

## INVESTIGATION

# Fosun boss 'assisting investigation'

### Group firms to resume trading on Monday after contact with chairman

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Fosun Group chairman Guo Guangchang, who went missing on Thursday, has been "assisting an investigation" since Thursday afternoon but is now in contact with his staff, Shanghai Fosun Pharmaceutical said in a stock exchange filing last night.

The tycoon, whose disappearance triggered speculation that he may have become the latest victim of President Xi Jinping's crackdown on corruption, can participate in his company's decision making "in proper ways", Shanghai Fosun said.

Shares of Shanghai Fosun Pharmaceutical will resume trading on Monday. It was suspended yesterday along with six other Fosun companies, including two listed in Hong Kong.

Two Fosun officials told the *South China Morning Post* that Guo was allowed to make phone

calls but his movements have been restricted.

The Guo incident comes amid a nationwide probe into alleged market wrongdoings in the wake of the summer's stock market rout that has already netted senior government officials and top executives at state-owned banks and brokerages.

"Chinese entrepreneurs are struggling with the most complicated legal environment in the world, given the government's heavy meddling in the economy and business. It is just too easy to take away their wealth by abusing



Guo Guangchang

the judiciary," said Hangzhou-based lawyer Chen Youxi.

The pillars of China's powerful private sector are shaking, said Peter Fuhrman, chairman and chief executive of investment advisory firm China First Capital, "possibly for the first time ever".

Fosun, more than any other of the 60-million-plus private companies in the mainland, embodies and exemplifies the rise of the private sector from illegality and irrelevance 20 years ago to its current position as the main source of growth, employment and taxes in China, Fuhrman said.

"The incident brings home, as no previous event has, the fact that China's anti-corruption campaign means to usher in a new way of doing business for all of China Inc, not only the state-owned rump."

Industry sources said the investigation into Guo started as early as the summer. A source with knowledge of the matter said Guo was detained in July by

graft busters to assist in probes into high-level party officials, including some from Shanghai.

In August, Wang Zongnan, a former head of state-owned Bright Food Group, was sentenced to 18 years in jail for embezzlement and bribery. A court verdict said Fosun had sold property below market rates to Wang.

A businessman, who cannot be identified, told the *Post* that Guo could have been questioned over his relationships with either Yao Gang, a vice-chairman of the China Securities Regulatory Commission, or Ai Baojun, a vice-mayor of Shanghai.

Meanwhile, several mainland media sources reported orders from their headquarters to delete articles related to Guo. Fosun holds substantial stakes in many mainland media, including the influential 21st Century Media.

Dollar bonds of Fosun International fell by a record yesterday while stocks related to Guo's companies trading in the US and Europe took a beating as well.

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