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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
THE ACQUISITION OF ORDINARY SHARES OF
PUBLIC JOINT STOCK COMPANY POLYUS**

THE SPA

The Board is pleased to announce that the Purchaser (an indirect non-wholly owned subsidiary of the Company) entered into the SPA on 31 May 2017 with the Seller, pursuant to which the Purchaser (directly or through its affiliates) agreed to purchase and the Seller agreed to sell the Sale Shares owned by the Seller, representing 10% of the share capital excluding treasury shares of the Target Company, at USD70.6025 per share for a maximum Consideration of approximately USD887 million in cash, on the terms and subject to the conditions set out in the SPA. Subject to Closing, the Purchaser (or its affiliates) shall have an option to purchase from the Seller, and to require the Seller to sell, all or some of the Call Option Shares under the SPA which, taken together with the Sale Shares, would result in the Purchaser holding up to 15% of share capital of the Target Company. The option to purchase the Call Option Shares can be exercised not later than one year from the date of this announcement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that the Purchaser (an indirect non-wholly owned subsidiary of the Company) entered into the SPA on 31 May 2017 with the Seller, pursuant to which the Purchaser (directly or through its affiliates) agreed to purchase and the Seller agreed to sell the Sale Shares owned by the Seller, representing 10% of the share capital excluding treasury shares of the Target Company, at USD70.6025 per share for a maximum Consideration of approximately USD887 million in cash, on the terms and subject to the conditions set out in the SPA. Subject to Closing, the Purchaser (or its affiliates) shall have an option to purchase from the Seller, and to require the Seller to sell, all or some of the Call Option Shares under the SPA which, taken together with the Sale Shares, would result in the Purchaser holding up to 15% of share capital of the Target Company. The option to purchase the Call Option Shares can be exercised not later than one year from the date of this announcement.

The details of the SPA are as follows:

THE SPA

Date: 31 May 2017

Parties: Purchaser: Shanghai Pingju Investment Management Co., Ltd.;
As at the date of this announcement, the Purchaser is held as to:
49.90% by Hainan Mining;
37.37% by Shanghai Fosun High Technology (Group) Co., Ltd, a subsidiary of the Company; and
12.73% by Zhaojin Mining

Seller: Polyus Gold International Limited

The Group or its affiliate(s) will take up the proportion allotted to Zhaojin Mining for its equity interest in the Purchaser under the circumstances that Zhaojin Mining decides not to participate in the Acquisition.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Seller and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Sale Shares: Subject to the terms and conditions of the SPA, sale by the Seller and purchase by the Purchaser (or its affiliates) of the Sale Shares, representing 10% of the share capital excluding treasury shares of the Target Company.

Consideration and Payment Terms: The maximum Consideration for the Sale Shares shall be approximately USD887 million, which is the product of USD70.6025 per share multiplied by the number of the Sale Shares. USD70.6025 per share price is subject to an adjustment for dividends of the Target Company where the record date for such dividends falls during the period between the date of this announcement and Closing.

The Purchaser (or its affiliates) shall pay the Consideration to the Seller in cash at Closing.

It is proposed that the Consideration shall be satisfied by capital contribution from the shareholders of the Purchaser according to their proportionate shareholding interest and external financing.

The Consideration was determined at arm’s length negotiations between the Purchaser and Seller with reference to, among others, the assessment and analysis by an independent evaluation institution and by the management of the Company internally, based on the prospects of the Target Company and the projection of future profits and cash flow to be generated by the Target Company in accordance with technical reports and business plans of the Target Company.

The audited net profits (both before and after taxation) attributable to the equity holders of the Target Company for the two fiscal years immediately preceding the Acquisition, under the international financial reporting standards (“IFRS”), are as follows:

	For the year ended 31 December	
	2016	2015
	(audited)	(audited)
	approximately	approximately
	USD million	USD million
Net profit before tax	1,771	1,212
Net profit after tax	1,445	1,021

The total assets and net assets of the Target Company in accordance with reviewed financial statements were approximately USD5,927 million and USD66 million, respectively, as at 31 March 2017.

Conditions to Closing: The obligations under the SPA to consummate the Proposed Transaction are subject to the satisfaction (or waiver) at or prior to the Closing of the closing conditions contemplated by the SPA, among others, including receipt of certain regulatory approvals and clearance in the PRC and Russia as well as shareholders' approval of Hainan Mining.

Closing: The Closing shall take place following the satisfaction or waiver, as applicable, of all the conditions set forth in the SPA or on such other date as may be mutually agreed in writing by the Seller and the Purchaser.

Upon consummation of the Acquisition, the Purchaser (or its affiliates) is expected to be the second largest shareholder of the Target Company.

Other Terms: Within one year from the date of this announcement, the Purchaser (or its affiliates) shall have an option to purchase from the Seller, and to require the Seller to sell, all or some of the Call Option Shares under the SPA.

The board of directors of the Target Company will be expanded from 9 to 11 directors and, subject to certain conditions, the Purchaser (or its affiliates) has the right to nominate two members to the board of directors of the Target Company when it holds at least 10% of the share capital excluding treasury shares of the Target Company; or one member when the holding is between 5% and 10%.

The Purchaser (or its affiliates) and the Seller agreed to vote in favour of the minimum annual dividend payments for the years 2017-2021 at the greater of (i) 30% of the full-year EBITDA¹ calculated based on IFRS accounts; (ii) USD550 million for each of 2017, 2018 and 2019 and USD650 million for each of 2020 and 2021, which will be subject to compliance with the financial covenants of the Target Company.

The Purchaser (or its affiliates) has a right to subscribe for up to its respective proportion when the Target Company issues new shares.

¹ EBITDA = profit for the year + tax + net interest expense + depreciation and amortization

REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTION

The Group engages in iron ore production and operation through a subsidiary, Hainan Mining. Hainan Mining owns a large open pit, high-grade iron ore mine in China. Its core business includes mining and sales of iron ore. By investing in the good-quality mining projects, Hainan Mining aims to accelerate the transformation of its business structure, and strive to become a resources group with global investment and financing capabilities.

The Target Company is principally engaged in extraction, processing, refining and sale of gold. The Target Company is the largest gold producer in Russia and one of the top 10 gold miners globally by ounces produced. As of 31 December 2015 total gold reserves of the Target Company amounted to 2,000 tons of gold (fourth largest gold reserves base in the world). The Target Company is a leading company of the industry by its resource grade and by the length of the minelife with highly competitive cost profile and profitability.

The Group is endeavoring to help its portfolio companies achieve their strategic objectives through the Proposed Transaction, which is in line with the strategy of the Group that aims to converge talents, products, technologies and other resources, deepen integration of industries, and upgrade overall competitiveness of the Group.

The Directors (including the independent non-executive Directors) are of the view that the Proposed Transaction is fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL INFORMATION OF THE PARTIES

The Seller

The principal businesses of the Seller and its subsidiaries include the extraction, refining and sale of gold.

The Purchaser

Shanghai Pingju Investment Management Co., Ltd., an indirect non-wholly owned subsidiary of the Company, is principally engaged in investment holding.

The Company

The Company is a company incorporated in Hong Kong. The principal businesses of the Company include integrated finance (wealth) and industrial operations. The integrated finance (wealth) business includes three major segments: insurance, investment, wealth management and innovative finance; the industrial operations include four key segments: health, happiness, property development and sales, and resources.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares pursuant to the SPA
“Board”	the board of the Directors
“Call Option Shares”	up to such number of shares in the Target Company as, taken together with the Sale Shares, would result in the Purchaser holding 15% of the share capital of the Target Company
“Closing”	the closing of the Acquisition contemplated by the SPA
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration payable for the Sale Shares by the Purchaser (or its affiliates) under the SPA
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hainan Mining”	Hainan Mining Co., Ltd., a company whose A shares are listed on the Shanghai Stock Exchange with stock code 601969 and a subsidiary of the Company

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Proposed Transaction”	the Acquisition and the purchase of the Call Option Shares contemplated under the SPA
“Purchaser”	Shanghai Pingju Investment Management Co., Ltd., (上海平聚投資管理有限公司), a company incorporated in China with limited liability and whose registered capital is RMB500,000 as at the date of this announcement, is an indirect non-wholly owned subsidiary of the Company, being the purchaser under the SPA
“Russia”	the Russian Federation
“Sale Shares”	12,561,868 shares of the Target Company
“Seller”	Polyus Gold International Limited, a company incorporated and registered in Jersey
“SPA”	the sale and purchase agreement entered into between the Seller and the Purchaser dated 31 May 2017 in relation to the Proposed Transaction
“Target Company”	Public Joint Stock Company Polyus, a public joint stock company incorporated and registered in Russia, with registration number (OGRN) 1068400002990
“USD”	United States dollar, the lawful currency of the United States of America
“Zhaojin Mining”	Zhaojin Mining Industry Company Limited, a company whose H shares are listed on the Hong Kong Stock Exchange with stock code 01818
“%”	per cent

By Order of the Board
Fosun International Limited
Guo Guangchang
Chairman

31 May 2017

As at the date of this announcement, the executive directors of the Company are Mr. Guo Guangchang, Mr. Wang Qunbin, Mr. Chen Qiyu, Mr. Xu Xiaoliang, Mr. Qin Xuetang, Mr. Wang Can, Ms. Kang Lan and Mr. Gong Ping; and the independent non-executive directors are Mr. Zhang Shengman, Mr. Zhang Huaqiao, Mr. David T. Zhang, Mr. Yang Chao and Dr. Lee Kai-Fu.