which each of them will not participate in the businesses which compete with Hainan Mining when Hainan Mining remains as a listed company on the Shanghai Stock Exchange and the Group remains to have control over Hainan Mining. Details of the Deed of Non-competition are set out in the paragraph "Structure of the A Share IPO" in the Announcement.

We note from the Hainan Mining Prospectus that, upon completion of the Proposed Spin-Off, the Remaining Group (which referred in this letter as the Group excluding the Hainan Mining Group) will continue to retain its equity interest in 安徽金安礦業有限公司 (Anhui Jin'an Mining Co., Ltd., "**Anhui Jin'an Mining**"), which is principally engaged in mining activities. Anhui Jin'an Mining is a wholly-owned subsidiary of 南京鋼鐵股份有限公司 (Nanjing Iron & Steel Co., Ltd., "**Nanjing Iron & Steel**"), a company listed on the Shanghai Stock Exchange (Stock code: 600282.SH) and indirectly held as to approximately 50.3% equity interest by the Company as at the date of the Announcement. We understand from the Directors that the customer base of the Hainan Mining Group is entirely distinct from Anhui Jin'an Mining. According to Hainan Mining Prospectus, from August 2012 onwards, iron ore products of Anhui Jin'an Mining have been and will be supplied exclusively to Nanjing Iron & Steel for its own use, whilst Hainan Mining sells majority of its products to various independent third parties customers. Therefore, the Directors consider Anhui Jin'an Mining does not compete with the business of the Hainan Mining Group, and there is a clear delineation between the business activities of the Hainan Mining Group and those of the Remaining Group.

Given Anhui Jin'an Mining's exclusive sale of its product to its parent company, Nanjing Iron & Steel, as discussed above, the Deed of Non-competition is not expected to have any material adverse impact on the remaining operations and businesses of the Group, following completion of the Proposed Spin-Off.

We understand from the Directors that the Remaining Group and the Hainan Mining

Group will have separate and independent management teams to conduct their respective businesses upon completion of the Proposed Spin-Off. Furthermore, Hainan Mining will establish its own financial management information system, which is independent from that of the Remaining Group.

Taking into account the Deed of Non-competition and the measures implemented by the Company to ensure business delineation, director and management independence, and financial and operational independence between the Hainan Mining Group and the Remaining Group, we concur with the Directors that there is sufficient delineation between the Hainan Mining Group and the Remaining Group following the Proposed Spin-Off.

(iv) Intended use of proceeds by Hainan Mining

As set out in the Announcement, the net proceeds raised from the A Share IPO are expected to be RMB1,759,579,795.5 and will be used to invest in the following projects:

1. 27.84% of the amount of the net proceeds from the A Share IPO for the establishment of a new concentration plant;
2. 26.70% of the amount of the net proceeds from the A Share IPO for an extension to phase II of the newly established concentration plant;
3. 17.05% of the amount of the net proceeds from the A Share IPO for prospecting and exploration for iron-rich metal mine in Shilu mining area;
4. 5.68% of the amount of the net proceeds from the A Share IPO for engineering and technology research center for iron, cobalt and copper; and
5. 22.73% of the amount of the net proceeds from the A Share IPO for replenishment of Hainan Mining's working capital.

We are of the view that the separate listing of Hainan Mining by the A Share IPO will provide immediate funds to meet Hainan Mining's present business expansion needs and to replenish working capital required for its on-going business development as set out above, and will also enable Hainan Mining to independently raise equity funds to finance its future business plans. The Proposed Spin-Off is also beneficial to the Group as a whole as the Remaining Group would have more flexibility to deploy its financial resources to fund its other core businesses and/or any other suitable investment opportunities in the future.

(v) Indicative offer price

As disclosed in the Announcement, the indicative offer price of Hainan Mining Shares for the A Share IPO will be RMB10.34 per Hainan Mining Share, which was determined with reference to the preliminary pricing inquiry results, and taking into account the value of Hainan Mining.

We have screened through the companies that are listed on the Shanghai Stock Exchange A Share Market or the Shenzhen Stock Exchange A Share Market and identified five companies (the "**Comparables**") that are listed on those markets and are classified in the ferrous metal mining sectors with significant business operation similar to that of Hainan Mining (that is, engaging in mining and the sale of iron ore in the PRC). We have assessed the fairness and reasonableness of the indicative offer price range of the Hainan Mining Share by comparing Hainan Mining's price to earnings ratio ("**PER**") and price to book ratio ("**PBR**"), both based on the indicative offer price, against the corresponding market statistics of the Comparables.

	Stock code	Closing price as at 19 November 2014 <i>RMB</i>	Historical earnings/(loss) per share for the year ended 31 December 2013 <i>RMB</i>	Historical PER <i>times</i>	Net asset value per share as at 30 June 2014 <i>RMB</i>	Historical PBR <i>times</i>
山東華聯礦業控股股份有限公司 (Shandong Hualian Mining Holdings Co., Ltd.*)	600882 (Shanghai Stock Exchange)	8.28	0.55	14.97	3.94	2.10
山東金嶺礦業股份有限公司 (Shandong Jinling Mining Co., Ltd.*)	000655 (Shenzhen Stock Exchange)	8.21	0.44	18.68	5.10	1.61
山東宏達礦業股份有限公司 (Shandong Hongda Mining Co Ltd.*)	600532 (Shanghai Stock Exchange)	11.23	0.41	17.18	2.76	4.06
山東地礦股份有限公司 (Shandong Geo-Mineral Co. Ltd.*)	000409 (Shenzhen Stock Exchange)	10.58	0.27	39.45	2.31	4.59
上海創興資源開發股份有限公司 (Shanghai Prosolar Resources Development Co., Ltd.*)	600193 (Shanghai Stock Exchange)	8.22	0.20	41.94	1.63	5.05
Average				28.44		3.48
Highest				41.94		5.05
Lowest				14.97		1.61
The Company		HK\$8.93	0.94	9.49	6.35	1.11
Hainan Mining (Note)		RMB10.34	0.52	19.88	2.39	4.33

Source: Thomson Reuters, 2013 annual reports of each Comparables, Hainan Mining Prospectus

Note:

For illustrative purpose, the above market statistics of Hainan Mining are based on the indicative offer price of RMB10.34, the fully diluted earnings of approximately RMB0.52 per Hainan Mining Share for the financial year ended 31 December 2013, and the unaudited pro forma adjusted combined net assets of approximately RMB2.39 per Hainan Mining Share immediately following completion of the A Share IPO, as computed by the Company based on financial information extracted from the Hainan Mining Prospectus.

Compare with historical PER and historical PBR of the Comparables

We note that the historical PER of Hainan Mining of approximately 19.88 times is lower than the average historical PER of the Comparables of 28.44 times and falls within the range of historical PER of the Comparables of approximately 14.97 times to 41.94 times. We also note that the historical PBR of Hainan Mining of approximately 4.33 times is higher than the average historical PBR of the Comparables of 3.48 times and falls within the range of historical PBR of the Comparables of approximately 1.61 times to 5.05 times.

Notwithstanding that the Hainan Mining's PER is lower than the average historical PER of the Comparables at the indicative offer price, the Hainan Mining's PER falls within the range of historical PER of the Comparables. Furthermore, in terms of book value, which is generally relevant for valuing companies in asset-intensive industry like those in the mining sector, Hainan Mining's PBR at such indicative offer price shall be higher than the average historical PBR of the Comparables. In light of the above, and given that the indicative offer price of the Hainan Mining Share was determined by Hainan Mining and the Underwriters based on the preliminary pricing inquiry results with potential investors in an open market, we consider the indicative offer price of Hainan Mining Shares is acceptable and in line with the general market trend.

Compare with historical PER and PBR of the Company

We note that both the historical PER and the historical PBR of Hainan Mining were significantly higher than that of the Company of approximately 9.49 times and 1.11 times respectively.

Given the Group is principally engaged in (i) insurance; (ii) industrial operations; (iii) investment; and (iv) asset management, we believe that it is less appropriate to compare its historical PER and historical PBR with those of Hainan Mining directly. Notwithstanding, we believe that it is beneficial to the Company if the Hainan Mining Shares will be offered at historical PER and PBR higher than those of the Company, and it will better reflect the Shareholders' value in the Company.

Taking into account all of the factors considered above, we are of the view that the principal terms of the A Share IPO are acceptable and reasonable to the Company and the Shareholders as a whole.

5. Reasons for the Waiver

Pursuant to Paragraph 3(f) of Practice Note 15 to the Listing Rules, the Company is required to have due regard to the interests of its existing Shareholders by providing them with an assured entitlement to the Hainan Mining Shares. The Directors consider that provision of the assured entitlements to the Shareholders is not feasible given the onerous legal requirements and practical difficulties.

As advised by the Company's PRC legal adviser, pursuant to the existing PRC laws, the public offering of A shares shall take place within the PRC and is available for subscription by: (i) domestic natural persons, legal persons and other institutions who have maintained A Share accounts with domestic stock exchanges; (ii) residents from Hong Kong and Macau Special Administrative Region of the PRC and Taiwan who work and live in the Mainland and have maintained A Share accounts as required by law; (iii) Qualified Foreign Institutional Investors ("QFII") and Renminbi Qualified Foreign Institutional Investors ("RQFII"); (iv) other entities permitted by competent authorities to participate in the initial public offering of Hainan Mining. Based on the Company's register of members as at 19 November 2014, being the latest practicable date for the purpose of the Announcement, a majority number of the Company's existing Shareholders are foreign natural persons, legal person or institutions, which in the opinion of the Company's PRC legal adviser, are not eligible to be qualified as QFII or RQFII, and hence cannot directly invest in the Hainan Mining Shares. Accordingly, there is legal impediment to make available an assured entitlement to the Hainan Mining Shares to the existing Shareholders under the relevant PRC laws and regulations.

In the absence of any assured entitlement to the Shareholders, the Shareholders will not be entitled by way of preferred application to participate in the A Share IPO while the Company's effective interest in Hainan Mining will be diluted to not less than 54%. The Directors, having considered the legal opinion from the Company's PRC legal adviser, are of the view that the assured entitlements cannot be provided to all existing Shareholders on an equal basis as required under paragraph 3(f) of the Practice Note 15 of the Listing Rules in light of the aforementioned legal impediments. Besides, we note from the Announcement that, according to Shanghai Stock Exchange Shanghai-Hong Kong Stock Connect Pilot Provisions 《上海證券交易所滬港通試點辦法》 issued by the Shanghai Stock Exchange, since Hainan Mining will not have completed its listing before the completion of its A Share IPO, A shares of Hainan Mining are currently not stocks that are available for trading under the aforesaid Shanghai-Hong Kong Stock Connect. As such, shareholders of the Company cannot participate in this issuance through the "Shanghai-Hong Kong Stock Connect". Thus, we concur with the Directors' view that strict compliance with the assured entitlement requirement would not be feasible under such circumstances.

Furthermore, the Directors are of the view that it is commercially and financially not viable for the Company to provide any alternatives to the provision of the assured entitlements to the Shareholders as the Company will not obtain any direct cash proceeds from the A Share IPO for distribution to the

Shareholders, given that the net proceeds from the A Share IPO will be earmarked for investment in various projects of the Hainan Mining Group and for replenishing Hainan Mining's working capital as discussed in the Announcement and will not be repatriated to the Company by any means.

Meanwhile, the Directors believe that the underlying benefit to the Shareholders of the Proposed Spin-Off will be reflected on (i) the expected increase in the Group's pro-forma consolidated net assets value upon completion of the A Share IPO of approximately RMB787.9 million (as further discussed below in this letter); (ii) the availability of a continuous funding platform and independent access to both equity and debt capital markets for Hainan Mining to raise funds to meet its future business needs; and (iii) the Group's investment in Hainan Mining becoming a publicly tradable asset following the A Share IPO and the expiry of the non-disposal undertaking (as mentioned above).

Given the above, we are of the view that the Waiver is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6. Possible financial effects of the Proposed Spin-Off

As stated in the Announcement, Hainan Mining will continue to be a non-wholly owned subsidiary of the Company, and the financial results of Hainan Mining shall continue to be consolidated into the financial statements of the Company. The follow set forth the financial effects of the Proposed Spin-Off to the Group:

Effects on the net assets of the Group

According to the Announcement, the unaudited consolidated net assets of the Company was approximately RMB67,373 million as at 30 June 2014. Meanwhile, as set out above in this letter, the audited consolidated net asset value of Hainan Mining as at 30 June 2014 as prepared in accordance with the PRC Accounting Standards for Business Enterprises, was approximately RMB 2,703.9 million.

As further disclosed in the Announcement, the consolidated net asset value of the Group is expected to increase by approximately RMB787.9 million immediately after the Proposed Spin-Off. Based on the estimated net proceeds from the A Share IPO of RMB1,759,579,795.5 and the net asset value of Hainan Mining of approximately RMB2,703.9 million as at 30 June 2014, upon completion of the A Share IPO, the increase in consolidated net asset value of the Group will be equivalent to approximately 54% of the net proceeds from the A Share IPO, less the 6% decrease in the Group's share in Hainan Mining's net asset value of approximately RMB162.2 million resulting from the dilution of the Company's effective equity interest in Hainan Mining.

Effects on the gearing and working capital position

As disclosed in the Announcement, the consolidated cash position and the total assets of the Company would increase by the net proceeds from the A Share IPO of RMB1,759,579,795.5. Since Hainan Mining will continue to be a non-wholly owned subsidiary of the Company, the deemed disposal in relation to the Proposed Spin-off will not give rise to any gain or loss to be recognised in the consolidated income statement of the Company in accordance with the Hong Kong Financial Reporting Standards. As advised by the Directors, the net proceeds expected to be raised by Hainan Mining will provide the Hainan Mining Group with additional equity capital for expansion of its operations, and will also improve the consolidated working capital of the Group. Upon completion of the A Share IPO, there will be an increase of cash inflow from financing activities of RMB1,759,579,795.5 attributable to the net proceeds of the A Share IPO. In this connection, the current asset position of the Group is expected to increase by the net proceeds from the A Share IPO, while the gearing and the working capital position of the Group are also expected to improve.

Effect on earnings

As discussed in the Announcement, the Proposed Spin-Off will not give rise to any gain or loss to be recognised in the consolidated income statement of the Company. It is therefore expected that there will be no impact on the earnings of the Group and earnings per Share immediately after completion of the Proposed Spin-Off. Meanwhile, the future earnings of the Group attributable to Hainan Mining Group will depend on, among others, the return generated from the net proceeds raised from the A Share IPO together with the growth of the Hainan Mining Group's business operations.

As set out above in this letter, the consolidated profits before taxation and the consolidated net profit of Hainan Mining for the year ended 31 December 2013 were approximately RMB1,339.6 million and RMB1,003.9 million, respectively. For the six months ended 30 June 2014, the consolidated profits before taxation and the consolidated net profit of Hainan Mining amounted to approximately RMB379.4 million and RMB287.5 million, respectively. Following the completion of the Proposed Spin-Off, the Company's share of earnings contributed from Hainan Mining are expected to be reduced as the Company's interest in Hainan Mining will be reduced from 60% to approximately 54% (depending on the percentage of Hainan Mining in public hands immediately following the completion of the Proposed Spin-Off), and the earnings attributable to the non-controlling interests of the Company are expected to increase.

Notwithstanding the above, we were advised by the Directors that the Company has confirmed with the Stock Exchange that the Remaining Group would meet the profit test set out in Rule 8.05(1)(a) of the Listing Rules upon the completion of the Proposed Spin-Off.

Furthermore, we were advised by the Directors that the Company has confirmed with the Stock Exchange that it will meet all the relevant requirements set out in Practice Note 15 of the Listing Rules, and the Group will have a sufficient level of operations and assets, excluding its interest in Hainan Mining, to support the Company's separate listing status and satisfy independently the requirements of Chapter 8 of the Listing Rules upon completion of the Proposed Spin-Off.

In view of the abovementioned improvement in net assets, total assets, gearing and working capital position, we are of the view that the Proposed Spin-off and the A Share IPO are beneficial to the Company and the Shareholders as a whole.

IV. CONCLUSION

Having considered the aforementioned principal factors and reasons, the analysis made by us in this letter, and based on the information provided and the representations made to us, we are of the view that the terms of the Proposed Spin-Off and the Waiver are fair and reasonable, and the Proposed Spin-Off and the Waiver are in the interests of the Company and the Shareholders as a whole.

Yours faithfully,
For and on behalf of
Shenyin Wanguo Capital (H.K.) Limited

Ting Kay Loong
Managing Director and Head of Corporate Finance

Mr. Ting Kay Loong is a licensed person and a responsible officer of Shenyin Wanguo Capital (H.K.) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) since 2006. Mr. Ting has over 20 years of experience in corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

** denotes English translation of the Chinese name and is provided for identification purpose only*

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“A Share IPO”	the proposed listing of A shares of Hainan Mining on the Shanghai Stock Exchange by way of an initial public offering
“Board”	the board of directors of the Company
“Company”	Fosun International Limited (復星國際有限公司), a company incorporated under the laws of Hong Kong and whose shares are listed and traded on the main board of the Hong Kong Stock Exchange
“CSRC”	China Securities Regulatory Commission
“Group”	the Company and its subsidiaries
“Hainan Mining”	Hainan Mining Co., Ltd., a subsidiary of the Company
“Issuance Announcement”	the announcement of Hainan Mining dated 24 November 2014 in relation to, among others, the pricing of the A Share IPO
“Lead Underwriter”	Guotai Junan Securities Co., Ltd.
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purposes of this announcement only (unless otherwise indicated) excludes Hong Kong and Macau Special Administrative Region of the PRC and Taiwan
“Previous Announcements”	the announcements of the Company dated 28 June 2011, 24 April 2012, 8 February 2013, 30 June 2014, 10 September 2014 and 13 November 2014 in relation to the Proposed Spin-Off and separate listing of Hainan Mining

“Proposed Spin-Off”	the proposed spin-off of Hainan Mining for the listing of its shares on the Shanghai Stock Exchange
“Shenyin Wanguo”	Shenyin Wanguo Capital (H.K.) Limited, appointed as the independent financial adviser of the Company to advise the board of directors of the Company on the implications of not providing the assured entitlements, and whether the Proposed Spin-Off and the Waiver are fair and reasonable and are in the interests of the Company and its shareholders as a whole
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Waiver”	Waiver from providing an assured entitlement to shares in Hainan Mining to the existing shareholders of the Company as required under Paragraph 3(f) of Practice Note 15 of the Listing Rules

Shareholders and public investors should note that there is no assurance as to whether or when the Proposed Spin-Off will complete. As the Proposed Spin-Off may or may not complete, shareholders and public investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Fosun International Limited
Guo Guangchang
Chairman

Shanghai, the PRC, 24 November 2014

As at the date of this announcement, the executive directors of the Company are Mr. Guo Guangchang, Mr. Liang Xinjun, Mr. Wang Qunbin, Mr. Ding Guoqi, Mr. Qin Xuetao and Mr. Wu Ping; the non-executive director is Mr. Fan Wei; and the independent non-executive directors are Mr. Zhang Shengman, Mr. Zhang Huaqiao and Mr. David T. Zhang.