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FOSUN 复星

FOSUN INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 00656)

MAJOR TRANSACTION

NON-COMPETITION ARRANGEMENTS

A letter from the Board is set out on pages 1 to 7 of this circular.

11 May 2009

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DEFINITIONS

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

“Amended and Restated Non-Competition Agreement”	a non-competition agreement dated 21 April 2009 and entered into between the Company and Forte in relation to the Non-competition Arrangements and, upon taking effect, it will supersede the 2003 Non-competition Agreement
“Associates”	has the meanings ascribed thereto under the Hong Kong Listing Rules
“Board”	the board of directors of the Company
“Call Option”	has the meanings ascribed thereto under the section headed “Amended and Restated Non-Competition Agreement — Major Terms” of this circular
“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
“Covenantors”	Mr. Guo, Fosun Technology, Guangxin Technology and Fosun Hi-Tech Group, being the covenantors under the 2003 Non-competition Agreement
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of Forte to be convened to consider and approve, among other matters, the Non-competition Arrangements
“Forte”	Shanghai Forte Land Co., Ltd. (復地(集團)股份有限公司), a sino-foreign joint stock company incorporated in the PRC with limited liability and whose H shares are listed and traded on the main board of the Hong Kong Stock Exchange
“Forte Core Business”	the property or related business engaged by the Forte Group, including without limitation, property development, construction supervisory, sales planning, real estate agency and other ancillary property related services and any business which competes or is likely to compete with any business of the Forte Group
“Forte Group”	Forte and its subsidiaries
“Fosun Hi-Tech Group”	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 the PRC

DEFINITIONS

“Fosun Holdings”	Fosun Holdings Limited, a company incorporated under the laws of Hong Kong with limited liability
“Fosun Technology”	Shanghai Fosun High and New Technology Development Co., Ltd. (上海復星高新技術發展有限公司), a limited liability company incorporated under the laws of the PRC
“Group”	the Company and its subsidiaries
“Guangxin Technology”	Shanghai Guangxin Science & Technology Development Co., Ltd. (上海廣信科技發展有限公司), a limited liability company incorporated under the laws of the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Shareholders”	shareholders of Forte (other than the Company and its associates) who are not required to abstain from voting on the resolutions to be proposed at the EGM to approve, among other matters, the Non-competition Arrangements under the Hong Kong Listing Rules
“Latest Practicable Date”	4 May 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
“Mr. Guo”	Mr. Guo Guangchang, the Chairman and an executive Director of the Company and the Chairman and an executive director of Forte
“Non-competition Arrangements”	the non-competition arrangements between the Company and Forte in relation to the Forte Core Business as set out under the Amended and Restated Non-Competition Agreement
“PRC”	the People’s Republic of China, which for the purposes of this circular only (unless otherwise indicated) excludes Hong Kong, Macau and Taiwan
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“2003 Non-competition Agreement”	a non-competition undertaking agreement dated 10 February 2003 and entered into between Forte and the Covenantors in relation to certain non-competition undertakings given by the Covenantors in favour of Forte

LETTER FROM THE BOARD

FOSUN 复星

FOSUN INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 00656)

Directors

Executive Directors:

Mr. Guo Guangchang (*Chairman*)

Mr. Liang Xinjun (*Vice Chairman and Chief Executive Officer*)

Mr. Wang Qunbin (*President*)

Mr. Fan Wei

Mr. Ding Guoqi

Mr. Qin Xuetang

Mr. Wu Ping

Registered Office:

Room 808, ICBC Tower

3 Garden Road

Central

Hong Kong

Non-executive Director:

Mr. Liu Benren

Independent Non-executive Directors:

Dr. Chen Kaixian

Mr. Zhang Shengman

Mr. Andrew Y. Yan

11 May 2009

To the shareholders

Dear Sir/Madam,

MAJOR TRANSACTION

NON-COMPETITION ARRANGEMENTS

INTRODUCTION

Reference is made to the announcement of the Company dated 21 April 2009.

Pursuant to the 2003 Non-competition Agreement, each of Mr. Guo, Fosun Technology, Guangxin Technology and Fosun Hi-Tech Group had undertaken to Forte that (i) the Covenantors will not, except through Forte or its Associates, and procure that their Associates will not, engage or be interested, directly or indirectly, in the Forte Core Business during the subsistence of the 2003 Non-competition Agreement; and (ii) immediately upon becoming aware of a business opportunity in the PRC which directly or indirectly competes, or may lead to competition, with the Forte Core Business, the Covenantors will notify Forte of such business opportunity and use their best efforts to assist Forte to secure such opportunity.

LETTER FROM THE BOARD

The 2003 Non-competition Agreement will remain in force so long as (i) the H shares of Forte remain listed on the Hong Kong Stock Exchange; or (ii) the Covenantors and their respective Associates shall singly or together, remain beneficially interested in at least 30% of the voting rights in Forte or be deemed as controlling shareholders of Forte pursuant to the Hong Kong Listing Rules or any laws or regulations.

The 2003 Non-competition Agreement does not apply to (i) the direct or indirect holding of any securities in any company engaged or is involved in the Forte Core Business whose securities are listed on a recognized stock exchange provided that (aa) the Forte Group is not in control of the board of directors of the company concerned nor is interested in more than 10% of the total voting rights attached to the securities of the same class of such company; and (bb) the total voting rights attached to such securities exercisable by the Covenantors at general meetings of the company concerned shall be less than 10% of the total voting rights of such company; and (ii) the holding of any securities of any member of the Forte Group or carrying on any business for and on behalf of the Forte Group.

As of the date of this circular, Fosun Technology and Guangxin Technology were no longer shareholders of Forte and the Group holds approximately 70.56% of the issued share capital of Forte.

On the basis that the protection under the 2003 Non-competition Agreement on the part of the Forte Group will not be undermined and in order to (i) warehouse business opportunities which are not suitable and/or appropriate for Forte to take up at the relevant time due to legal, financial and/or commercial reasons; and (ii) transfer back to Forte if and when Forte is of the view that the relevant business opportunities are suitable and/or appropriate for Forte to take up, the Company and Forte entered into the Amended and Restated Non-Competition Agreement to supersede the 2003 Non-competition Agreement.

The Non-competition Arrangements contemplated under the Amended and Restated Non-Competition Agreement constitutes a major transaction of the Company. No shareholder of the Company nor its associates has a material interest in the Non-competition Arrangements, and therefore is required to abstain from voting under Rule 14.46 of the Hong Kong Listing Rules, and to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, no shareholder of the Company is also a shareholder of Forte and has a material interest in the Non-competition Arrangements and the Company obtained a written shareholder's approval dated 21 April 2009 in relation to the Non-competition Arrangements under the Amended and Restated Non-Competition Agreement and the termination of the 2003 Non-competition Agreement from Fosun Holdings, which holds 5,024,555,500 shares in the Company, representing approximately 78.24% in nominal value of the shares of the Company giving the right to attend and vote at a general meeting of the Company, no general meeting is required to be held to consider the Non-competition Arrangements under the Amended and Restated Non-Competition Agreement and the termination of the 2003 Non-competition Agreement pursuant to Rule 14.44 of the Hong Kong Listing Rules.

The purpose of this circular is to provide you with further information about the Non-competition Arrangements contemplated under the Amended and Restated Non-Competition Agreement.

LETTER FROM THE BOARD

AMENDED AND RESTATED NON-COMPETITION AGREEMENT

Date

21 April 2009

Parties

(i) the Company

(ii) Forte

Major Terms

Under the Amended and Restated Non-Competition Agreement, (i) the Company will agree not to, and to procure its subsidiaries (other than the Forte Group) not to, compete with the Forte Group in the Forte Core Business; and (ii) the Company will undertake that if the Company becomes aware of a business opportunity which directly or indirectly competes, or may lead to competition, with the Forte Core Business, the Company or any of its subsidiaries (other than the Forte Group) will notify Forte of such business opportunity immediately upon becoming aware of it. The Company is also obliged to use its best efforts to procure that such opportunity is first offered to Forte upon terms that are fair and reasonable. The Company shall procure any of its subsidiaries (other than the Forte Group) to comply with this provision. Any decision on whether to take up such a business opportunity will be decided by the independent non-executive directors of Forte. The Group (other than the Forte Group) shall only take up this business opportunity upon receiving Forte's written notification that it decides not to take up such opportunity.

The Company will also grant to Forte under the Amended and Restated Non-Competition Agreement (i) a call option to purchase (the "**Call Option**") the interests of the Group in any business resulting from the business opportunity referred to above, which has been offered to, but has not been purchased or taken up by the Forte Group and has been retained by the Group, on the basis of valuation conducted by an independent valuer jointly appointed by the Company and Forte and subject to any relevant laws and applicable listing rules and existing third party pre-emptive rights; and (ii) pre-emptive rights to purchase the interests of the Group in any business resulting from the business opportunity referred to above, which has been offered to, but has not been purchased or taken up by the Forte Group and has been retained by the Group, on terms no less favourable than those offered to third parties, if the Group (other than the Forte Group) intends to transfer, sell, lease or license such interests to any third party, on the exercise of the above option or pre-emptive rights by Forte, the Company shall transfer such interests to Forte.

In relation to the pre-emptive rights described above, under the Amended and Restated Non-Competition Agreement, the Company must notify Forte before transferring its relevant interests to a third party. It is further provided that such notice must set out full terms of the proposed transfer and any information which may reasonably be required by Forte in order for Forte to make a decision

LETTER FROM THE BOARD

as to whether Forte should exercise the pre-emptive rights. Any decision on whether to exercise the pre-emptive rights will be made by the independent non-executive directors of Forte. The Company shall only proceed with the proposed transfer upon receiving the written notification by Forte that it decides not to exercise the pre-emptive rights.

The Amended and Restated Non-Competition Agreement will remain valid until such time, (i) as the Group owns less than 30% of the issued share capital of Forte; or (ii) the shares of Forte are no longer listed on the Hong Kong Stock Exchange or any other internationally recognized stock exchange.

The Amended and Restated Non-Competition Agreement does not apply to (i) the holding of any securities in a company that is engaged in a competing business and whose securities are listed on any internationally recognized stock exchange provided that the Group does not directly or indirectly hold or control the voting rights in respect of 10% or more of the issued share capital of such company; and (ii) the carrying on a competing business by the Group for and on behalf of the Forte Group.

Consideration

There will be no consideration involved in (i) the termination of the 2003 Non-competition Agreement; and (ii) the entering into of the Amended and Restated Non-Competition Agreement, including the covenants, undertakings, call options and/or pre-emptive rights given or granted therein.

Conditions Precedent

The Amended and Restated Non-Competition Agreement will take effect upon the fulfillment of the following conditions precedent:

- (i) a written shareholder's approval duly issued and signed by Fosun Holdings approving the Non-competition Arrangements under the Amended and Restated Non-Competition Agreement and the termination of the 2003 Non-competition Agreement in accordance with Rule 14.44 of the Hong Kong Listing Rules; and
- (ii) the Independent Shareholders of Forte in an extraordinary general meeting approving, among other matters, the Non-competition Arrangements under the Amended and Restated Non-Competition Agreement and the termination of the 2003 Non-competition Agreement.

Measures to be taken

For good corporate governance practices, in relation to compliance with the terms of the Amended and Restated Non-Competition Agreement, Forte will adopt the following measures:

- (i) The Company shall make an annual confirmation on compliance with the Amended and Restated Non-Competition Agreement in the annual report of Forte. Disclosure on how the Amended and Restated Non-Competition Agreement is complied with and enforced is consistent with the principles of making voluntary disclosures in the corporate governance report of Forte.

LETTER FROM THE BOARD

- (ii) The independent non-executive directors of Forte shall review, at least on an annual basis, the information provided by the Company in respect of the compliance and enforcement of the Amended and Restated Non-Competition Agreement.
- (iii) The Company shall undertake to provide all information necessary for the annual review by the independent non-executive directors of Forte and the enforcement of the Amended and Restated Non-Competition Agreement.
- (iv) Forte shall disclose decisions on matters reviewed by its independent non-executive directors in relation to the compliance and enforcement of the Amended and Restated Non-Competition Agreement either through the annual report, or by way of announcement to the public.

In relation to options or pre-emptive rights provided by the Company over its future competing businesses, Forte will adopt the following additional measures:

- (i) The independent non-executive directors of Forte shall review, at least on an annual basis, the options or pre-emptive rights provided by the Company over its future competing businesses and decide whether to exercise these rights.
- (ii) The independent non-executive directors of Forte may employ an independent financial adviser as they consider necessary to advise them on the exercise of options or pre-emptive rights provided by the Company, which expenses shall be borne by Forte.
- (iii) Forte shall disclose decisions on matters reviewed by its independent non-executive directors in relation to the exercise of options or pre-emptive rights provided by the Company either through the annual report, or by way of announcement to the public.

Upon the exercise by Forte of the options or pre-emptive rights provided by the Company over its future competing businesses, the Company and Forte will duly comply with the relevant provisions of the Hong Kong Listing Rules.

Reasons for the Amended and Restated Non-Competition Agreement

The Amended and Restated Non-Competition Agreement provides a mechanism for the Company, being the controlling shareholder of Forte, to (i) warehouse business opportunities which are not suitable and/or appropriate for Forte to take up at the relevant time due to legal, financial and/or commercial reasons; and (ii) transfer back to Forte if and when Forte is of the view that the relevant business opportunities are suitable and/or appropriate for Forte to take up.

HONG KONG LISTING RULES IMPLICATIONS

Under Rule 14.74(1) of the Hong Kong Listing Rules, on the grant of the Call Option, the exercise of which is not at the discretion of the Company, the transaction will be classified as if the Call Option had been exercised and for the purpose of the applicable percentage ratios (as defined under Rule 14.04(9) of the Hong Kong Listing Rules), the consideration includes the premium and the exercise price of the Call Option.

LETTER FROM THE BOARD

For the purpose of Rule 14.74(1) and under Rule 14.76(1) of the Hong Kong Listing Rules, where, on the grant of the Call Option, the actual monetary value of each of the premium, the exercise price, the value of the underlying assets and the profits and revenue attributable to such assets has not been determined, the Company must demonstrate to the satisfaction of the Hong Kong Stock Exchange the highest possible monetary value, which value will then be used for the purpose of classification of the transaction.

As there is no relevant asset and/or business currently under the Call Option, except the premium (which is nil), no actual monetary value of each of the exercise price, the value of the underlying assets and the profits and revenue attributable to such assets is able to be determined and no highest possible monetary value is able to be demonstrated, and accordingly, under Rule 14.76(1) of the Hong Kong Listing Rules, the Call Option will be classified as a major transaction of the Company and the Non-competition Arrangements under the Amended and Restated Non-Competition Agreement is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules.

No shareholder of the Company nor its associates has a material interest in the Non-competition Arrangements, and therefore is required to abstain from voting under Rule 14.46 of the Hong Kong Listing Rules, and to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, no shareholder of the Company is also a shareholder of Forte and has a material interest in the Non-competition Arrangements and the Company obtained a written shareholder's approval dated 21 April 2009 in relation to the Non-competition Arrangements under the Amended and Restated Non-Competition Agreement and the termination of the 2003 Non-competition Agreement from Fosun Holdings, which holds 5,024,555,500 shares in the Company, representing approximately 78.24% in nominal value of the shares of the Company giving the right to attend and vote at a general meeting of the Company, no general meeting is required to be held to consider the Non-competition Arrangements under the Amended and Restated Non-Competition Agreement and the termination of the 2003 Non-competition Agreement pursuant to Rule 14.44 of the Hong Kong Listing Rules.

GENERAL INFORMATION OF THE PARTIES TO THE TRANSACTION

The Company

The principal activities of the Company are: (i) pharmaceuticals; (ii) property development; (iii) steel; (iv) mining; and (v) retail, services and strategic investments.

Forte

Forte is a 70.56% owned subsidiary of the Company. It is principally engaged in the development and sale of high quality commercial and residential properties in the PRC.

LETTER FROM THE BOARD

GENERAL

The Directors (including the independent non-executive Directors) are of the view that the terms of the Amended and Restated Non-Competition Agreement (i) have been negotiated on an arm's length basis; and (ii) are fair and reasonable and in the interests of its shareholders as a whole.

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of
FOSUN INTERNATIONAL LIMITED
Guo Guangchang
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(A) Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at the Latest Practicable Date, the following Directors or chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Hong Kong Stock Exchange:

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

Name of Directors/ Chief Executive	Class of shares	Number of shares	Type of interests	Approximate percentage of shares in issue
Guo Guangchang	Ordinary	5,024,555,500 ⁽¹⁾	Corporate	78.24%
Ding Guoqi	Ordinary	12,940,000	Individual	0.20%
Qin Xuetao	Ordinary	3,880,000	Individual	0.06%
Wu Ping	Ordinary	7,760,000	Individual	0.12%

(2) *Long positions in the shares, underlying shares and debentures of the Company's associated corporation (within the meaning of Part XV of the SFO):*

Name of Directors/ Chief Executive	Name of associated corporation	Class of shares	Number of shares	Type of interests	Approximate percentage of shares in issue
Guo Guangchang	Fosun Holdings Limited	Ordinary	1	Corporation	100%
	Fosun International Holdings Ltd.	Ordinary	29,000	Individual	58%
	Shanghai Fosun Pharmaceuticals (Group) Company Limited	Ordinary	76,050	Individual	0.01%
Liang Xinjun	Fosun International Holdings Ltd.	Ordinary	11,000	Individual	22%
Wang Qunbin	Fosun International Holdings Ltd.	Ordinary	5,000	Individual	10%
	Shanghai Fosun Pharmaceuticals (Group) Company Limited	Ordinary	76,050	Individual	0.01%
Fan Wei	Fosun International Holdings Ltd.	Ordinary	5,000	Individual	10%
Qin Xuetao	Shanghai Fosun Pharmaceuticals (Group) Company Limited	Ordinary	76,050	Individual	0.01%

Note:

(1) 5,024,555,500 shares are deemed corporate interests held through Fosun Holdings and Fosun International Holdings Ltd. ("**Fosun International Holdings**") pursuant to Division 7 of Part XV of the SFO.

(B) Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following persons or entities (other than Directors or chief executive of the Company) had, or were deemed to have interests or short positions in the shares and underlying shares of the Company (i) which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) which were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or of any other company which is a subsidiary of the Company; or (iii) which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholders	Class of shares	Number of shares directly or indirectly held	Approximate percentage in issued share capital
Fosun Holdings ⁽³⁾	Ordinary	5,024,555,500	78.24%
Fosun International Holdings ⁽¹⁾⁽³⁾	Ordinary	5,024,555,500 ⁽²⁾	78.24%

Notes:

- (1) Fosun International Holdings is owned as to 58.0%, 22.0%, 10.0% and 10.0%, respectively, by Mr. Guo, Mr. Liang Xinjun, Mr. Wang Qunbin and Mr. Fan Wei.
- (2) Fosun International Holdings is the beneficial owner of all the issued shares in Fosun Holdings and Fosun International Holdings is therefore deemed or taken to be interested in the shares owned by Fosun Holdings for the purposes of the SFO.
- (3) Mr. Guo is the sole director of each of Fosun Holdings and Fosun International Holdings.

3. DIRECTORS' SERVICE CONTRACT

Each of the Directors has entered into a service contract with the Company for a term of not more than three years, which can be terminated by either party by giving a prior written notice of three months to the other party.

As at the Latest Practicable Date, none of the Directors or proposed Directors had any existing or proposed service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the relevant employer within one year without payment of compensation other than statutory compensation).

4. INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as known to the Directors, none of the Directors or their respective associates has any interests in other business which competes or is likely to compete with the business of the Group.

5. DIRECTORS' INTERESTS IN THE ASSETS OR CONTRACTS OF THE GROUP

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

As at the Latest Practicable Date, save as disclosed in the Company's announcement dated 27 February 2009 in relation to the disposal of 19.7405% equity interest in Tebon Securities Co., Ltd. by Shanghai Fosun Industrial Investment Co., Ltd., a wholly owned indirect subsidiary of the Company, to Shanghai Xingye Investment Development Co., Ltd., an Associate of Mr. Guo, none of the Directors has or had any interest in any assets which have been since 31 December 2008 (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 any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. LITIGATION

As at the Latest Practicable Date, so far as known to the Directors, neither the Company nor any other members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is pending or threatened against the Company or any other members of the Group.

7. INDEBTEDNESS STATEMENT

As at 31 March 2009, the total debt of the Group increased to RMB26,457.8 million from RMB24,550.5 million as at 31 December 2008, with decrease in short-term borrowings and increase in long-term borrowings.

As at 31 March 2009, save for cash and bank balances of RMB14,533.6 million, the Group had unutilised banking facilities of RMB17,242.3 million.

As at 31 March 2009, the Group had pledged assets of RMB9,634.7 million (31 December 2008: RMB10,297.3 million) in order to obtain bank borrowings.

As at 31 March 2009, the Group's contingent liabilities were RMB4,292.2 million.

Save as disclosed above and apart from the intra-group liabilities and normal trade payables arising in the ordinary course of business of the Group, the Group did not have any outstanding mortgages, charges, debentures, loan capital, debt securities, term loans and overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance, other borrowings or indebtedness in the nature of the borrowings or any guarantees or other material contingent liabilities.

8. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In 2009, the Group will continue to attend to funding, secure further high quality capital through various channels and reduce the costs and risks of financing having taken the leverage of the flexible financing environment in the PRC for optimising the debt structure of the Group. The Group will provide support and assistance to all business segments in their involvement in industrial integration and consolidation to continuously enhance the Group's competitiveness and position in those industries. The Group will also further invest in industries such as natural resources, consumption industry with brands, appropriately increase the proportion of light assets and weak cyclical industry assets in its asset portfolio, optimise and adjust asset structure, adjust its investment portfolio to lower costs and further invest in overseas assets.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2008, being the date to which the latest published audited financial statements of the Group were made up.

9. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, after taking into consideration of the financial resources available on hand and the internally generated funds, the Group will have sufficient capital for its present requirements for at least 12 months from the date of this circular.

10. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) were entered into by members of the Group within the two years immediately preceding the date of this circular and up to the Latest Practicable Date and are or may be material:

- (1) a preliminary agreement entered into between Hainan Iron & Steel Company Limited, Fosun Hi-Tech Group and Shanghai Fosun Industrial Investment Co., Ltd. dated 5 June 2007, pursuant to which Hainan Iron & Steel Company Limited, Fosun Hi-Tech Group and Shanghai Fosun Industrial Investment Co., Ltd. agreed to set up a joint venture to engage in the development of mining business;

- (2) a deed of non-competition undertaking dated 26 June 2007 entered into between the Company, Fosun International Holdings, Fosun Holdings, Mr. Guo, Mr. Liang Xinjun, Mr. Wang Qunbin and Mr. Fan Wei, pursuant to which Fosun International Holdings, Fosun Holdings, Mr. Guo, Mr. Liang Xinjun, Mr. Wang Qunbin and Mr. Fan Wei undertake not to engage in competing business with the Company;
- (3) a deed of property indemnity dated 26 June 2007 entered into between the Company, Fosun Holdings, Mr. Guo, Mr. Liang Xinjun, Mr. Wang Qunbin and Mr. Fan Wei, whereby Fosun Holdings has provided an indemnity in favour of the Company in respect of the losses and liabilities, if any, arising from properties acquired, owned, or leased by the Group without land use rights certificates, building ownership certificates, real estate title certificates and/or construction permits;
- (4) a tax deed dated 26 June 2007 entered into between the Company, Fosun International Holdings, Fosun Holdings, Mr. Guo, Mr. Liang Xinjun, Mr. Wang Qunbin and Mr. Fan Wei, whereby Fosun International Holdings, Fosun Holdings, Mr. Guo, Mr. Liang Xinjun, Mr. Wang Qunbin and Mr. Fan Wei have provided certain taxation related indemnities in favour of the Company;
- (5) a corporate investor agreement dated 22 June 2007 entered into between the Company, Morgan Stanley Asia Limited, UBS AG and the China International Capital Corporation Limited (collectively “**Joint Global Coordinators**”) and China Life Insurance (Overseas) Co., Ltd.;
- (6) a corporate investor agreement dated 22 June 2007 entered into between the Company, the Joint Global Coordinators, China Pacific Insurance (Group) Co., Ltd. and China Pacific Life Insurance Co., Ltd.;
- (7) a corporate investor agreement dated 22 June 2007 entered into between the Company, the Joint Global Coordinators and Equity Advantage Limited;
- (8) a corporate investor agreement dated 22 June 2007 entered into between the Company, the Joint Global Coordinators and First State Investments (Hong Kong) Limited;
- (9) a corporate investor agreement dated 22 June 2007 entered into between the Company, the Joint Global Coordinators and The Government of Singapore Investment Corporation Pte Ltd.;
- (10) a cornerstone investor agreement dated 22 June 2007 entered into between the Company, the Joint Global Coordinators and Honeybush Limited;
- (11) a cornerstone investor agreement dated 22 June 2007 entered into between the Company, the Joint Global Coordinators and Mr. Lau Luen-hung;

- (12) a corporate investor agreement dated 22 June 2007 entered into between the Company, the Joint Global Coordinators and Special Range Limited;
- (13) a corporate investor agreement dated 22 June 2007 entered into between the Company, the Joint Global Coordinators and Starr International Investments Ltd.;
- (14) a corporate investor agreement dated 22 June 2007 entered into between the Company, the Joint Global Coordinators and Tipking Limited;
- (15) a corporate investor agreement dated 22 June 2007 entered into between the Company, the Joint Global Coordinators and Valor Win Investments Limited;
- (16) a Hong Kong underwriting agreement dated 28 June 2007 entered into between the Company, Fosun Holdings, Fosun International Holdings, Mr. Guo, Mr. Liang Xinjun, Mr. Wang Qunbin, Mr. Fan Wei, the Joint Global Coordinators, China International Capital Corporation (Hong Kong) Limited, BOCOM International Holdings Company Limited, CAF Securities Company Limited, Guotai Junan Securities (Hong Kong) Limited, Shenyin Wanguo Capital (H.K.) Limited and Taifook Securities Company Limited;
- (17) a joint-venture contract entered into between Hainan Iron & Steel Company, Fosun Hi-Tech Group and Shanghai Fosun Industrial Investment Co., Ltd. dated 15 August 2007, pursuant to which Hainan Iron & Steel Company, Fosun Hi-Tech Group and Shanghai Fosun Industrial Investment Co., Ltd. agreed to set up Hainan Mining United Co., Ltd., a joint venture to engage in the development of mining business;
- (18) a joint venture contract entered into between Fosun Technology (Tian Jin) Co., Ltd., Tianjin Tiangang (Group) Co., Ltd., and Tianjin Aoxin Investment Co., Ltd. dated 13 June 2008, whereby Fosun Technology (Tian Jin) Co., Ltd. agreed to contribute RMB3.8 billion to the registered capital of the joint venture, Tianjin Iron & Steel (Group) Co., Ltd.;
- (19) a share transfer agreement entered into between Shanghai Fosun Industrial Investment Co., Ltd. and Shanghai Xingye Investment Development Co., Ltd. dated 27 February 2009, pursuant to which Shanghai Fosun Industrial Investment Co., Ltd. agreed to sell to Shanghai Xingye Investment Development Co., Ltd. its entire equity interest in Tebon Securities Co., Ltd.; and
- (20) a share transfer agreement entered into between Nanjing Iron & Steel United Co., Ltd. and Hangzhou Iron & Steel Group Company dated 27 February 2009, pursuant to which, Nanjing Iron & Steel United Co., Ltd. agreed to sell to Hangzhou Iron & Steel Group Company its entire equity interest in Ningbo Iron & Steel Co., Ltd..

11. MISCELLANEOUS

- (A) The registered office of the Company is situated at Room 808, ICBC Tower, 3 Garden Road, Central, Hong Kong.
- (B) The share registrar of the Company is Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (C) The company secretary of the Company is Ms. Sze Mei Ming, who is an associate member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (D) The English text of this document shall prevail over the Chinese text in the case of inconsistency.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays and public holidays) at the registered office of the Company at Room 808, ICBC Tower, 3 Garden Road, Central, Hong Kong from the date of this circular up to and including 10 June 2009:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the annual reports of the Company for the two financial years ended 31 December 2007 and 31 December 2008, respectively;
- (c) the 2003 Non-competition Agreement;
- (d) the Amended and Restated Non-Competition Agreement;
- (e) the material contracts referred to under the paragraph headed "Material Contracts" in this Appendix; and
- (f) this circular.