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FOSUN 复星

FOSUN INTERNATIONAL LIMITED

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

(Stock Code: 00656)

**DISCLOSEABLE TRANSACTION
REORGANIZATION OF NANJING STEEL UNITED**

Nanjing Iron & Steel, an indirectly non-wholly owned subsidiary of the Company, is currently owned as to 62.69% by Nanjing Steel United, an indirectly non-wholly owned subsidiary of the Company. Nanjing Steel United is owned as to 60% and 40% by the Group and Nanjing Steel Group, respectively.

Nanjing Steel United proposes to inject its core iron and steel related business operations (excluding Nanjing Iron & Steel) into Nanjing Iron & Steel by way of the Reorganization as set out under the section headed “Reorganization of Nanjing Steel United” of this announcement.

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Hong Kong Listing Rules) in relation to the injection of Nanjing Nangang Development into Nanjing Iron & Steel exceed 5% but below 25%, such transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Hong Kong Listing Rules) in relation to the A Share Issue exceed 5% but below 25%, the A Share Issue constitutes a discloseable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

INTRODUCTION

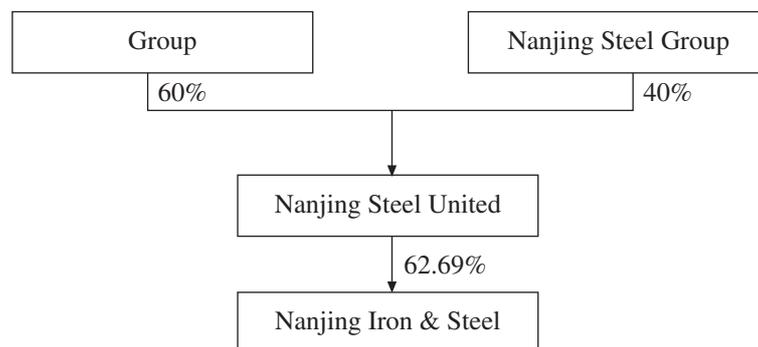
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Nanjing Steel United proposes to inject its core iron and steel related business operations (excluding Nanjing Iron & Steel) into Nanjing Iron & Steel by way of the Reorganization as set out under the section headed “Reorganization of Nanjing Steel United” below.

REORGANIZATION OF NANJING STEEL UNITED

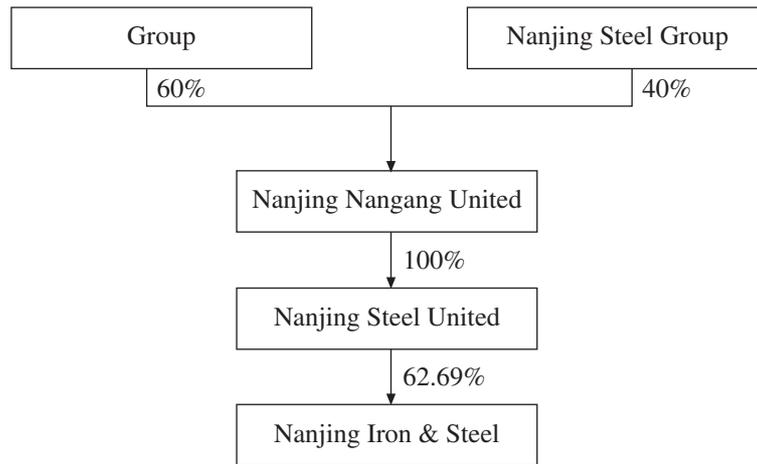
Group Structure of Nanjing Steel United Before the Reorganization

Before the Reorganization, the group structure of Nanjing Steel United was as follows:



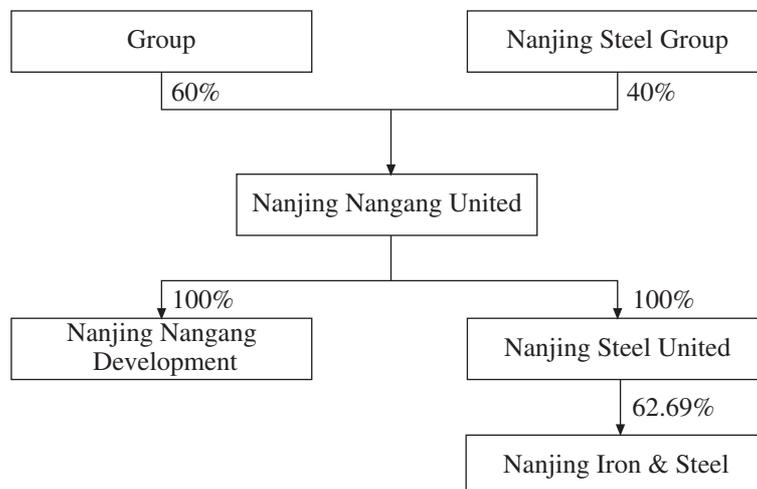
Incorporation of Nanjing Nangang United

Nanjing Nangang United was incorporated by the Group and Nanjing Steel Group by way of contribution to the registered capital of Nanjing Nangang United of cash in the aggregate amount of RMB100,000,000 and the entire equity interest in Nanjing Steel United (as to 60% and 40% by the Group and Nanjing Steel Group, respectively). Upon the incorporation of Nanjing Nangang United, the group structure of Nanjing Nangang United is as follows:



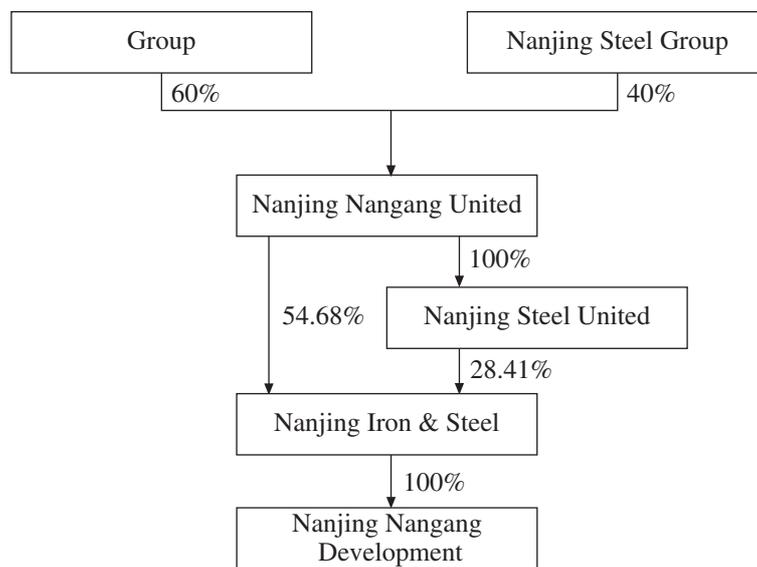
Separation of Nanjing Steel United

Nanjing Nangang United will incorporate a wholly owned subsidiary, Nanjing Nangang Development, by way of contribution to the registered capital of Nanjing Nangang Development of the core steel and iron related business operations of Nanjing Steel United (excluding the 62.69% shareholding interest in Nanjing Iron & Steel). Upon the incorporation of Nanjing Nangang Development, the group structure of Nanjing Nangang United will be as follows:



Injection of Nanjing Nangang Development into Nanjing Iron & Steel

After the separation of Nanjing Steel United as mentioned above, Nanjing Nangang United will inject its entire equity interest in Nanjing Nangang Development into Nanjing Iron & Steel for an estimated consideration of RMB8,600,000,000 (equivalent to approximately HK\$9,770,173,705) by way of issue of 2,033,100,000 new A shares of Nanjing Iron & Steel at the price of RMB4.23 (equivalent to approximately HK\$4.81) each A share (subject to adjustment), representing approximately 54.68% of the enlarged issued share capital of Nanjing Iron & Steel. After the injection, the group structure of Nanjing Nangang United will be as follows:



Reorganization Framework Agreement

For the purpose of the implementation of the Reorganization, Fosun Group, Fosun Industrial Investment, Fosun Industrial Development, Nanjing Steel Group, Nanjing Nangang United and Nanjing Iron & Steel entered into the Reorganisation Framework Agreement.

Date

22 May 2009

Parties

- (i) Fosun Group
- (ii) Fosun Industrial Investment

(iii) Fosun Industrial Development

(iv) Nanjing Steel Group

(v) Nanjing Nangang United

(vi) Nanjing Iron & Steel

Transaction

Pursuant to the Reorganization Framework Agreement, among other matters, Nanjing Nangang United will inject its entire equity interest in Nanjing Nangang Development into Nanjing Iron & Steel.

Consideration

The consideration payable by Nanjing Iron & Steel to Nanjing Nangang United for the entire equity interest in Nanjing Nangang Development is estimated to be an amount of RMB8,600,000,000 (equivalent to approximately HK\$9,770,173,705), which will be finally determined by reference to a valuation to be conducted on the entire equity interest in Nanjing Nangang Development, by way of the issue of 2,033,100,000 new A shares of Nanjing Iron & Steel at the price of RMB4.23 (equivalent to approximately HK\$4.81) each A share (subject to adjustment), representing approximately 54.68% of the enlarged issued share capital of Nanjing Iron & Steel.

Issue Price of the A Share Issue

The issue price of the A Share Issue of RMB4.23 (equivalent to approximately HK\$4.81) each A share (subject to adjustment) was the average trading price of the A shares of Nanjing Iron & Steel for the 20 trading days prior to 26 May 2009 (being the date of announcement of the resolutions passed by the board of directors of Nanjing Iron & Steel in relation to the Reorganization), namely 25 March 2009 to 21 April 2009.

Lock-up Period

The new A shares of Nanjing Iron & Steel issued to Nanjing Nangang United pursuant to the A Share Issue under the Reorganisation Framework Agreement will be subject to a lock-up of 36-month period from the date of completion of the A Share Issue.

Conditions Precedent

The completion of the Reorganization and the transactions contemplated therein will be conditional upon the fulfillment of, among other matters, the following conditions precedent:

- (i) the approval of the separation of Nanjing Steel United by the board of directors and the shareholders in general meeting of Nanjing Steel United and other approval(s) as required by the relevant PRC laws and regulations in relation thereto;
- (ii) the approval of the A Share Issue by the board of directors and the shareholders in general meeting of Nanjing Iron & Steel;
- (iii) the granting of a waiver by the shareholders of Nanjing Iron & Steel from an obligation on the part of Nanjing Nangang United to make a general offer for the A shares of Nanjing Iron & Steel not already owned by it in respect of the A Share Issue;
- (iv) the granting of a waiver by the CSRC from an obligation on the part of Nanjing Nangang United to make a general offer for the A shares of Nanjing Iron & Steel not already owned by it in respect of the A Share Issue; and
- (v) the obtaining of all necessary consents, permits or approvals from the CSRC.

FINANCIAL INFORMATION

Nanjing Iron & Steel

The audited book value of net asset attributable to equity holders of Nanjing Iron & Steel as of 31 December 2008 was RMB4,363,245,082.

The audited net profit before and after taxation and extraordinary items of Nanjing Iron & Steel for the two financial years ended 31 December 2007 and 2008, respectively, were as follows:

	For the year ended 31 December 2007	For the year ended 31 December 2008
	<i>RMB</i>	<i>RMB</i>
Audited net profit before taxation and extraordinary items	1,336,915,115	145,299,621
Audited net profit after taxation and extraordinary items	1,030,852,908	123,203,483

Nanjing Steel United

The audited book value of net asset attributable to equity holders of Nanjing Steel United as of 31 December 2008 was RMB7,306,712,308.

The audited net profit before and after taxation and extraordinary items of Nanjing Steel United for the two financial years ended 31 December 2007 and 2008, respectively, were as follows:

	For the year ended 31 December 2007	For the year ended 31 December 2008
	<i>RMB</i>	<i>RMB</i>
Audited net profit before taxation and extraordinary items	3,770,699,990	1,588,577,370
Audited net profit after taxation and extraordinary items	3,006,742,761	1,411,429,886

Nanjing Nangang Development

The pro forma book value of net asset attributable to equity holders of Nanjing Steel United of the core iron and steel related business operations (which will be injected into Nanjing Nangang Development upon its incorporation) as of 31 December 2008 was RMB4,187,804,297 (unaudited).

The pro forma unaudited net profit before and after taxation and extraordinary items of the core iron and steel related business operations of Nanjing Steel United (which will be injected into Nanjing Nangang Development upon its incorporation) for the two financial years ended 31 December 2007 and 2008, respectively, were as follows:

	For the year ended 31 December 2007	For the year ended 31 December 2008
	<i>RMB</i>	<i>RMB</i>
Pro forma unaudited net profit before taxation and extraordinary items	1,601,212,246	1,039,787,810
Pro forma unaudited net profit after taxation and extraordinary items	1,575,183,432	976,330,046

REASONS FOR THE REORGANIZATION

The Company is of the view that the Reorganization will result in the securitization of the core unlisted iron and steel related business operations of Nanjing Steel United, which will (i) strengthen the position of Nanjing Iron & Steel in the iron and steel industry; (ii) reduce the volume of related party transactions on the part of Nanjing Iron & Steel under the listing rules of Shanghai Stock Exchange; and (iii) increase risk-resistency and competitiveness of Nanjing Iron & Steel.

FINANCIAL EFFECT OF THE REORGANIZATION

As at the date of this announcement, Nanjing Iron & Steel is owned as to 62.69% by the Company (via Nanjing Steel United) and is a subsidiary of the Company. After completion of the Reorganization, Nanjing Iron & Steel will be owned as to 83.09% by the Company (via Nanjing Nangang United) and continue to be a subsidiary of the Company.

According to the current HKGAAP and the issue price of RMB4.23 per A share of Nanjing Iron & Steel under the A Share Issue, the gain realized from the transactions contemplated under the Reorganization accounted for in the financial statements of the Group is currently estimated to be approximately RMB97,800,000 (equivalent to approximately HK\$111,107,324), which is the change of interest shared by the Company in Nanjing Nangang United after completion of the A Share Issue.

There will be no effect on the assets and liabilities of the Group.

EFFECTS ON SHAREHOLDING STRUCTURE OF NANJING IRON & STEEL

The effects of the A Share Issue on the shareholding structure of Nanjing Iron & Steel are shown as follows:

	Shareholding as at the date of this announcement		Shareholding upon completion of the A Share Issue	
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
The Company (via its subsidiaries)	1,056,120,000	62.69%	3,089,220,000	83.09%
Public Shareholders	628,680,000	37.31%	628,680,000	16.91%
Total:	<u>1,684,800,000</u>	<u>100.00</u>	<u>3,717,900,000</u>	<u>100.00</u>

HONG KONG LISTING RULES IMPLICATIONS

Injection of Nanjing Nangang Development into Nanjing Iron & Steel

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Hong Kong Listing Rules) in relation to the injection of Nanjing Nangang Development into Nanjing Iron & Steel exceed 5% but below 25%, such transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

A Share Issue

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Hong Kong Listing Rules) in relation to the A Share Issue exceed 5% but below 25%, the A Share Issue constitutes a discloseable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

General

The Directors (including the independent non-executive Directors) are of the view that the terms of the Reorganization Framework Agreement and the transactions contemplated therein (i) have been negotiated on an arm's length basis; and (ii) are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole.

The Company confirms that there is no other transaction entered into between any member of the Group and the parties to the Reorganization Framework Agreement or their respective Associates within a 12-month period prior to the date of this announcement or otherwise related, which would be, together with the transactions contemplated under the Reorganization Framework Agreement, regarded as a series of transactions and treated as if they are one transaction under Rule 14.22 of the Hong Kong Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, each of the parties to the Reorganization Framework Agreement (other than members of the Group and Nanjing Steel Group) and its ultimate beneficial owner(s), are not connected persons of the Company and are third parties independent of the Company and its connected persons.

GENERAL INFORMATION OF THE PARTIES TO THE TRANSACTIONS

The Company

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

Fosun Group

Fosun Group is a company incorporated under the laws of the PRC with limited liability and a directly wholly owned subsidiary of the Company. It is principally engaged in investment holding.

Fosun Industrial Investment

Fosun Industrial Investment is a company incorporated under the laws of the PRC with limited liability and an indirectly wholly owned subsidiary of the Company. It is principally engaged in investment holding.

Fosun Industrial Development

Fosun Industrial Development is a company incorporated under the laws of the PRC with limited liability and an indirectly wholly owned subsidiary of the Company. It is principally engaged in investment holding.

Nanjing Steel Group

Nanjing Steel Group is a company incorporated under the laws of the PRC with limited liability. It is principally engaged in manufacturing and sale of iron and steel products.

Nanjing Steel United

Nanjing Steel United is a company incorporated under the laws of the PRC with limited liability and is owned as to 60% and 40% by the Group and Nanjing Steel Group, respectively. It is principally engaged in manufacturing and sale of iron and steel products.

Nanjing Iron & Steel

Nanjing Iron & Steel is a joint stock limited liability company incorporated under the laws of the PRC and whose A shares are listed and traded on the Shanghai Stock Exchange. It is currently owned as to 62.69% by Nanjing Steel United. It is principally engaged in manufacturing and sale of iron and steel products.

DEFINITIONS

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

“A Share Issue”	the issue of new A shares by Nanjing Iron & Steel as consideration for the entire equity interest in Nanjing Nangang Development as set out under the section headed “Reorganisation of Nanjing Steel United” of this announcement
“Associates”	has the meanings ascribed thereto under the Hong Kong Listing Rules
“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 of the State Council of the PRC
“Director(s)”	the director(s) of the Company

“Fosun Group”	Shanghai Fosun High Technology (Group) Co., Ltd. (上海復星高科技(集團)有限公司), a company incorporated under the laws of the PRC with limited liability and a directly wholly owned subsidiary of the Company
“Fosun Industrial Investment”	Shanghai Fosun Industrial Investment Co., Ltd. (上海復星產業投資有限公司), a company incorporated under the laws of the PRC with limited liability and an indirectly wholly owned subsidiary of the Company
“Fosun Industrial Development”	Shanghai Fosun Industrial Development Co., Ltd. (上海復星工業技術發展有限公司), a company incorporated under the laws of the PRC limited liability and an indirectly wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“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
“Nanjing Iron & Steel”	Nanjing Iron and Steel Shareholding Co., Ltd. (南京鋼鐵股份有限公司) (Stock Code: 600282), a joint stock limited company incorporated under the laws of the PRC and whose shares are listed and traded on the Shanghai Stock Exchange
“Nanjing Nangang United”	Nanjing Nangang United Co., Ltd. (南京南鋼鋼鐵聯合有限公司), a company incorporated under the laws of the PRC with limited liability
“Nanjing Nangang Development”	Nanjing Nangang Development Co., Ltd. (南京南鋼產業發展有限公司), a company to be incorporated under the laws of the PRC with limited liability

“Nanjing Steel Group”	Nanjing Iron & Steel (Group) Co., Ltd. (南京鋼鐵集團有限公司), a company incorporated under the laws of the PRC with limited liability
“Nanjing Steel United”	Nanjing Iron & Steel United Co., Ltd. (南京鋼鐵聯合有限公司), a company incorporated under the laws of the PRC with limited liability
“PRC”	the People’s Republic of China, which for the purposes of this announcement only (unless otherwise indicated) excludes Hong Kong, Macau and Taiwan
“Reorganization”	the proposed reorganization of Nanjing Steel United and its subsidiaries as set out under the section headed “Reorganization of Nanjing Steel United” of this announcement
“Reorganisation Framework Agreement”	A reorganization framework agreement dated 22 May 2009 and entered into among Fosun Group, Fosun Industrial Investment, Fosun Industrial Development, Nanjing Steel Group, Nanjing Nangang United and Nanjing Iron & Steel in relation to the Reorganization
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of share(s) of the Company

By Order of the Board
FOSUN INTERNATIONAL LIMITED
GUO GUANGCHANG
Chairman

Shanghai, the PRC, 25 May 2009

As at the date of this announcement, the executive directors of the Company are Mr. Guo Guangchang, Mr. Liang Xinjun, Mr. Wang Qunbin, Mr. Fan Wei, Mr. Ding Guoqi, Mr. Qin Xuetao and Mr. Wu Ping; the non-executive director is Mr. Liu Benren; and the independent non-executive directors are Dr. Chen Kaixian, Mr. Zhang Shengman and Mr. Andrew Y. Yan.