THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shanghai Forte Land Co., Ltd.*, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

FORTE 复地

復地（集團）股份有限公司

SHANGHAI FORTE LAND CO., LTD.*

(a sino-foreign joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 02337)

MAJOR TRANSACTION

ACQUISITION OF THE ENTIRE ISSUED QUOTAS IN THE CAPITAL OF GARDEN PLAZA CAPITAL SRL

A letter from the Board is set out on pages 5 to 10 of this circular.

* *For identification purpose only*

25 June 2010

CONTENTS

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

"Actual Closing Net Adjustment"	adjustment on consideration of the Acquisition to be made pursuant to the SPA
"Acquisition"	the transfer of the entire issued Quotas in the capital of the Target Company by the Vendors to the Purchaser contemplated under the SPA
"Associates"	has the meanings ascribed thereto under the Hong Kong Listing Rules
"Assumed Closing Net Adjustment"	US$3,981,595 (equivalent to approximately HK$30,937,024), being a good faith estimate by the Vendors of the adjustment on consideration to be made at Closing pursuant to the SPA
"Baekdu Investments"	Baekdu Investments Limited, a company incorporated under the laws of Cayman Islands and one of the Vendors holding 30% equity interest in the Target Company
"Business Day"	a day (other than a Saturday or Sunday) on which banks are open in the PRC, Hong Kong, Barbados and New York for the transaction of normal banking business
"Closing"	completion of the Acquisition pursuant to the SPA
"Connected Person(s)"	has the meaning ascribed to this term under the Hong Kong Listing Rules
"Cut-off Date"	21 March 2010 which can be extended to 10 April 2010 with the Vendors' consent
"Deposit"	a non-refundable deposit in the amount of US$16,400,000 (equivalent to approximately HK$127,428,127) paid by the Purchaser to the Vendors pursuant to a non-legally bound memorandum of understanding in respect of the Acquisition dated 8 December 2009 entered into between the Vendors and the Purchaser
"Domestic Share(s)"	ordinary shares of par value of RMB0.20 each in the share capital of Forte
"Finance Documents"	the "Transaction Finance Documents" as defined in the USD Loan Agreement, and the "Finance Documents" as defined in the RMB Loan Agreement

"Forte" or the "Company"	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 Stock Exchange
"Forte Group" or the "Group"	Forte and its subsidiaries
"Fosun"	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 Stock Exchange
"Fosun Group"	Fosun and its subsidiaries
"Fosun High Technology"	Shanghai Fosun High Technology (Group) Company Ltd. (上海復星高科技（集團）有限公司), a limited liability company established under the laws of the PRC
"Fosun Pharmaceutical Development"	Shanghai Fosun Pharmaceutical Development Company Limited (上海復星醫藥產業發展有限公司), a limited liability company established under the laws of the PRC
"Garden Plaza"	Garden Plaza Capital Co., Ltd., a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of the Target Company
"Garden Plaza 2005"	Garden Plaza 2005 (Delaware) LLC, a company incorporated under the laws of the State of Delaware, USA, and one of the Vendors holding 35% equity interest in the Target Company
"Garden Plaza 2007"	Garden Plaza 2007 (Delaware) LLC, a company incorporated under the laws of the State of Delaware, USA, and one of the Vendors holding 8.75% equity interest in the Target Company
"Garden Plaza DM"	Garden Plaza DM 2007 (Delaware) LLC, a company incorporated under the laws of the State of Delaware, USA, and one of the Vendors holding 26.25% equity interest in the Target Company
"H Share(s)"	ordinary share(s) of RMB0.20 each in the issued share capital of Forte which are listed and traded on the main board of the Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Land"	two parcels of land, one located at Lot 2/1, Block 337, Xinjing Town, Changning District, another located at Lot 1/1, Block 339, Xinjing Town, Changning District and measuring 116,822 square metres in total
"Latest Practicable Date"	23 June 2010
"Longstop Date"	30 June 2010
"On-Shore Loan Repayment Amount"	RMB742,500,000 (equivalent to approximately HK$844,940,598), being the outstanding principal amount currently owing under the RMB Loan Agreement, in the form of entrustment loan, at usual terms of an entrustment loan and at its own expenses, to be extended to Garden Plaza
"PRC"	the People's Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"PRC Business Day"	a day (other than a Saturday or Sunday) on which banks are open in the PRC
"Property"	all buildings on the Land with a total gross floor area of 97,227 square metres
"Purchaser"	Skysail Investments
"Quota(s)"	any quotas for the time being in the capital of the Target Company
"RMB Loan Agreement"	the Renminbi Secured Term Loan Facility Agreement dated 3 December 2007 entered into by, among others, Garden Plaza
"SFO"	the Securities and Futures Ordinance (chapter 571 of the Laws of Hong Kong)
"Shareholder Loans"	all the indebtedness (whether principal, interest or otherwise) owed by the Target Company to the Vendors as at the Closing Date
"Skysail Investments"	Skysail Investments Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of Forte
"SPA"	an agreement for the sale and purchase of the entire issued Quotas in the Target Company dated 10 February 2010 and entered into between the Purchaser and the Vendors
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Target Company"	Garden Plaza Capital SRL, a society with restricted liability organised and existing under the laws of Barbados and the entire equity interests of which are owned as to 3,500 Quotas (35%) by Garden Plaza 2005, 875 Quotas (8.75%) by Garden Plaza 2007, 2,625 Quotas (26.25%) by Garden Plaza DM and 3,000 Quotas (30%) by Baekdu Investments
"Unconditional Date"	the first Business Day on which all the Conditions (except for Conditions (c) and (d)) under the section headed "Conditions Precedent" have been fulfilled (or waived)
"USA"	The United State of America
"USD Loan Agreement"	the USD Secured Term Loan Facility Agreement dated 3 December 2007 entered into among the Target Company, Citigroup Global Markets Asia Limited and Citicorp International Limited
"Vendors"	Garden Plaza 2005, Garden Plaza 2007, Garden Plaza DM and Baekdu Investments, being the vendors of the entire equity interest of the Target Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"US$ or USD"	US dollars, the lawful currency of USA
"RMB"	renminbi, the lawful currency of the PRC
"%"	per cent.

复地（集團）股份有限公司

SHANGHAI FORTE LAND CO., LTD.*

(a sino-foreign joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 02337)

Executive Directors:
Mr. Fan Wei *(the Chairman)*
Mr. Zhang Hua
Mr. Wang Zhe

Non-executive Directors:
Mr. Guo Guangchang
Mr. Chen Qiyu
Mr. Feng Xiekun

Independent Non-executive Directors:
Mr. Charles Nicholas Brooke
Mr. Chen Yingjie
Mr. Zhang Hongming
Ms. Wang Meijuan

Registered Office:
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Level 28
Three Pacific Place
1 Queen's Road East
Hong Kong

25 June 2010

To the Shareholders

MAJOR TRANSACTION
ACQUISITION OF THE ENTIRE ISSUED QUOTAS IN THE CAPITAL OF GARDEN PLAZA CAPITAL SRL

Dear Sirs,

1. INTRODUCTION

Reference is made to the joint announcement of Fosun and Forte dated 10 February 2010 in relation to the Acquisition.

The purpose of this circular is to provide you with further information about the Acquisition.

* *For identification purpose only*

2. ACQUISITION OF THE ENTIRE ISSUED QUOTAS IN THE CAPITAL OF THE TARGET COMPANY

Background

On 10 February 2010, the Purchaser, a wholly-owned subsidiary of Forte, and the Vendors entered into the SPA, whereby the Vendors have agreed to transfer the entire issued Quotas in the capital of the Target Company and assign the Shareholder Loans to the Purchaser for a total consideration of US$328,000,000 (equivalent to approximately HK$2,548,562,549) plus the Actual Closing Net Adjustment.

SPA

Date

10 February 2010

Parties

(i)	The Purchaser:	Skysail Investments
(ii)	The Vendors:	Garden Plaza 2005
		Garden Plaza 2007
		Garden Plaza DM
		Baekdu Investments

To the best knowledge, information and belief of the directors of Fosun and Forte having made all reasonable enquiries, each of Garden Plaza 2005, Garden Plaza 2007, Garden Plaza DM, Baekdu Investments and their Associates, is not a Connected Person of Forte or Fosun and is an independent third party not connected with Forte or Fosun or their Connected Persons.

Consideration

Pursuant to the SPA, the Vendors have agreed to transfer the entire issued Quotas in the capital of the Target Company and assign the Shareholder Loans to the Purchaser for a total consideration of US$328,000,000 (equivalent to approximately HK$2,548,562,549) plus the Actual Closing Net Adjustment, which shall be settled by the Purchaser by internal resources and bank loans in the following manner:

(i) US$40,000,000 (equivalent to approximately HK$310,800,311) to be paid to the Vendors on or prior to 12 February 2010; and

(ii) US$288,000,000 (equivalent to approximately HK$2,237,762,238), minus On-Shore Loan Repayment Amount and the amount of the Deposit and plus the Assumed Closing Net Adjustment to be paid by the Purchaser to the Vendors at Closing.

The Purchaser shall use its best efforts to make available for Garden Plaza by the Cut-off Date to draw down funds in RMB in an amount not less than the On-Shore Loan Repayment Amount in the form of entrustment loan, at usual terms of an entrustment loan and at its own expense, to be extended to Garden Plaza.

The consideration in the amount of US$328,000,000 (equivalent to approximately HK$2,548,562,549) has been arrived at after arm's length negotiations between the parties to the SPA with reference to the total size of the construction area of the Property, the relevant market price, future market development trend and other relevant factors.

Conditions Precedent

Unless all the Quotas of the Target Company are transferred and all the Shareholder Loans are assigned by all the Vendors to the Purchaser at Closing, the Purchaser shall have no obligation to acquire any of the Quotas or accept assignment of any Shareholder Loans.

The completion of the Acquisition will be conditional upon the fulfilment of the following conditions precedent:

(a) discharge of all obligations of Garden Plaza under the Finance Documents to which it is a party and release of all encumbrances as contemplated in the SPA created in connection with the RMB Loan Agreement;

(b) discharge of all obligations of the Target Company under the Finance Documents to which it is a party and release of all encumbrances as contemplated in the SPA created in connection with the USD Loan Agreement;

(c) certain warranties given by the Vendors under the SPA are correct as of the Closing Date immediately prior to Closing with reference to the facts and circumstances then existing; and

(d) certain warranties given by the Purchaser under the SPA are correct as of the Closing Date immediately prior to Closing with reference to the facts and circumstances then existing (altogether, the "Conditions").

Any and all of the Conditions set forth in (a) to (c) above may be waived by the Purchaser by giving written notice to the Vendors and the Condition set forth in (d) may be waived by the Vendors by given written notice to the Purchaser, in each case at any time before Closing. If the Unconditional Date has not occurred on or before the Longstop Date or such later date as the Vendors and the Purchaser may agree, the SPA shall automatically terminate on the Longstop Date or such later date.

Completion

Closing shall take place on the first Business Day immediately following the 14th PRC Business Day after the Unconditional Date, but in any event prior to the Longstop Date (the "Closing Date"). At Closing, each of the Vendors and the Purchaser shall deliver or perform (or ensure that there is delivered or performed) all those documents, items and actions respectively listed under the SPA.

Financial Information

According to the accounts prepared in accordance with the International Financial Reporting Standards of the Target Company, the unaudited net assets of the Target Company as at 31 December 2009 was RMB586,802,000, and the unaudited net loss before and after taxation and extraordinary items of the Target Company for the two years ended 31 December 2008 and 2009 were as follows:

	For the year ended 31 December	
	2008	**2009**
	(Unaudited)	*(Unaudited)*
	RMB	*RMB*
Net loss before taxation and extraordinary items	190,185,000	295,334,000
Net loss after taxation and extraordinary items	132,729,000	206,503,000

The Company expects that the Acquisition (i) will not have any material impact on the assets and liabilities of the Group, and (ii) will have a positive effect on the earnings of the Group.

Reasons for and benefits of the Acquisition

Forte is principally engaged in the development and sale of high quality commercial and residential properties in the PRC. The board of directors of Forte and Fosun consider that the Acquisition will enable Forte to increase its competitive strength in the property market in Shanghai on the basis that (i) there is a foreseeable growth potential in the real estate market in Shanghai, an important economic centre of the PRC; (ii) the Property, being rare residential property located at the centre of Shanghai with low density, enjoys substantial potential in value increase due to its apparent location advantages and future influence of Shanghai Hongqiao hub; and (iii) it is in line with Forte's strategic planning on development and investment, increasing Forte's property assets of investment nature.

3. INFORMATION OF THE PARTIES

Forte

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

Skysail Investments

Skysail Investments is principally engaged in equity investments, share holding and land investments.

Garden Plaza 2005

Garden Plaza 2005 is principally engaged in investment holding.

Garden Plaza 2007

Garden Plaza 2007 is principally engaged in investment holding.

Garden Plaza DM

Garden Plaza DM is principally engaged in investment holding.

Baekdu Investments

Baekdu Investments is principally engaged in investment holding.

Target Company

The Target Company is the registered and beneficial holder of the entire equity interest in Garden Plaza, which in turn is the legal and beneficial owner of the Property and has the legitimate right to occupy, operate, lease, sell and enjoy the Property within the limits of the PRC law.

4. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule14.04(9) of the Hong Kong Listing Rules) in relation to the Acquisition exceed 25% but less than 100%, the Acquisition constitutes a major transaction of Forte under Chapter 14 of the Hong Kong Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the Hong Kong Listing Rules.

Each of Fosun High Technology and Fosun Pharmaceutical Development was a subsidiary of Fosun. Fosun, Fosun High Technology and Fosun Pharmaceutical Development, a closely allied group of shareholders of Forte, held 325,710,000 H Shares, 1,217,046,150 Domestic Shares and 241,917,615 Domestic Shares, representing approximately 12.88%, 48.12% and 9.56%, respectively, and together hold approximately 70.56% in nominal value of the shares of Forte giving the right to attend and vote at a general meeting of Forte as at 10 February 2010.

Fosun High Technology is a subsidiary of Fosun. Fosun and Fosun High Technology, a closely allied group of shareholders of Forte, hold 325,710,000 H Shares and 1,458,963,765 Domestic Shares, representing approximately 12.88% and 57.68%, respectively, and together hold approximately 70.56% in nominal value of the shares of Forte giving the right to attend and vote at a general meeting of Forte as at the Latest Practicable Date.

Forte obtained a written shareholders' approval dated 10 February 2010 in relation to the Transaction from Fosun, Fosun High Technology and Fosun Pharmaceutical Development, a closely allied group of shareholders of Forte, which together hold more than 50% in nominal value of the shares of Forte giving the right to attend and vote at a general meeting of Forte, and therefore no general meeting is required to be held to consider the Transaction pursuant to Rule 14.44 of the Hong Kong Listing Rules.

General

The directors of Forte are of the view that the terms of the SPA (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 its shareholders as a whole.

To the best of the knowledge, information and belief of the directors of Forte having made all reasonable enquiries, there is no other transaction entered into between any member of the Forte Group and the Vendors and their respective ultimate beneficial owner(s) within a 12-month period prior to the date of this announcement or otherwise related, which would be, together with the Acquisition, regarded as a series of transactions and treated as if they are one transaction under Rule 14.22 of the Hong Kong Listing Rules.

5. RECOMMENDATION

The directors of Forte are of the view that the terms of the SPA (i) have been negotiated on an arm's length basis; and (ii) are fair and reasonable and in the interests of the Shareholders as a whole. Accordingly the directors of Forte recommend the Shareholders to vote in favour of the resolutions to approve the Acquisition if an extraordinary general meeting of Forte were convened.

6. FURTHER INFORMATION

Your attention is also drawn to (i) Appendix I — Financial Information of the Group; (ii) Appendix II — Financial Information of the Target Group; Appendix III — Unaudited pro forma financial information of the enlarged Group; Appendix IV — Valuation Report; and Appendix V — General Information, to this circular.

Yours faithfully
For and on behalf of
SHANGHAI FORTE LAND CO., LTD.
FAN WEI
Chairman

1. SUMMARY OF FINANCIAL INFORMATION

Set out below is a summary of the results, assets and liabilities of the Group as extracted from the annual reports of the Company for the three years ended 31 December 2007, 2008 and 2009. An unqualified opinion in respect of the audited financial statements of the Group has been issued for each of the three years ended 31 December 2007, 2008 and 2009.

RESULTS

	31 December		
	2009	**2008**	**2007**
	RMB'000	*RMB'000*	*RMB'000*
	(Audited)	*(Audited)*	*(Audited)*
Revenue	5,184,804	3,733,255	3,976,647
Profit before tax	1,060,709	887,078	1,312,469
Taxation	(451,854)	(645,472)	(551,487)
Profit for the year	608,855	241,606	760,982
Earnings per share			
Basic (RMB)	0.196	0.040	0.281

ASSETS AND LIABILITIES

	31 December		
	2009	**2008**	**2007**
	RMB'000	*RMB'000*	*RMB'000*
	(Audited)	*(Audited)*	*(Audited)*
Total assets	27,456,713	19,961,664	18,322,879
Total liabilities	20,950,998	14,111,465	12,713,292
Net assets	6,505,715	5,850,199	5,609,587
Shareholders' equity	5,912,546	5,284,587	5,084,971

2. AUDITED FINANCIAL STATEMENTS

The audited financial statements of the Group for the three years ended 31 December 2007, 2008 and 2009 prepared in accordance with IFRSs were audited by Ernst & Young and an unqualified opinion in respect of the audited financial statements of the Group has been issued for each of the three years ended 31 December 2007, 2008 and 2009.

Reference is made to the published annual reports of the Company for the years ended 31 December 2007, 2008 and 2009 which were respectively dated 29 July 2008, 4 May 2009 and 23 April 2010.

3. MANAGEMENT DISCUSSION AND ANALYSIS ON THE GROUP

Set out below is the management discussion and analysis (modified as appropriate) extracted from the audited financial statements of the Group for the year ended 31 December 2009.

1. Turnover and Operating Results

In 2009, the Group recorded a total turnover of approximately RMB5,184,804,000, an increase of 38.9% as compared to that of RMB3,733,255,000 in 2008. The increase in turnover was mainly due to an increase of the booked GFA attributable to the Group to approximately 490,000 sq.m., representing an increase of approximately 50.3% as compared to that of 2008 of 326,000 sq.m.

The Group's gross profit in 2009 was approximately RMB1,529,043,000, representing an decrease of 13.8 % as compared to approximately RMB1,773,282,000 in 2008. The Group's gross profit margin during the year was 29.5%, a decrease of 18% as compared to 47.5% in 2008, which was mainly attributable to the facts that i) approximately 40% of the total booked GFA in 2009 was pre-sold in 2008, when the selling price of the properties was at a relatively lower level, leading to the lower gross profit margin; ii) the underlying land associated to the booked turnover in 2009 was acquired in recent years with higher average cost, while in 2008 the booked turnover was generated by sales of projects with land acquired in prior years, hence the average cost was lower; and iii) the booked project of Xintianjiayuan (South) was a primary land development project, which has a lower gross profit margin than that of the normal property development business.

In 2009, profit attributable to owners of the parent was approximately RMB496,648,000 representing an increase of 388.6% as compared to approximately RMB101,655,000 in 2008, which was mainly due to the following facts: i) no impairment loss for the available-for-sale investment and inventory provision in 2009 while impairment amounting to RMB270,682,000 were provided in 2008; ii) the gross profit margin of projects booked in 2008 was considerably higher while during 2009, the gross profit margin was around the normal level, resulted in the decrease in the additional LAT provision by RMB319,647,000 to RMB112,768,000 for the year ended 31 December 2009.

Based on the total weighted number of Shares of the Group of 2,529,306,000 Shares in current year, earnings per share was RMB0.196.

An analysis of the Group's turnover in the core business is as follows:

	2009
	RMB'000
Sale of properties	5,286,497
Rental income	26,529
Property agency income	86,209
Property sales planning and advertising income	6,998
Property management income	38,645
Construction supervisory and consulting income	12,884
Decoration and provision of construction materials	10,058
Less:business tax and government surcharges	(283,016)
Revenue	5,184,804

2. **LAT prepayments and provisions**

In 2009, pursuant to tax notices issued by the relevant local tax authorities, the Group made a LAT prepayment of the amount of approximately RMB86,939,000 at rates ranging from 1% to 3% on proceeds of the sale and pre-sale of properties. Meanwhile, in 2009, the Group made LAT provision in the amount of approximately RMB112,768,000 in respect of the properties sold in accordance with the requirements set forth in the relevant LAT laws and regulations issued by the State Administration of Taxation, representing a decrease of 73.9% as compared to RMB432,415,000 in 2008. Pursuant to the deed of tax indemnity entered into by the Group and Shanghai Fosun High Technology (Group) Company Limited ("Fosun High Technology"), the indemnity of LAT from Fosun High Technology in respect of the additional LAT provision made by the Group in 2009 was approximately RMB39,021,000.

3. **Financial resources, liquidity and liabilities**

During the Year 2009, the Group's liquidity maintained at a healthy level. Its financial resources were allocated in a reasonable manner. As at 31 December 2009, the total assets of the Group amounted to approximately RMB27,456,713,000, in which current assets accounted for approximately RMB16,827,047,000. Total liabilities amounted to approximately RMB20,950,998,000. Current liabilities amounted to approximately RMB13,282,696,000 and non-current liabilities amounted to approximately RMB7,668,302,000. The equity attributable to owners of the parent amounted to approximately RMB5,912,546,000. As at 31 December 2009, the Group's cash and bank deposits amounted to approximately RMB3,629,771,000. The Group has sufficient working capital for its operation, liquidity of assets and solvency is healthy.

4. **Pledge of assets**

As at 31 December 2009 properties under development with total book value of approximately RMB4,639,332,000, completed properties for sale with total book value of approximately RMB309,490,000, self-owned properties of approximately RMB94,718,000, investment properties with total book value of approximately RMB2,057,400,000, pledged deposits with total book value of approximately RMB91,158,000 and available-for-sale financial assets with total book value of approximately RMB163,769,000 were pledged to financial institutions for the guarantee of bank loans to the Group. The corresponding bank loans from the financial institutions amounted to approximately RMB4,710,043,000.

5. **Contingent liabilities**

The Group provided bank guarantees for their customers in favour of the banks in respect of its customers in respect of mortgage loans provided by the banks to such customers for their purchases of the Group's properties. These guarantees will expire upon the submission of the relevant property ownership certificates to the mortgagee bank by the relevant customers. As at 31 December 2009, the remaining amount of bank guarantees provided amounted to approximately RMB2,762,666,000.

As at 31 December 2009, the Company and Shanghai Home Value Holding (Group) Co., Ltd. provided guarantees for Beijing Hehua, an associate of the Group in respect of a loan amounted to RMB900,000,000 with a term of eight years, of which, the maximum guarantees provided by the Company was RMB441,000,000.

As at 31 December 2009, the Company and Beijing Urban Construction Real Estate Co., Ltd. provided guarantees for Beijing Yuquan, an associate of the Group in respect of a trust loan of RMB400,000,000 with a term of eighteen months, of which, the guarantees provided by the Company was RMB100,000,000.

Save as disclosed above and apart from intra-group liabilities, the Group did not have any outstanding loan capital, bank overdrafts, and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans, acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities outstanding as at 31 December 2009.

6. **Commitments**

As at 31 December 2009, the Group has irrevocable operational leases of approximately RMB555,584,000, of which approximately RMB37,340,000 must be repaid within one year, approximately RMB150,103,000 should be repaid within two to five years (inclusive) and approximately RMB368,141,000 should be repaid after five years.

As at 31 December 2009, the Group has approximately RMB5,035,791,000 capital projects contracted but not provided for. In addition, the Group's share of its jointly-controlled entities' own capital projects contracted but not provided for approximated to RMB33,499,000.

Employees

As at 31 December 2009, the Group had a total of 2,019 employees, representing an increase of approximately 2.49% as compared to the same period last year (2008: 1,970 employees).

Remuneration Policy

The Group determines its remuneration policy based on information provided by well-known consultancy firms, prevailing industry practices, inflation, operational efficiencies and the performance of individual staff members. The Group provides management and staff with continuing education and training to improve their technical skills and knowledge.

Future Prospects

Operating Environment

In 2009, China's economy remained volatile under the impact of global financial crisis. The central government continued to implement stimulative fiscal policies, moderately loose monetary policy and a series of other related polices stimulating internal demand, which stabilized and eventually improved economic growth trend. At the same time, both the central and local government promulgated measures to improve the real estate market. With abundant liquidity and the wealth effect, the real estate market quickly rebounded in respect of transaction volume and unit price in the second half. By the end of the year, the real estate sector and housing prices have again attracted the attention. According to data from the National Statistics Bureau, 2009 transaction volume in commercially developed residential real estate amounted to RMB 3.8 trillion, a historical increase of 80% from last year.

In 2010, China's macro environment has gradually walked out of the shadow of the global financial storm and shown signs of strong recovery. At the beginning of the year, the central government has already committed to maintaining a moderately loose monetary policy, the credit amount will remain at a higher level. However, different industries will be treated differently. We believe the real estate sector will be among the industries facing a different credit policy, with the bank adopting a tightening monetary policy.

As the property prices have been moving too fast, both the central and local government adopted a series of policies to increase supply, restrain speculation, tighten supervision and promote development of welfare housing. The environment for China's real estate sector has begun to change.

Notwithstanding the aforementioned, undersupply is still the overall trend in the real estate market. We therefore believe China's real estate market will remain strong in the first half but pricing will be stable due to the adjusted policy. However, as inflation and expectations for overheating economy rise in the second half, the macro environment will perhaps undergo a period of adjustment, thereby negatively impacting the real estate sector and leading to increased uncertainty.

However, we believe the adjustment will promote the healthy development of the real estate market, and bring the Company a more rational market and a sustainable developing real estate development environment. Based on China's stable economic growth and rapid urbanization process, China's real estate industry's long term growth is indisputable. We will capitalize on industry opportunities and bring better returns to shareholders and the society.

Business Strategy

- **Outline new development strategy**

Based on an analysis of the characteristics and the trend of China's real estate industry and the Company's unique strengths, the Group has outlined a development strategic for the next ten years: focus on both property development and investment and maximize returns with risk management.

Property development focuses on key regions and increase returns with the strategy of concentrating on short to medium development projects accompanied with long term property reserves, accelerate property development with continued optimized management, provide value-added products to bring better returns.

For our investment, we are committed to value discovery, value enhancement through management and consolidate industry resources.

- **Optimize organizational structure and business management**

To accommodate the new growth strategy, the Group will consolidate existing investment businesses, actively optimize organisational structure and explore regional strategic development management model.

- **Maintain flexible sales strategy to achieve sales target**

Be sensative to the market environment, adopt flexible sales strategy for the changing market based on balanced profit expectation and secured cash flow.

- **Promote establishment of operational management system**

Promote establishment of information management system, standardized business management system. By implementing design management, progress management, bidding management, etc, to project management efficiency.

- **Continue to promote multiple channel financing**

Continue with A share listing process, strengthen the Group's financial position. Based on 2009 accomplishments, continue to develop the real estate investment fund business, further broaden financing channels and business development.

- **Appropriately add the project reserve**

Based on the Group's strategy and business targets, prudently and appropriately add to existing project reserve by consolidating external and parent company resources to acquire quality land and projects.

Business outlook

In the long run, urbanization, upgrade of wealthier middle class and investment needs will continue to drive demand. Market scale of second tier cities have also reached its fast growth stage. The Group continues to be optimistic of the long term growth trend of the industry, and is cautiously optimistic of our development prospect in 2010.

The Group will continue to improve the rate of project turnover, maintain reasonably sized project reserve and stable financial structure, increase development of middle to high end products in all regions. While developing residential properties, the Group will, under the guidance of the new development strategy, increase resources dedicated to the research and investment in real estate industry, to counter the effect of short term volatility.

The Board is very confident of the Group's future, and of a successful and accomplished 2010 fiscal year.

4. MANAGEMENT DISCUSSION AND ANALYSIS ON TARGET GROUP

Garden Plaza Capital SRL (the "Target Company") was incorporated on 18 April 2007 as a society with restricted liability under the laws of Barbados whose registered address is at Worthing Corporate Centre, Worthing, Christ Church BB15008, Barbados. On 25 July 2007, the Target Company contributed US$99,000,000 as issued capital to establish Garden Plaza Capital Co., Ltd. ("GP Shanghai"), a wholly foreign owned enterprise organized and existing under the laws of the People's Republic of China ("PRC"). On 13 December 2007, GP Shanghai purchased Shanghai Garden Plaza, a residential property consisting of 564 units of serviced apartments and villas in Shanghai at a total consideration of approximately RMB1,502,671,000 from a third party. During the period from 18 April 2007, its date of incorporation to 31 December 2007 and for the years ended 31 December 2008 and 2009 (the "Relevant Periods"), the Target Company and its subsidiary (the "Target Group") were principally engaged in property investment, property lease and management as well as ancillary services.

RESULTS OF OPERATIONS

Revenue

For the period from 18 April 2007, its date of incorporation to 31 December 2007 and for the years ended 31 December 2008 and 2009, the revenues generated by the Target Group amounted to approximately RMB8 million, RMB139 million and RMB129 million respectively, the breakdown of which is as follows:

	From 18 April 2007 to 31 December 2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*
Revenue			
Rental income	8,054	145,201	134,906
Rendering of services	145	854	826
	8,199	146,055	135,732
Less: Business tax and government surcharges	(405)	(7,309)	(6,818)
Total revenue	7,794	138,746	128,914

Rental income is generated by leasing of 511 serviced apartments and 53 villas of Shanghai Garden Plaza, to businessmen from Japan and Korea in Hong Qiao Area. The decrease in rental income for the period from 18 April 2007, its date of incorporation to 31 December 2007 and for the years ended 31 December 2008 and 2009 was mainly due to: i) the economic crisis broke out in year 2008, leading to a slowdown in the real estate market; and ii) during year 2009, in order to adapt to the economic crisis and to enhance the competitive edge of Shanghai Garden Plaza in the property leasing market, the Target Group granted a reduction in monthly rentals to its customers, which resulted the drop in revenue.

Property related service income represents income generated by golf courses and the provision of other living facilities, such as swimming pool and gymnasium.

Other income and gains

Other income and gains incurred by the Target Group for the period from 18 April 2007, its date of incorporation to 31 December 2007 and for the years ended 31 December 2008 and 2009 amounted to approximately RMB201 million, RMB234 million and RMB329 million respectively. The relatively higher amount of other income and gains for the period from 18 April 2007, its date of incorporation to 31 December 2007 was mainly due to the excess over the cost of a business combination recognized in the consolidated income statement while for the years ended 31 December 2008 and 2009, the gains were mainly derived from the gain on fair value adjustment on the investment properties.

Cost of sales

Cost of sales incurred by the Target Group for the period from 18 April 2007, its date of incorporation to 31 December 2007 and for the years ended 31 December 2008 and 2009 amounted to approximately RMB2 million, RMB59 million and RMB44 million respectively, mainly comprising staff costs, property management fee, depreciation, consumables, maintenance and servicing, utilities, rental costs and cleaning expenses.

Finance costs

For the period from 18 April 2007, its date of incorporation to 31 December 2007 and for the years ended 31 December 2008 and 2009, the finance costs of the Target Group amounted to approximately RMB11 million, RMB94 million and RMB70 million respectively, which were mainly arose from the interest expenses on bank loans denominated in USD with 3 years maturity amounted to US$40 million and RMB742.5 million of bank loans denominated in RMB. The bank loans were granted by Citibank, N.A., Hong Kong Branch ("Citibank HK") and Citibank Shanghai Branch ("Citibank SH") respectively to the Target Group.

Tax

For the period from 18 April 2007, its date of incorporation to 31 December 2007 and for the years ended 31 December 2008 and 2009, the tax expenses of the Target Group amounted to approximately RMB4 million, RMB57 million and RMB89 million respectively. The relatively larger amount of the tax expenses during the Relevant Periods were mainly arose from the deferred tax liabilities recognized in relation to the fair value adjustment on investment properties and the temporary difference arose from the different treatment of the tax and accounting depreciation.

FINANCIAL POSITION OF THE TARGET GROUP

Investment properties

Investment properties were recognized at market values as at end of each Relevant Periods according to the valuation reports provided by Jones Lang LaSalle Sallmanns Limited. As at 31 December 2007, 2008 and 2009, the market values of investment properties were approximate to RMB1,740 million, RMB1,944 million and RMB2,280 million respectively.

The table below sets out the reconciliation of the investment properties of the Target Group from its audited consolidated financial statements as at 31 December 2009 (refer to Appendix II Financial Information of the Target Group) and commercial value as at 30 April 2010 (refer to Appendix IV Valuation Report).

	RMB' million
Net book value of investment properties of Target Group as at 31 December 2009	2,280
Revaluation surplus	120
Valuation of investment properties of Target Group as at 30 April 2010	2,400

Interest-bearing bank loans

Interest-bearing bank loans included the following two loans from Citibank:

(i) The interest-bearing bank loan in the amount of US$40 million was provided by Citibank HK on 13 December 2007 with three-year maturity. The loan bore a floating interest rate at three-month LIBOR plus 4%.

(ii) The interest-bearing bank loan in the amount of RMB743 million was provided by Citibank SH on 13 December 2007 with three-year maturity. The loan bore a floating interest rate at 110% PBOC.

As at 31 December 2007, 2008 and 2009, the outstanding of interest-bearing loans were approximately RMB1,001 million, RMB994 million and RMB1,005 million respectively.

Derivative financial instruments

During the Relevant Periods, the Target Group entered into a US$/RMB non-deliverable cross currency interest rate swap agreement (the "interest rate swap agreement") with Citibank HK to manage its exchange rate and interest rate exposures which did not meet the criteria for hedge accounting.

Fair value losses of the non-hedging interest rate swap agreement amounting to RMB11,637,000 and RMB24,033,000 for the period from 18 April 2007 (date of incorporation) to 31 December 2007 and for the year ended 31 December 2009, respectively, were charged to the consolidated income statements and the fair value gain on the non-hedging interest rate swap agreement amounting to RMB29,599,000 for the year ended 31 December 2008 was credited to the consolidated income statement.

LIQUIDITY AND CAPITAL STRUCTURE

Cash and cash equivalents and pledged deposits

The decrease in cash and cash equivalents by approximately RMB31 million as at 31 December 2008 as compared to that as at 31 December 2007 was mainly due to the following reasons:

i) net cash outflow of RMB16 million from operating activities;

ii) net cash inflow of RMB1 million from investing activities;

iii) net cash outflow of RMB16 million from financing activities due to the combined impact of proceeds from shareholders' loans and payment of bank loans' interest.

The increase in cash and cash equivalents by approximately RMB5 million as at 31 December 2009 as compared to that as at 31 December 2008 was mainly due to the following reasons:

i) net cash inflow of RMB4 million from operating activities;

ii) net cash outflow of RMB26 million from investing activities, mainly attributable to the increase of pledged deposit;

iii) net cash inflow of RMB27 million from financing activities due to the combined impact of proceeds from shareholders' loans and payment of bank loans' interest.

The deposits were restricted to hold the quarterly interest payments and to safeguard the lender's interest in the event the Target Group was unable to pay the interest on the scheduled payments dates due to the lender.

Net current liabilities

As at 31 December 2007, 2008 and 2009, the current liabilities of the Target Group exceeded its current assets by approximately RMB500 million, RMB466 million and RMB1,498 million, respectively.

Capital management

The primary objective of the Target Group's capital management is to safeguard the Target Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Target Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Target Group may adjust the dividend payment to shareholder, obtain borrowings or issue new shares. The Target Group is not subject to any externally imposed capital requirements. No changes were made on the Target Group's objectives, policies or processes for managing capital during the Relevant Periods.

RISK PROFILE

Foreign currency risk

The Target Group operates in Barbados and PRC. For company in Barbados, its principal activities are transacted in US$, while for company operates in PRC, its principal activities are transacted in RMB. The Target Group had a bank loan in the amount of US$40,000,000 denominated in US$, whereby during the Relevant Periods, the Target Group entered into a US$/RMB non-deliverable cross currency interest rate swap agreement with Citibank, N.A., Hong Kong Branch ("Citibank") to manage its foreign currency risk exposure.

The following table demonstrates the sensitivity at each period/year end of the Relevant Periods to a reasonably possible change in United States dollar exchange rate, with all other variables held constant, of the Target Group's equity (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in foreign currency rate	**Increase/ (decrease) in equity***
	%	*RMB'000*
2007		
If Renminbi weakens against US$	5	13,258
If Renminbi strengthens against US$	5	(13,258)
2008		
If Renminbi weakens against US$	5	11,942
If Renminbi strengthens against US$	5	(11,942)
2009		
If Renminbi weakens against US$	5	9,627
If Renminbi strengthens against US$	5	(9,627)

* Excluding retained earnings

Interest rate risk

The Target Group's exposure to the risk of changes in market interest rates relates primarily to the Target Group's long term debt obligations with floating interest rates.

The Target Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

To manage this mix in a cost-effective manner, the Target Group entered into a cross currency interest rate swap, in which the Target Group agreed to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Target Group's profit before tax (through the impact on the floating rate borrowings) and the Target Group's equity.

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit before tax** *RMB'000*	**Increase/ (decrease) in equity*** *RMB'000*
2007			
RMB	25	(1,856)	—
	(25)	1,856	—
2008			
RMB	25	(1,856)	—
	(25)	1,856	—

* Excluding retained earnings

Credit risk

The Target Group's credit risk is primarily attributable to trade receivables, deposits and other receivables. The directors have a credit policy in place and the exposures to credit risks are monitored on an ongoing basis.

The credit risk of the Target Group's other financial assets, which comprise cash and cash equivalents, pledged deposits and derivative financial instruments, arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

5. MANAGEMENT DISCUSSION AND ANALYSIS ON ENLARGED GROUP

Upon completion of the equity transfer, the Target Company and its subsidiary will become the subsidiaries controlled by the Company, their financial results will be incorporated into the consolidated financial statements of the Group accordingly.

6. INDEBTEDNESS

Borrowings

As at the close of business on 30 April 2010, being the latest practicable date for inclusion of information in this paragraph headed "Indebtedness" prior to the publication of this circular, the Group had outstanding interest-bearing bank and other borrowings of approximately RMB10,916,113,000 as follows:

	30 April 2010
	RMB'000
Bank loans:	
Secured	4,724,895
Unsecured	1,881,018
Subtotal	6,605,913
Other borrowings, unsecured	2,439,020
Corporate bond, unsecured	1,871,180
Total	10,916,113
Current portion	2,687,278
Non-current portion	8,228,835
Total	10,916,113

As at 30 April 2010, the Group had total available bank credit facilities of approximately RMB9,690,453,000, of which approximately RMB6,605,913,000 had been utilised.

Collateral

As at 30 April 2010, the Group's bank loans are secured by the pledge of the following:

	30 April 2010
	RMB'000
Pledge deposits	70,038
Equity investment in Shanghai Zendai	805,034
Investment properties	2,057,400
Property and equipment	52,648
Properties under development	3,962,641
Completed properties held for sale	829,955
	7,777,716

Contingent liabilities

As at 30 April 2010, the Group had guarantees given to banks in connection with banking facilities granted to third-party and associates of approximately RMB210,000,000 and RMB541,000,000, respectively. As at 30 April 2010, the Group provided guarantees of approximately RMB3,459,270,000 in favour of their customers in respect of mortgage loans provided by banks to such customers for their purchases of the Group's developed properties.

Capital commitments and other commitments

As at 30 April 2010, the Group has irrevocable operating leases commitments of approximately RMB543,280,000, of which approximately RMB37,276,000 shall be paid within one year, approximately RMB148,708,000 shall be paid in two to five years (inclusive), and approximately RMB357,296,000 shall be paid after five years.

As at 30 April 2010, the Group had capital commitments of approximately RMB5,041,801,000 in respect of capital projects contracted but not provided for.

7. WORKING CAPITAL

The Directors are satisfied after due and careful enquiry that after taking into account the existing banking facilities available and the existing cash and bank balances, the Enlarged Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances.

8. MATERIAL ADVERSE CHANGE

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 2009 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

9. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in the development and sale of high quality residential properties in Shanghai. The directors of the Company consider that the development of the project in Shanghai Hongqiao hub presents promising growth potential and will provide the Group with opportunity to benefit form participating in that project.

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

Set out below is the report of Ernst & Young on the financial Information of the Target Group from 18 April 2007, its date of incorporation to 31 December 2007 and for the years ended 31 December 2008 and 2009.

ERNST & YOUNG
安 永

25 June 2010

The Directors
Shanghai Forte Land Co., Ltd.

Dear Sirs,

We set out below our report on the financial information regarding Garden Plaza Capital SRL (hereinafter referred to as the "Target Company") and its subsidiary (collectively referred to as the "Target Group") from 18 April 2007, its date of incorporation to 31 December 2007 and for the years ended 31 December 2008 and 2009 (the "Relevant Periods") for inclusion in the circular (the "Circular") of Shanghai Forte Land Co., Ltd. (the "Company") dated 25 June 2010 issued in connection with the proposed acquisition of the Target Company by Skysail Investment Limited ("Skysail"), a wholly-owned subsidiary of the Company.

The Target Company was incorporated on 18 April 2007 in Barbados and was an investment holding entity principally engaged in property investment.

The principal activities of the Target Group are property investment, leasing of properties, providing property management as well as ancillary services, which are mainly conducted by the Target Group's subsidiary located in the People's Republic of China (the "PRC"). The Target Group have adopted 31 December as their financial year end date

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Target Group for the Relevant Periods (the "Consolidated Financial Statements") in accordance with International Financial Reporting Standards ("IFRSs"). The financial information set out in this report, including the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Target Group for the Relevant Periods, and the consolidated statements of financial position of the Target Group as at 31 December 2007, 2008 and 2009, together with the notes thereto (collectively referred to as the "Financial Information"), have been prepared from the People's Republic of China Generally Accepted Accounting Principles ("PRC GAAP") financial statements and management accounts where appropriate of all companies now comprising the Target Group on the basis as set out in Section II, note 2 below, after making such adjustments as are appropriate to comply with International Financial Reporting Standards ("IFRSs"). The consolidated financial statements of the Target Group for the Relevant Periods, prepared in accordance with the IFRSs, were audited by Ernst & Young.

Respective responsibility of directors and reporting accountants

The directors of the Company are responsible for the preparation of the Financial Information which gives a true and fair view. The directors of the Company are responsible for the content of the Circular relating to the Target Group in which this report is included. The directors of the Target Group are responsible for the preparation of the management financial information of the Target Group which gives a true and fair view. In preparing the Financial Information which gives a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently, that the judgements and estimates made are prudent and reasonable and that the reasons for any significant departure from applicable accounting standards are stated. It is our responsibility to form an independent opinion, based on our examination, on the Financial Information and to report our opinion to you.

Procedures performed in respect of the Financial Information

For the purpose of this report, we have undertaken an independent audit of the Financial Information of the Target Group for the Relevant Periods in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the ''HKICPA''), and have carried out such additional procedures as necessary in accordance with the Auditing Guideline "Prospectuses and the Reporting Accountant" issued by the HKICPA. No adjustments were considered necessary to adjust the financial information for period from 18 April 2007, its date of incorporation to 31 December 2007 and for the years ended 31 December 2008 and 2009 in the preparation of this report for inclusion in the Circular.

Opinion in respect of the Financial Information

In our opinion, the Financial Information set out below, for the purpose of this report, gives a true and fair view of the profit and cash flows of the Target Group for the Relevant Periods and the state of affairs of the Target Group as at 31 December 2007, 2008 and 2009.

I. FINANCIAL INFORMATION

Consolidated income statements

	Notes	From 18 April 2007 to 31 December 2007 RMB'000	2008 RMB'000	2009 RMB'000
REVENUE	6	7,794	138,746	128,914
Cost of sales		(1,549)	(59,028)	(43,985)
Gross profit		6,245	79,718	84,929
Other income and gains	6	201,125	234,441	329,143
Selling and distribution costs		(203)	(9,428)	(4,930)
Administrative expenses		(8,486)	(20,223)	(19,459)
Other expenses	8	(11,637)	—	(24,033)
Finance costs	9	(11,468)	(94,323)	(70,316)
PROFIT BEFORE TAX	7	175,576	190,185	295,334
Tax	10	(3,716)	(57,456)	(88,831)
PROFIT FOR THE PERIOD/YEAR		171,860	132,729	206,503
Attributable to:				
Owners of the parent		171,860	132,729	206,503

Consolidated statements of comprehensive income

	From 18 April 2007 to 31 December 2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
PROFIT FOR THE PERIOD/YEAR	171,860	132,729	206,503
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation	25,202	49,719	713
OTHER COMPREHENSIVE INCOME FOR THE PERIOD/YEAR, NET OF TAX	25,202	49,719	713
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	197,062	182,448	207,216
Attributable to:			
Owners of the parent	197,062	182,448	207,216

Consolidated statements of financial position

	Notes	**2007** *RMB'000*	**2008** *RMB'000*	**2009** *RMB'000*
NON-CURRENT ASSETS				
Property and equipment	12	28,116	23,327	20,853
Investment properties	13	1,740,000	1,944,000	2,280,000
Total non-current assets		1,768,116	1,967,327	2,300,853
CURRENT ASSETS				
Cash and cash equivalents	15	37,212	6,278	11,731
Pledged deposits	15	63,915	47,863	68,048
Derivative financial instruments	16	—	5,122	—
Trade receivables	17	8,053	649	101
Prepayments, deposits and other receivables	18	1,136	4,719	1,359
Inventories		610	810	716
Total current assets		110,926	65,441	81,955
CURRENT LIABILITIES				
Interest-bearing bank loans	19	—	—	1,005,313
Trade payables	20	232	1,342	617
Advances from customers		8,547	8,906	8,392
Accrued liabilities and other payables	21	89,931	42,670	35,395
Amount due to shareholders	22	500,292	478,354	505,560
Derivative financial instruments	16	11,444	—	24,381
Total current liabilities		610,446	531,272	1,579,658
NET CURRENT LIABILITIES		(499,520)	(465,831)	(1,497,703)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,268,596	1,501,496	803,150
NON-CURRENT LIABILITIES				
Interest-bearing bank loans	19	1,001,385	994,393	—
Deferred tax liabilities	14	70,073	127,517	216,348
Total non-current liabilities		1,071,458	1,121,910	216,348
Net assets		197,138	379,586	586,802
EQUITY				
Equity attributable to owners of the parent:				
Issued capital	23	76	76	76
Reserves		197,062	379,510	586,726
Total equity		197,138	379,586	586,802

Consolidated statements of changes in equity

	Note	**Issued capital** *RMB'000*	**Exchange fluctuation reserve** *RMB'000*	**Retained earnings** *RMB'000*	**Total** *RMB'000*
At 18 April 2007		—	—	—	—
Issue of capital	23	76	—	—	76
Total comprehensive income for the period		—	25,202	171,860	197,062
At 31 December 2007 and 1 January 2008		76	25,202	171,860	197,138
Total comprehensive income for the year		—	49,719	132,729	182,448
At 31 December 2008 and 1 January 2009		76	74,921	304,589	379,586
Total comprehensive income for the year		—	713	206,503	207,216
At 31 December 2009		76	75,634	511,092	586,802

Consolidated statements of cash flows

	Notes	**From 18 April 2007 to 31 December 2007** *RMB'000*	**2008** *RMB'000*	**2009** *RMB'000*
Cash flows from operating activities				
Profit before tax		175,576	190,185	295,334
Adjustments for:				
Bank interest income	6	(2,038)	(566)	(493)
Fair value loss/(gain) on loan hedged by a cross currency interest rate swap	8, 6	11,637	(29,599)	24,033
Excess over the cost of a business combination recognized in the consolidated income statement	6	(199,084)	—	—
Gain on disposal of items of property and equipment	6	—	(50)	(14)
Depreciation	7	—	9,940	7,193
Changes in fair value of investment properties	6	—	(204,000)	(328,416)
Finance costs	9	5,390	94,221	70,054
		(8,519)	60,131	67,691

	Notes	From 18 April 2007 to 31 December 2007 RMB'000	2008 RMB'000	2009 RMB'000
(Increase)/decrease in trade receivables	17	(8,053)	7,404	548
(Increase)/decrease in prepayments, deposits and other receivables	18	(1,136)	(3,583)	3,360
(Increase)/decrease in inventories		(610)	(200)	94
Increase/(decrease) in trade payables	20	232	1,110	(725)
Increase/(decrease) in advances from customers		8,547	359	(514)
Increase/(decrease) in accrued liabilities and other payables		39,385	1,452	(7,142)
Cash generated from operations		29,846	66,673	63,312
Interest paid		(1,720)	(83,019)	(58,837)
Net cash flows from/(used in) operating activities		28,126	(16,346)	4,475
Cash flows from investing activities				
Business combination	24	(1,479,037)	(23,634)	—
Renovation of investment properties		—	—	(7,584)
Purchases of items of property and equipment	12	—	(5,512)	(4,733)
Proceeds from disposal of items of property and equipment		—	411	28
Bank Interest received		2,038	566	493
Interest received in respect of a cross currency interest rate swap		365	12,878	5,478
(Increase)/decrease in pledged deposits		(63,915)	16,052	(20,185)
Net cash flows (used in)/from investing activities		(1,540,549)	761	(26,503)

	Notes	From 18 April 2007 to 31 December 2007 RMB'000	2008 RMB'000	2009 RMB'000
Cash flows from financing activities				
Proceeds from issue of capital	23	76	—	—
New interest-bearing bank loans		1,046,971	—	—
Increase in amount due to shareholders		512,780	8,873	27,652
Payment of finance costs		(10,192)	(24,222)	(171)
Net cash flows from/(used in) financing activities		1,549,635	(15,349)	27,481
Net increase/(decrease) in cash and cash equivalents		37,212	(30,934)	5,453
Cash and cash equivalents at beginning of period/year		—	37,212	6,278
Cash and cash equivalents at end of period/year	15	37,212	6,278	11,731

II. NOTES TO FINANCIAL INFORMATION

1. Corporate information

Garden Plaza Capital SRL (the "Target Company") was incorporated on 18 April 2007 as a society with restricted liability under the laws of Barbados whose registered address is at Worthing Corporate Centre, Worthing, Christ Church BB15008, Barbados. The registered capital of the Target Company in the amount of US$10,000 were held as to 35%, 8.75%, 26.25% and 30%, respectively by Garden Plaza 2005 (Delaware) L.L.C ("GP 2005"), Garden Plaza 2007 (Delaware) L.L.C ("GP 2007"), Garden Plaza DM 2007 (Delaware) L.L.C ("GPDM") and Baekdu Investments Limited ("Baekdu").

On 25 July 2007, the Target Company contributed US$99,000,000 as issued capital to establish Garden Plaza Capital Co., Ltd. ("GP Shanghai"), a wholly foreign owned enterprise organized and existing under the laws of the People's Republic of China ("PRC"). On 13 December 2007, GP Shanghai purchased Shanghai Garden Plaza, a residential property consisting of 564 units of serviced apartments and villas in Shanghai at a total consideration of approximately RMB1,502,671,000 from a third party.

On 3 April 2009, the Target Company increased the registered capital of GP Shanghai from US$99,000,000 to US$111,500,000.

During the Relevant Periods, the Target Company and its subsidiary (the "Target Group") were principally engaged in property investment, property lease and management as well as ancillary services, which were mainly conducted by its subsidiary located in PRC.

2. Basis of preparation

These financial information have been prepared in accordance with International Financial Reporting Standards ("IFRS") (which include all International Financial Reporting Standards, International Accounting Standards ("IAS") and Interpretations) issued by the International Accounting Standards Board ("IASB"). They have been prepared under the historical cost convention, except for investment property and derivative financial instrument that have been measured at fair value. These financial information are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000), except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Target Group for the period ended 31 December 2007 and for the years ended 31 December 2008 and 2009. The results of the subsidiaries are consolidated from the date of acquisition, being the date on which the Target Company obtains control, and continues to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from inter-company transactions and inter-company balances within the Target Group are eliminated on consolidation in full.

The acquisition of subsidiaries during the Relevant Periods has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The Target Company assesses whether the acquisition of a subsidiary constitutes a business combination. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. If the subsidiary acquired does not constitute a business, the Target Company accounts for the acquisition as an acquisition of asset.

3. Net current liabilities

As at 31 December 2007, 2008 and 2009, the current liabilities of the Target Group exceeded its current assets by approximately RMB499,520,000, RMB465,831,000 and RMB1,497,703,000, respectively. The directors have prepared the Financial Information on a going concern basis notwithstanding the net current liabilities position because Shanghai Forte Land Co., Ltd. has undertaken to provide financial assistance by various means to enable the Target Group to meet its financial obligations as and when they fall due. Therefore, in the opinion of the directors, the Target Group will have sufficient funds to meet its daily working capital requirements for the foreseeable future.

4. Summary of significant accounting policies and significant accounting estimates

4.1 **Adoption of new and revised IFRSs**

The IASB issued certain new and revised IFRSs which are effective for annual periods beginning or after 1 January 2007, 1 January 2008 and 1 January 2009. For the purpose of preparing and presenting the Financial Information for inclusion in the Circular, the Target Group has early adopted all these new and revised IFRSs that are applicable to the Target Group's operations as at the beginning of the Relevant Periods.

The Target Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Financial Information.

IFRS 1 (Revised)	*First-time Adoption of IFRS* [1]
IFRS 1 Amendments	Amendments to IFRS 1 *Fist-time Adoption of IFRS — Additional Exemptions for First-time Adopters* [2]
Amendment to IFRS 1	*Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* [4]
IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment — Group Cash-settled Share-based Payment Transactions* [2]
IFRS 3 (Revised)	*Business Combinations* [1]

IFRS 9	*Financial Instruments* [6]
IAS 24 (Revised)	*Related Party Disclosures* [5]
IAS 27 (Revised)	*Consolidated and Separate Financial Statements* [1]
IAS 32 Amendment	Amendment to IAS 32 *Financial Instruments: Presentation — Classification of Rights Issues* [3]
IAS 39 Amendment	Amendment to IAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items* [1]
IFRIC 14 Amendments	Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement* [5]
IFRIC 17	*Distribution of Non - cash Assets to Owners* [1]
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments* [4]
Amendments to IFRS 5 included in Improvements to IFRS issued in October 2008	Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations — Plan to Sell the Controlling Interest in a Subsidiary* [1]

Apart from the above, the IASB has issued *Improvements to IFRSs 2009* and *2010* which sets out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009, the amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010, the amendments to IFRS 3 and IAS 27 are effective for annual periods beginning on or after 1 July 2010 while the amendments to IFRS 1, IFRS 7, IAS 1, IAS 34 and IFRIC 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard or interpretation.

[1] Effective for financial years beginning on or after 1 July 2009
[2] Effective for financial years beginning on or after 1 January 2010
[3] Effective for financial years beginning on or after 1 February 2010
[4] Effective for financial years beginning on or after 1 July 2010
[5] Effective for financial years beginning on or after 1 January 2011
[6] Effective for financial years beginning on or after 1 January 2013

Further information about those changes that are expected to significantly affect the Target Group is as follows:

IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to IAS 7 *Statement of Cash Flows*, IAS 12 *Income Taxes*, IAS 21 *The Effects of Changes in Foreign Exchange Rates,* IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures.*

The Target Group expects to adopt IFRS 3 (Revised) and IAS 27 (Revised) from 1 January 2010. The changes introduced by these revised standards must be applied prospectively and will affect the accounting of future acquisitions, loss of control and transactions with minority interests.

IFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace IAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of IAS 39.

Other than as explained above regarding the impact of IFRS 3 (Revised), IAS 27 (Revised) and IFRS 9, the adoption of these new and revised IFRSs are unlikely to have a significant financial effect on the Target Group's results of operations and financial position.

4.2 **Summary of significant accounting policies**

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Target Company controls, directly or indirectly, so as to obtain benefits from its activities.

Goodwill

Goodwill arising on the acquisition of subsidiaries, associates and jointly-controlled entities represents the excess of the cost of the business combination over the Target Company's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Target Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Target Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Target Group are assigned to those units or group of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within the unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Excess over the cost of business combinations

Any excess of the Target Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries (previously referred to as negative goodwill), after reassessment, is recognised immediately in the income statement.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a before-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each period/year end of the Relevant Periods as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill and certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Target Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Target Group; (ii) has an interest in the Target Group that gives it significant influence over the Target Group; or (iii) has joint control over the Target Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Target Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d); or

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

Property, equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over the estimated useful life of the assets. The estimated useful lives of property and equipment are as follows:

Office equipment	5-7 years
Motor vehicles	5 years

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least, at each financial year end.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at each period/year end of the Relevant Periods.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Target Group is the lessor, assets leased by the Target Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Target Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Investment and other financial assets

Initial recognition and measurement

Financial assets in the scope of IAS 39 are classified as financial assets at fair value through profit or loss and loans and receivables, as appropriate. The Target Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Target Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Target Group's financial assets include cash and bank balances, trade and other receivables and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into by the Target Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in the income statement. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The loss arising from impairment is recognised in the income statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;

- the Target Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flow in full without material delay to a third party under a "pass-through" arrangement;and either (a) the Target Group has transferred substantially all the risks and rewards of the asset, or (b) the Target Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Target Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Target Group's continuing involvement in the asset. In that case, the Target Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflect the rights and obligations that the Target Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Target Group could be required to repay.

Impairment of financial assets

The Target Group assesses at each period/year end of the Relevant Periods whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that event has an impact on the estimated future cash flow of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default of delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flow, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Target Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Target Group determines that no objective evidence of impairment exist for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of estimated future cash flow is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flow for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If the future write-off is later recovered, the recovery is credited to the income statement.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, as appropriate. The Target Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Target Group's financial liabilities include trade and other payables, interest-bearing bank loans and amount due to shareholders.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss include financial liabilities held for trading.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Target Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Gains or losses on liabilities held for trading are recognised in the income statement. The net fair value gain or loss recognized in the income statement does not include any interest charged on these financial liabilities.

Loans and borrowings

After initial recognition, interest-bearing bank loans are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the effective interest rate. The effective interest rate amortisation is included in finance cost in the income statement.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Derivative financial instruments

The Target Group uses a derivative financial instrument that is a cross currency interest rate swap to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instrument is initially recognised at fair value on the date on which a derivative contract is entered into and is subsequently remeasured at fair value. Derivative is carried as asset when the fair value is positive and as liability when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the income statement.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows and the consolidated statement of financial position, cash and cash equivalents comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Target Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at each period/year end of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each period/year end of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each period/year end of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Target Group and the revenue can be measured reliably, on the following bases:

(a) rental income, on a time proportion basis over the lease terms; and

(b) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a to the net carrying amount of the financial asset.

Retirement benefits

Obligatory retirement benefits in the form of contributions under a defined contribution retirement schedule administered by local government agencies are charged to the consolidated income statement as incurred.

Accommodation benefits

Contributions to an accommodation fund administered by the Public Accumulation Funds Administration Centre are charged to the consolidated income statement as incurred.

Foreign currencies

These Financial Information are presented in RMB. The Target Company's functional currency is United State dollars ("US$"). Each entities with the Target Group determines their own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Target Group are initially recorded using their respective functional currency rates ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at each period/year end of the Relevant Periods. All differences are taken to the income statement. Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at each period/year end of the Relevant Periods, the assets and liabilities of the Target Company are translated into RMB at the exchange rates ruling at each period/year end of the Relevant Periods and its income statement is translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

For the purpose of the consolidated statement of cash flows, the cash flows of the Target Company are translated into RMB at the exchange rate ruling at the dates of the cash flows. Frequently recurring cash flows of the Target Company which arise throughout the year are translated into RMB at the weighted average exchange rate for the year.

4.3 **Significant accounting estimates**

The preparation of the Target Group's Financial Information requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at each period/year end of the Relevant Periods. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at each period/year end of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fair value of investment properties

As set out in note 13, investment properties were revalued as at 31 December on an open market value by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from actual results. In making the judgment, the Target Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each period/year end of the Relevant Periods.

In the absence of current prices in an active market for similar properties, the Target Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location (or subject to different leases or other contracts), adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions for the Target Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs. The carrying amount of investment properties as at 31 December 2007, 2008 and 2009 was RMB1,740,000,000, RMB1,944,000,000 and RMB2,280,000,000, respectively.

Provision for impairment of trade receivables and other receivables

Provision for impairment of trade receivables and other receivables is made based on an assessment of the recoverability of trade receivables and other receivables. The identification of doubtful debts requires management's judgement and estimates. Provision is made when there is objective evidence that the Target Group will not be able to collect the debts. Where the actual outcome or further expectation is different from the original estimate, such differences will impact the carrying value of the receivables, doubtful debt expenses and write-back in the period in which such estimate has been changed.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Where the actual or expected tax positions of the relevant companies of the Target Group in future are different from the original estimate, such differences will impact the recognition of deferred tax assets and income tax charge in the period in which such estimate has been changed.

5. Segment information

For management purposes, the Target Group has only one reportable operating segment which is the PRC segment principally engaged in property lease and management as well as ancillary services.

Geographical Information

(a) The Target Group's revenue for the Relevant Periods were derived from the operation in the PRC.

(b) Non-current assets

The non-current assets (exclude goodwill and deferred tax assets) employed by the Target Group are located in the PRC.

Information About Major Customer

The customer bases of the Target Group's revenue are widely dispersed, there are no one single customer exceeding 10% of the total Revenue of the Target Group.

6. Revenue, other income and gains

Revenue, which is also the Target Group's turnover, represents the net invoiced value of services rendered and gross rental income received and receivable from investment properties during the Relevant Periods.

An analysis of revenue, other income and gains is as follows:

	Notes	From 18 April 2007 to 31 December 2007	2008	2009
		RMB'000	*RMB'000*	*RMB'000*
Revenue				
Rental income on investment properties		8,054	145,201	134,906
Rendering of services		145	854	826
		8,199	146,055	135,732
Less: Business tax and government surcharges		(405)	(7,309)	(6,818)
Total revenue		7,794	138,746	128,914
Other income				
Bank interest income		2,038	566	493
Gains				
Gain on fair value adjustment on investment properties	13	—	204,000	328,416
Excess over the cost of a business combination recognized in the consolidated income statement	24	199,084	—	—
Fair value gain on a cross currency interest rate swap		—	29,599	—
Gain on disposal of items of property and equipment		—	50	14
Others		3	226	220
		199,087	233,875	328,650
Other income and gains		201,125	234,441	329,143

Business tax is calculated at 5% of the revenue from rental income and various service income. Government surcharge is calculated at 1% of business tax.

7. Profit before tax

The Target Group's profit before tax is arrived at after charging/(crediting):

	Notes	From 18 April 2007 to 31 December 2007 RMB'000	2008 RMB'000	2009 RMB'000
Direct operating expenses (including repairs and maintenance) arising on investment properties		1,549	59,028	43,985
Gain on disposal of items of property and equipment	6	—	(50)	(14)
Fair value gain on investment properties	6	—	(204,000)	(328,416)
Fair value loss/(gain) on a cross currency interest rate swap	8, 6	11,637	(29,599)	24,033
Excess over the cost of a business combination recognized in the consolidated income statement	6	(199,084)	—	—
Finance costs	9	11,468	94,323	70,316
Bank interest income	6	(2,038)	(566)	(493)

8. Other expenses

	From 18 April 2007 to 31 December 2007 RMB'000	2008 RMB'000	2009 RMB'000
Fair value loss on a cross currency interest rate swap	11,637	—	24,033

9. Finance costs

	From 18 April 2007 to 31 December 2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank loans, wholly repayable			
- within five years	5,390	94,221	70,054
Other finance costs:			
- exchange losses/(gains)	5,386	(117)	56
- bank charges	692	219	206
Total finance costs	11,468	94,323	70,316

10. Tax

The Target Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

No provision for Barbados profits tax has been made as the Target Group had no assessable profits derived from or earned in Barbados during the Relevant Periods.

The provision for PRC current income tax for the subsidiary of the Target Group located in the PRC is based on the statutory rate of 33% of the assessable profits of the subsidiary from 25 July 2007, its date of incorporation to 31 December 2007 as determined in accordance with the PRC Corporate Income Tax Law. However, as the PRC subsidiary of the Target Group is exempted from tax at preferential rate for the period from 25 July 2007, its date of incorporation to 31 December 2007, the provision for PRC income tax has been provided at the preferential income tax rate of 30%. In accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, the applicable corporate income tax rate with effect from 1 January 2008 is 25%.

Major components of income tax expense during the Relevant Periods are as follows:

		From 18 April 2007 to 31 December 2007	2008	2009
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Current tax in the PRC for the period/year		—	—	—
Deferred tax	14	3,716	57,456	88,831
Total tax charged for the period/year		3,716	57,456	88,831

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries in which the Target Company and its subsidiary are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates to the effective tax rates, are as follows:

	From 18 April 2007 to 31 December 2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	175,576	190,185	295,334
Tax at the statutory tax rate (2007:33%, 2008 and 2009:25%) in the PRC	63,378	49,056	84,504
Tax at the statutory tax rate of 2.5% in Barbados	(412)	(151)	(1,067)
Tax concession for a subsidiary	(5,762)	—	—
Income not subject to tax	(59,725)	—	—
Tax loss not recognized	6,929	7,044	3,678
Expenses not deductible for tax	3	1,507	1,716
Tax effect of change in applicable tax rate from 30% to 25%	(695)	—	—
Tax charged at the Target Group's effective rate	3,716	57,456	88,831

11. Retirement benefits and accommodation benefits

Retirement benefits

As stipulated by the PRC State regulations, a subsidiary of the Target Company participates in a defined contribution retirement plan. All employees are entitled to an annual pension equal to a fixed proportion of the average basic salary amount within the geographical area of their last employment at their retirement date. The subsidiary is required to make contributions to the local social security bureau at a certain percentage of the employees' average salaries and wages of prior year. The subsidiary has no obligations for the payment of pension benefits beyond the annual contributions to the local social security bureau, as set out above.

Accommodation benefits

According to the relevant PRC rules and regulations, a subsidiary of the Target Company and its employees are each required to make contributions, which are in proportion to the salaries and wages of the employees to an accommodation fund administered by the Public Accumulation Funds Administration Centre. There are no further obligations on the part of the subsidiary, except for contributions to the accommodation fund.

12. Property and equipment

2007

	Note	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost:				
At 18 April 2007				
Business combination	24	27,683	433	28,116
At 31 December 2007		27,683	433	28,116
Accumulated depreciation:				
At 18 April 2007		—	—	—
Provided during the period		—	—	—
At 31 December 2007		—	—	—
Net carrying amount:				
At 31 December 2007		27,683	433	28,116
At 18 April 2007		—	—	—

2008

	Office equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 31 December 2007 and at 1 January 2008	27,683	433	28,116
Additions	5,512	—	5,512
Disposals	(618)	—	(618)
At 31 December 2008	32,577	433	33,010
Accumulated depreciation:			
At 31 December 2007 and at 1 January 2008	—	—	—
Provided during the year	9,550	390	9,940
Disposals	(257)	—	(257)
At 31 December 2008	9,293	390	9,683
Net carrying amount:			
At 31 December 2008	23,284	43	23,327
At 31 December 2007	27,683	433	28,116

2009

	Office equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 31 December 2008 and at 1 January 2009	32,577	433	33,010
Additions	4,733	—	4,733
Disposals	(115)	—	(115)
At 31 December 2009	37,195	433	37,628
Accumulated depreciation:			
At 31 December 2008 and at 1 January 2009	9,293	390	9,683
Provided during the year	7,193	—	7,193
Disposals	(101)	—	(101)
At 31 December 2009	16,385	390	16,775
Net carrying amount:			
At 31 December 2009	20,810	43	20,853
At 31 December 2008	23,284	43	23,327

13. Investment properties

	Note	*RMB'000*
Carrying amount at 18 April 2007		—
Business combination	24	1,740,000
Carrying amount at 31 December 2007 and at 1 January 2008		1,740,000
Gain from a fair value adjustment		204,000
Carrying amount at 31 December 2008 and at 1 January 2009		1,944,000
Renovation of investment properties		7,584
Gain from a fair value adjustment		328,416
Carrying amount at 31 December 2009		2,280,000

The Target Group's investment properties are situated in Shanghai, the PRC.

The investment properties are leased to third parties under operating leases.

The investment properties are measured using the fair value model. The fair values at 31 December 2007, 2008 and 2009 have been arrived at on the basis of valuations carried out on those dates by Jones Lang LaSalle Sallmanns Limited, independent professionally qualified valuers. The valuation was made on the estimated amount for which a property should exchange on the dates of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

At 31 December 2007, 2008 and 2009, the Target Group's investment properties with a net carrying value of approximately RMB1,740,000,000, RMB1,944,000,000 and RMB2,280,000,000, respectively were pledged to bank for interest-bearing bank loans as set out in note 19(b).

14. Deferred tax

Deferred tax liabilities

	Notes	Amortization of transaction costs directly attributable to the bank loans	Revaluation of investment properties	Depreciation on investment properties	Fair value adjustments arising from business combination	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At date of incorporation		—	—	—	—	—
Business combination	24	—	—	—	66,361	66,361
Deferred tax charged to the income statement during the period	10	4,164	—	247	—	4,411
Effect of the change in tax rate from 30% to 25%	10	(654)	—	(41)	—	(695)
Exchange differences		(4)	—	—	—	(4)
At 31 December 2007 and 1 January 2008		3,506	—	206	66,361	70,073
Deferred tax (credit)/ charged to the income statement during the year	10	(1,199)	51,000	7,655	—	57,456
Exchange differences		(12)	—	—	—	(12)
At 31 December 2008 and 1 January 2009		2,295	51,000	7,861	66,361	127,517
Deferred tax (credit)/ charged to the income statement during the year	10	(1,188)	82,104	7,915	—	88,831
At 31 December 2009		1,107	133,104	15,776	66,361	216,348

At each period/year end of the Relevant Periods, except for the tax losses of RMB47,002,000, RMB30,803,000 and RMB50,606,000, there were no other material temporary differences for which deferred tax assets have not been recognized.

15. Cash and cash equivalents and pledged deposits

	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	101,127	54,141	79,779
Less: Pledged deposits	63,915	47,863	68,048
Cash and cash equivalents	37,212	6,278	11,731

The pledged deposits were restricted to hold the quarterly interest payments and to safeguard the lender's interest in the event the Target Group was unable to pay the interest of bank loans as set out in note 19 on the scheduled payments dates.

16. Derivative financial instruments

	2007	**2008**	**2009**
	Liabilities	**Assets**	**Liabilities**
	RMB'000	*RMB'000*	*RMB'000*
Cross currency interest rate swap	(11,444)	5,122	(24,381)

During the Relevant Periods, the Target Group has entered into a US$/RMB non-deliverable cross currency interest rate swap agreement (the "interest rate swap agreement") with Citibank, N.A., Hong Kong Branch ("Citibank") to manage its exchange rate and interest rate exposures which did not meet the criteria for hedge accounting.

Fair value losses of the non-hedging interest rate swap agreement amounting to RMB11,637,000 and RMB24,033,000 for the period from 18 April 2007 (date of incorporation) to 31 December 2007 and for the year ended 31 December 2009, respectively, were charged to the consolidated income statements and the fair value gain on the non-hedging interest rate swap agreement amounting to RMB29,599,000 for the year ended 31 December 2008 was credited to the consolidated income statement.

17. Trade receivables

An aged analysis of the trade receivables at each period/year end of the Relevant Periods, based on the payment due date, is as follows:

	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Outstanding balances with ages, within 3 months	8,053	649	101

The analysis on trade receivables that are not considered to be impaired as follows:

	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Neither past due nor impaired	8,053	649	101

At 31 December 2007, 2008 and 2009, the Target Group's trade receivables with a net carrying value of approximately RMB8,053,000, RMB649,000 and RMB101,000, respectively were pledged to bank for interest-bearing bank loans as set out in note 19(b).

The carrying amounts of trade receivables approximate to their fair values.

18. Prepayments, deposits and other receivables

	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments	—	694	13
Deposits and other receivables	1,136	4,025	1,346
	1,136	4,719	1,359

None of the above assets is either past due or impaired.

The carrying amounts of prepayments, deposits and other receivables approximate to their fair values.

19. Interest-bearing bank loans

	Notes	2007 RMB'000	2008 RMB'000	2009 RMB'000
Bank loans, secured				
Denominated in US$	(a)	282,825	267,629	270,367
Denominated in RMB	(b)	718,560	726,764	734,946
		1,001,385	994,393	1,005,313
Repayable:				
Within one year		—	—	1,005,313
In the second year		—	994,393	—
In the third to fifth years, inclusive		1,001,385	—	—
		1,001,385	994,393	1,005,313
Portion classified as current liabilities	(c)	—	—	(1,005,313)
Non-current portion	(c)	1,001,385	994,393	—

(a) The bank loan in the amount of US$40,000,000 (equivalent to 2007: RMB282,825,000, 2008: RMB267,629,000, 2009: RMB270,367,000) denominated in US$ are secured by the Target Company's investment in a subsidiary with an carrying value of approximately RMB723,155,000, RMB676,625,000 and RMB693,062,000, respectively, at 31 December 2007, 2008 and 2009.

(b) The bank loan in the amount of RMB718,560,000 (2008: RMB726,764,000, 2009: RMB734,946,000) denominated in RMB are secured by the Target Group's investment properties situated in Shanghai, the PRC, with an aggregate carrying value of approximately RMB1,740,000,000 RMB1,944,000,000 and RMB2,280,000,000 and its trade receivables with an aggregate carrying value of approximately RMB8,053,000, RMB649,000 and RMB101,000, respectively, at 31 December 2007, 2008 and 2009, as set out in note 13 and 17.

(c) The carrying amounts of the Target Group's current bank loans approximate to their fair values. The fair values of the Target Group's non-current bank loans were RMB1,035,501,000 and RMB1,016,606,000 at 31 December 2007 and 2008.

20. Trade payables

An aged analysis of the trade payables at each period/year end of the Relevant Periods is as follows:

	2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*
Within six months	232	1,342	617

The carrying amounts of trade payables approximate to their fair values.

21. Accrued liabilities and other payables

	2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*
Payables related to:			
Deposits received	26,079	24,319	22,163
Business taxes and government surcharges	1,536	3,560	3,481
Accruals	31,544	10,197	5,294
Transaction costs related to business combination	23,634	—	—
Others	7,138	4,594	4,457
	89,931	42,670	35,395

The carrying amounts of accrued liabilities and other payables approximate to their fair value.

22. Amount due to shareholders

	2007	2008	2009
	RMB'000	*RMB'000*	*RMB'000*
GP 2005	175,102	167,424	176,946
GP 2007	43,775	41,856	44,237
GPDM	131,327	125,568	132,709
Baekdu	150,088	143,506	151,668
	500,292	478,354	505,560

The amount due to shareholders denominated in US$ of US$68,490,000, US$69,990,000 and US$74,040,000, respectively as at 31 December 2007, 2008 and 2009 are provided by all the shareholders of the Target Company according to their respective portion of capital invested in the Target Company shareholdings. These amounts are non-trade in nature, unsecured, interest-free and repayable on demand.

The carrying amounts of these amount due to shareholders approximate to their fair values.

23. Issued capital

	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Issued and fully paid:			
10,000 common quotas	76	76	76

24. Business combination

On 13 December 2007, the Target Group acquired property and equipment as well as investment properties consisting of 564 units of serviced apartments and villas located in Shanghai at a total cash consideration of RMB1,502,671,000. The Target Group accounted for this acquisition as a business combination.

The fair values of the acquired assets at the date were as follows:

	Fair value recognised on business combination
	RMB'000
Assets	
Property and equipment	28,116
Investment properties	1,740,000
	1,768,116
Liabilities	
Deferred tax liabilities	66,361
Net assets	1,701,755
Excess over the cost of a business combination recognized in the consolidated income statement	(199,084)
Consideration, satisfied by cash	1,502,671
Cash consideration paid in 2007	1,479,037
Cash consideration paid in 2008	23,634

25. Operating lease arrangements

As lessor

The Target Group leases its property and equipment and investment properties, as set out in note 12 and 13 to the Financial Information, under operating lease arrangements, with leases negotiated for terms ranging from one to three years.

At each period/year end of the Relevant Periods, the Target Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	82,508	77,309	66,738
In the second to fifth year, inclusive	2,670	1,014	972
	85,178	78,323	67,710

As lessee

The Target Group leases certain of its motor vehicles and office equipments under operating lease arrangements. Leases for motor vehicles and office equipments are negotiated for terms ranging from one to three years.

At each period/year end of the Relevant Periods, the Target Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	842	1,712	1,714
In the second to fifth year, inclusive	37	49	14
	879	1,761	1,728

26. Commitments

In addition to the operating lease commitments detailed above, the Target Group had the following capital commitments at each period/year end of the Relevant Periods:

	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided in respect of renovation of investment properties	—	3,494	—

27. Related party transactions

(I) In addition to the transactions and balances detailed elsewhere in the Financial Information, the Target Group had the following material transactions with related parties during the Relevant Periods:

		From 18 April 2007 to 31 December 2007	**2008**	**2009**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Recurring transactions				
Consulting services received	(a)	446	4,487	5,395
Asset management services received	(b)	157	4,765	4,420
Shareholders' loan received	(c)	503,239	10,604	27,667
Non-recurring transactions				
Financing advisory services received	(d)	10,457	—	—
Investment banking services received	(e)	15,290	—	—

Notes:

(a) Consulting services were provided by Beijing Goldman Sachs Consulting Co., Ltd., an entity controlled by the ultimate shareholder of the Target Group. The fees for consulting services were determined based on prices available to third-party customers of the related companies.

(b) Asset management services were provided by Mercer Investments V Private Ltd., an entity controlled by the ultimate shareholder of the Target Group. The fees for assets management services were determined based on prices available to third-party customers of the related companies.

(c) Shareholders' loans were provided by GP 2005, GP 2007, GPDM and Baedkdu in the proportionate of its respective equity interest in the Target Company as set out in note 22. These loans are interest-free, unsecured and repayable on demand.

(d) Financing advisory services were provided by Goldman Sachs (Asia) LLC, an entity controlled by the ultimate shareholder of the Target Group. The fees for financing advisory services were determined based on prices available to third-party customers of the related companies.

(e) Investment banking services were provided by Goldman Sachs (Japan) Ltd., an entity controlled by the ultimate shareholder of the Target Group. The fees for investment-banking services were determined based on prices available to third-party customers of the related companies.

(II) Compensation of key management personnel of the Target Group:

	2007	**2008**	**2009**
	RMB'000	*RMB'000*	*RMB'000*
Short-term employee benefits	9	9	9

28. Financial instruments by category

The carrying amounts of each of the categories of financial instruments at each period/year end of the Relevant Periods are as follows:

2007

Financial assets

	Financial assets at fair value through profit or loss	**Loans and receivables**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	—	8,053	8,053
Financial assets included in prepayments, deposits and other receivables	—	899	899
Cash and cash equivalents	—	37,212	37,212
Pledged deposits	—	63,915	63,915
	—	110,079	110,079

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Interest-bearing bank loans	—	1,001,385	1,001,385
Trade payables	—	232	232
Financial liabilities included in other payables and accruals	—	88,395	88,395
Derivative financial instruments	11,444	—	11,444
Amount due to shareholders	—	500,292	500,292
	11,444	1,590,304	1,601,748

2008

Financial assets

	Financial assets at fair value through profit or loss	Loans and receivables	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	—	649	649
Financial assets included in prepayments, deposits and other receivables	—	3,149	3,149
Derivative financial instruments	5,122	—	5,122
Cash and cash equivalents	—	6,278	6,278
Pledged deposits	—	47,863	47,863
	5,122	57,939	63,061

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Interest-bearing bank loans	—	994,393	994,393
Trade payables	—	1,342	1,342
Financial liabilities included in other payables and accruals	—	39,110	39,110
Amount due to shareholders	—	478,354	478,354
	—	1,513,199	1,513,199

2009

Financial assets

	Financial assets at fair value through profit or loss	Loans and receivables	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	—	101	101
Financial assets included in prepayments, deposits and other receivables	—	815	815
Cash and cash equivalents	—	11,731	11,731
Pledged deposits	—	68,048	68,048
	—	80,695	80,695

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Interest-bearing bank loans	—	1,005,313	1,005,313
Trade payables	—	617	617
Financial liabilities included in other payables and accruals	—	31,914	31,914
Derivative financial instruments	24,381	—	24,381
Amount due to shareholders	—	505,560	505,560
	24,381	1,543,404	1,567,785

29. Fair value hierarchy

The Target Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs).

At each period/year end of the Relevant Periods, the Target Group held the following financial instruments measured at fair value:

Liabilities measured at fair value as at 31 December 2007:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments	—	11,444	—	11,444

Assets measured at fair value as at 31 December 2008:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments	—	5,122	—	5,122

Liabilities measured at fair value as at 31 December 2009:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments	—	24,381	—	24,381

During the Relevant Periods, there was no transfer of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3.

30. Financial risk management objectives and policies

The Target Group's principal financial instruments, other than derivatives, comprise interest-bearing bank loans, accrued liabilities and other payables, amount due to shareholders, deposits and other receivables and cash and pledged deposits. The main purpose of these financial instruments is to raise finance for the Target Group's operations. The Target Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Target Group's financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk. The Target Group's accounting policies in relation to derivatives are set out in note 4.2 to the Financial Information.

Foreign currency risk

The Target Group operates in Barbados and PRC. For company in Barbados, its principal activities are transacted in US$, while for company operates in PRC, its principal activities are transacted in RMB. As set out in note 16 and 19, the Target Group had a bank loan in the amount of US$40,000,000 denominated in US$, whereby during the Relevant Periods, the Target Group has entered into a US$/RMB non-deliverable cross currency interest rate swap agreement with Citibank to manage its foreign currency risk exposure.

The following table demonstrates the sensitivity at each period/year end of the Relevant Periods to a reasonably possible change in United States dollar exchange rate, with all other variables held constant, of the Target Group's equity (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in foreign currency rate	**Increase/ (decrease) in equity***
	%	*RMB'000*
2007		
If Renminbi weakens against US$	5	13,258
If Renminbi strengthens against US$	5	(13,258)
2008		
If Renminbi weakens against US$	5	11,942
If Renminbi strengthens against US$	5	(11,942)
2009		
If Renminbi weakens against US$	5	9,627
If Renminbi strengthens against US$	5	(9,627)

* Excluding retained earnings

Interest rate risk

The Target Group's exposure to the risk of changes in market interest rates relates primarily to the Target Group's long term debt obligations with floating interest rates.

The Target Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

To manage this mix in a cost-effective manner, the Target Group entered into a cross currency interest rate swap, in which the Target Group agreed to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount, as set out in note 16, The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Target Group's profit before tax (through the impact on the floating rate borrowings) and the Target Group's equity.

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity***
		RMB'000	*RMB'000*
2007			
RMB	25	(1,856)	—
	(25)	1,856	—
2008			
RMB	25	(1,856)	—
	(25)	1,856	—

* Excluding retained earnings

Credit risk

The Target Group's credit risk is primarily attributable to trade receivables, deposits and other receivables. The directors have a credit policy in place and the exposures to credit risks are monitored on an ongoing basis.

The credit risk of the Target Group's other financial assets, which comprise cash and cash equivalents, pledged deposits and derivative financial instruments, arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

Liquidity risk

The maturity profile of the Target Group's financial liabilities at each period/year end of the Relevant Periods, based on contracted undiscounted payments, was as follows:

	As at 31 December 2007					
	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**>5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank loans	—	—	—	1,038,160	—	1,038,160
Trade payables	232	—	—	—	—	232
Accrued liabilities and other payables	88,395	—	—	—	—	88,395
Amount due to shareholders	500,292	—	—	—	—	500,292
	588,919	—	—	1,038,160	—	1,627,079

	As at 31 December 2008					
	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**>5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank loans	—	—	—	1,038,160	—	1,038,160
Trade payables	1,342	—	—	—	—	1,342
Accrued liabilities and other payables	39,110	—	—	—	—	39,110
Amount due to shareholders	478,354	—	—	—	—	478,354
	518,806	—	—	1,038,160	—	1,556,966

	As at 31 December 2009					
	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**>5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank loans	—	—	1,038,160	—	—	1,038,160
Trade payables	617	—	—	—	—	617
Accrued liabilities and other payables	31,914	—	—	—	—	31,914
Amount due to shareholders	505,560	—	—	—	—	505,560
	538,091	—	1,038,160	—	—	1,576,251

Capital management

The primary objective of the Target Group's capital management is to safeguard the Target Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Target Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Target Group may adjust the dividend payment to shareholder, obtain borrowings or issue new shares. The Target Group is not subject to any externally imposed capital requirements. No changes were made on the Target Group's objectives, policies or processes for managing capital during the Relevant Periods.

31. Events after the reporting period

On 10 February 2010, Skysail Investment Limited ("Skysail"), a wholly-owned subsidiary of the Company, entered into a sales and purchase agreement ("SPA") with GP 2005, GP 2007, GPDM and Baekdu (collectively referred as the "Vendors"), pursuant to which the Vendors agreed to transfer their entire issued capital of the Target Company to Skysail for a total purchase consideration of US$328,000,000 plus the Actual Closing Net Adjustment.

Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

32. Subsequent financial statement

No audited financial statements have been prepared by the Target Company and its subsidiary in respect of any period subsequent to 31 December 2009.

Yours farthfully,
Ernst & Young
Certified Public Accountants
Hong Kong

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION

(i) Basis of preparation of the unaudited pro forma statement of assets and liabilities of the Enlarged Group

The information set out below is for illustrative purpose only and does not form part of the accountants' report prepared by the reporting accountants of Shanghai Forte Land Co., Ltd. (the "Company"), Ernst & Young, Certified Public Accountants, Hong Kong, as set out in Appendix II to this circular.

To provide additional financial information, the unaudited pro forma statement of assets and liabilities (the "Unaudited Pro Forma Financial Information") of the Enlarged Group (being the Company and its subsidiaries (the "Group") together with Garden Plaza Capital SRL (the "Target Company") and its subsidiary (collectively referred to as the "Target Group") as at 31 December 2009 has been prepared based on:

(a) the historical audited consolidated statement of financial position of the Group as at 31 December 2009 which has been extracted from the annual report of the Company;

(b) the audited consolidated statement of financial position of the Target Group as at 31 December 2009 which has been extracted from Appendix II to this circular; and

(c) after taking into account of the unaudited pro forma adjustments as described in the notes thereto to demonstrate how the acquisition of the entire issued capital of the Target Company might have affected the historical financial information in respect of the Group as if the acquisition had taken place on 31 December 2009.

The unaudited pro forma statement of assets and liabilities of the Enlarged Group should be read in conjunction with the financial information contained in this circular and the Accountants' Report on the Target Group set out in Appendix II to this circular.

The unaudited pro forma statement of assets and liabilities of the Enlarged Group is for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group as at 31 December 2009 or at any future date.

(ii) Unaudited Pro Forma Statement of Assets and Liabilities of the Enlarged Group as if the acquisition had been completed on 31 December 2009

	The Group as at 31 December 2009	Target Group as at 31 December 2009	Unaudited Pro Forma Adjustments					Unaudited Pro Forma Enlarged Group as at 31 December 2009
				(1)			(2)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS								
Property and equipment	291,533	20,853						312,386
Investment properties	2,057,400	2,280,000						4,337,400
Properties under development	5,167,352	—						5,167,352
Goodwill	65,867	—					131,350	197,217
Other intangible assets	5,198	—						5,198
Investments in subsidiaries	—	—		718,152			(718,152)	—
				(b)(i)				
Interests in jointly-controlled entities	689,737	—						689,737
Interests in associates	598,892	—						598,892
Available-for-sale investments	298,110	—						298,110
Amount due from related companies	191,905	—		1,548,685		(1,548,685)		191,905
				(b)(i)		(c)		
Loan receivables	220,000	—						220,000
Prepayments	616,313	—						616,313
Deferred tax assets	427,359	—						427,359
Total non-current assets	10,629,666	2,300,853						13,061,869
CURRENT ASSETS								
Cash and cash equivalents	3,629,771	11,731	—	(2,266,837)	—			1,374,665
			(a)(i)&(ii)	(b)(i)	(b)(i)&(ii)			
Pledged deposits	122,000	68,048						190,048
Derivative financial instrument	—	—						—
Income tax recoverable	141,028	—						141,028
Trade receivables	242,475	101						242,576
Prepayments, deposits and other receivables	1,531,989	1,359						1,533,348
Amounts due from related companies	724,667	—						724,667
Amount due from holding company	98,462	—						98,462
Completed properties for sale	1,698,292	716						1,699,008
Properties under development	7,089,469	—						7,089,469
	15,278,153	81,955						13,093,271
Assets of disposal group classified as held for sale	1,548,894	—						1,548,894
Total current assets	16,827,047	81,955						14,642,165

	The Group as at 31 December 2009	Target Group as at 31 December 2009	Unaudited Pro Forma Adjustments					Unaudited Pro Forma Enlarged Group as at 31 December 2009
				(1)			(2)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
CURRENT LIABILITIES								
Interest-bearing bank loans and other borrowings	2,966,897	1,005,313	(300,625) (a)(ii)		(742,500) (b)(ii)			2,929,085
Derivative financial instruments	—	24,381						24,381
Trade and bills payables	1,491,922	617						1,492,539
Advances from customers	4,696,858	8,392						4,705,250
Accrued liabilities and other payables	1,541,972	35,395						1,577,367
Tax payable	1,316,669	—						1,316,669
Amounts due to related companies	270,985	—						270,985
Amounts due to holding company	—	505,560	300,625 (a)(i)&(ii)		742,500 (b)(i)	(1,548,685) (c)		—
	12,285,303	1,579,658						12,316,276
Liabilities directly associated with the assets of disposal group classified as held for sale	997,393	—						997,393
Total current liabilities	13,282,696	1,579,658						13,313,669
NET CURRENT ASSETS	3,544,351	(1,497,703)						1,328,496
TOTAL ASSETS LESS CURRENT LIABILITIES	14,174,017	803,150						14,390,365
NON-CURRENT LIABILITIES								
Interest-bearing bank loans and other borrowings	7,344,170	—						7,344,170
Loans from related companies	106,618	—						106,618
Deferred tax liabilities	217,514	216,348						433,862
Total non-current liabilities	7,668,302	216,348						7,884,650
Net assets	6,505,715	586,802						6,505,715
EQUITY								
Equity attributable to owners of the parent:								
Issued capital	505,861	76					(76)	505,861
Reserves	5,254,927	586,726					(586,726)	5,254,927
Proposed final dividends	151,758	—						151,758
	5,912,546	586,802						5,912,546
Minority interests	593,169	—						593,169
Total equity	6,505,715	586,802						6,505,715

(iii) **Notes to unaudited pro forma financial information**

1) The proposed acquisition of the entire issued capital of the Target Company (the "Acquisition") by Shanghai Forte Land Co., Ltd. (the "Company"), is assumed to have been completed on 31 December 2009 and thus pursuant to a conditional sale and purchase agreement (the ''SPA'') dated 10 February 2010 entered into between Skysail Investment Limited ("Skysail"), a wholly-owned subsidiary of the Company, Garden Plaza 2005 (Delaware) L.L.C ("GP 2005"), Garden Plaza 2007 (Delaware) L.L.C ("GP 2007"), Garden Plaza DM 2007 (Delaware) L.L.C ("GPDM") and Baekdu Investments Limited ("Baekdu") (collectively referred to as the "Vendors"), the Vendors agreed:

- to transfer their entire issued capital of the Target Company to Skysail;
- to assign the Vendors' loans owing by the Target Company (the "Vendors' Loans") to the Group
- the Group to provide an advance of RMB742,500,000 to the Target Group which will form part of the total purchase consideration in which the Target Group will use the advance to repay its outstanding bank loans of RMB742,500,000 owing to the bank located in the Peoples' Republic of China ("PRC");

Pursuant to the SPA, provided all the capital of the Target Company are transferred, all of the Vendors' Loans are assigned by all the Vendors to the Group and the Group has made the advance available to the Target Group at the completion of the acquisition, the total purchase consideration for the acquisition shall equal to the Agreed Price of US$328,000,000 (equivalent to RMB2,239,649,600 using the exchange rate as at 31 December 2009) plus the Actual Closing Net Adjustment.

For the purpose of preparation of the unaudited pro forma financial information, the directors of the Company:

- used the exchange rate as at 31 December 2009 to translate all of the foreign currency denominated transactions to RMB;
- estimated the Actual Closing Net Adjustment to be approximate to the Assumed Closing Net Adjustment which is US$3,981,595 (equivalent to approximately RMB27,187,127), being a good faith estimated by the Vendors of the adjustment on consideration to be made at completion of the Acquisition as set out in Schedule 7 of the SPA.
- estimated the Vendors' Loans to be approximate to US$118,067,000 (equivalent to RMB806,185,000) which is the outstanding balances of the Vendors' Loans as at 30 April 2010, reference has been made to the management accounts of the Target Company for the month of April 2010, which is the latest available management accounts of the Target Company. The outstanding Vendors' Loans of RMB806,185,000 comprised the outstanding Vendors' Loans of RMB505,560,000 as at 31 December 2009 and the additional Vendors'

Loans of approximately RMB300,625,000 lend to the Target Company to settle its outstanding bank loans and interest owing to the bank located outside of PRC and other related costs incurred in relation to the settlement of the bank loans. Pursuant to the SPA, the Group agreed that the Vendors shall have the right to continue to lend to the Target Company under the Vendors' Loans up and until the completion of the Acquisition and the Vendors shall procure the Target Company to repay the outstanding bank loans owing to the bank located outside of PRC on or prior to the completion date of the Acquisition.

Pro forma adjustments:

(a) The Vendors procure the Target Group to repay the outstanding overseas bank loans

For the purpose of preparation of the unaudited pro forma financial information, the Target Company is assumed: (i) to have received the additional Vendors' Loans of approximately RMB300,625,000, and (ii) have used the advance to settle its outstanding bank loans, interest owing to the bank located outside of PRC and other related costs incurred in relation to the settlement of the bank loans by 31 December 2009.

The pro forma adjustment represents: (i) advance received from the Vendors, and (ii) the settlement of the outstanding overseas bank loans and related expenses by the Target Group using the advance received from the Group.

(b) Settlement of the total purchase consideration of the acquisition, assignment of the Vendors' Loans and settlement of the PRC bank loans

For the purpose of preparation of the unaudited pro forma financial information:

(i) the payment of the total purchase consideration of RMB2,266,836,727 for the Acquisition which is equal to the Agreed Price of US$328,000,000 (equivalent to RMB2,239,649,600) plus Actual Closing Net Adjustment of US$3,981,595 (equivalent to approximately RMB27,187,127) is assumed to have been made by 31 December 2009. The payments comprised an advance of RMB742,500,000 lend by the Group to the Target Group, an amount of approximately US$118,067,000 (equivalent to RMB806,185,000) paid to the Vendors for assigning the Vendors' Loan to the Group and the remaining consideration of RMB718,152,000 which is the consideration paid for the assets acquired and liabilities assumed from the Acquisition. Pursuant to the SPA, the Vendors' Loans of approximately RMB806,185,000 are assumed to have been assigned to the Group by 31 December 2009. Combining the advance of RMB742,500,000 lend by the Group to the Target Group for settlement of the PRC bank loans and the Vendors' Loans of RMB806,185,000 assigned to the Group, the total amount due from the Target Group amounting to RMB1,548,685,000;

(ii) as at 31 December 2009, the Target Group is assumed to have used the advance receive to settle the outstanding bank loans of RMB742,500,000 owing to the bank located within the PRC.

The pro forma adjustments represent the adjustments (i) for the settlement of the purchase consideration of RMB2,266,836,727 by the Group, and (ii) repayment of the outstanding bank loans owing to the bank located within the PRC by the Target Group.

Since the final amount of the Vendors' Loans calculated and the Actual Closing Net Adjustment calculated as at the completion date of the acquisition may be different from the amount used in the unaudited pro forma financial information, the final calculated consideration paid attributable to the assets acquired and liabilities assumed from the Acquisition may vary from the amount presented in the unaudited pro forma financial information.

(c) Consolidation adjustment to eliminate intercompany balances

In preparing the unaudited pro forma financial information, a consolidation pro forma adjustment to eliminate the intercompany balances between the Group and the Target Group has been put through by the directors of the Company. The intercompany balances were arose from the advance of RMB742,500,000 provided by the Group to the Target Group and the assignment of the outstanding Vendors' Loans of RMB806,185,000 to the Group.

2) The pro forma adjustments reflect:

The pro forma adjustments represent the consolidation elimination of the Group's interest in the Target Group and the pre-acquisition reserves of the Target Group. Goodwill of RMB131,350,000 for the acquisition represents the difference between the consideration and the Target Group's net assets as at 31 December 2009. Since the fair value of the assets acquired and liabilities assumed from the Acquisition for the Target Group at the date of completion of the acquisition may be substantially different from the value of the assets acquired and liabilities assumed from the Acquisition used in the preparation of this unaudited pro forma statement of assets and liabilities of the Enlarged Group, the final amount of goodwill (or negative goodwill) to be recognised in connection with the acquisition will be different from the estimated goodwill stated herein.

The Acquisition is assumed to have been completed by 31 December 2009.

25 June 2010

The Directors
Shanghai Forte Land Co., Ltd.

Dear Sirs,

We report on the unaudited pro forma statement of assets and liabilities (the ''Unaudited Pro Forma Financial Information'') of the Enlarged Group (being Shanghai Forte Land Co., Ltd. (the "Company") and its subsidiaries (the "Group") together with Garden Plaza Capital SRL (the "Target Company") and its subsidiary (collectively referred to as the "Target Group"), which has been prepared by the Directors of the Company for illustrative purposes only, to provide information about how the proposed acquisition of the Target Company by the Company from Garden Plaza 2005 (Delaware) L.L.C ("GP 2005"), Garden Plaza 2007 (Delaware) L.L.C ("GP 2007"), Garden Plaza DM 2007 (Delaware) L.L.C ("GPDM") and Baekdu Investments Limited ("Baekdu") which hold 35%, 8.75%, 26.25% and 30% of the issued capital in the Target Company, might have affected the historical financial information in respect of the Group for inclusion as Appendix III to the circular dated 25 June 2010 (the "Circular") issued by the Company. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix III to the Circular.

Responsibilities

It is the responsibility solely of the Directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guidelines 7 ("AG7") "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

It is our responsibility to form an opinion, as required by the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any report previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the Directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgements and assumption of the Directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of:

- the Enlarged Group had the transaction actually occurred as at the date indicated therein; or

- the Enlarged Group at any future date or for any future periods.

Opinion

In our opinion:

(a) the accompanying Unaudited Pro Forma Financial Information has been properly compiled by the Directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

The following is the text of a letter and a valuation certificate, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at 30 April 2010 of the property interest of Garden Plaza Capital Co., Ltd.

JONES LANG LASALLE® SALLMANNS

Jones Lang LaSalle Sallmanns Limited
17/F Dorset House Taikoo Place
979 King's Road Quarry Bay Hong Kong
tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

25 June 2010

The Board of Directors
Shanghai Forte Land Co., Ltd.
5th-7th Floor
Fuxing Business Building
No. 2 East Fuxing Road
Huangpu District, Shanghai
The People's Republic of China

Dear Sirs,

Skysail Investments Limited (the "Purchaser", a wholly-owned subsidiary of Shanghai Forte Land Co., Ltd. ("Forte")), Garden Plaza 2005 (Delaware) LLC, Garden Plaza 2007 (Delaware) LLC, Garden Plaza DM 2007 (Delaware) LLC and Baekdu Investments Limited (collectivley referred to as the "Vendors") entered into a conditional sale and purchase agreement (the "SPA") on 10 February 2010, whereby the Vendors have agreed to transfer the entire issued Quotas in the capital of Garden Plaza Capital SRL and assign the Shareholder Loans to the Purchaser for a total consideration of US$328,000,000 plus the Actual Closing Net Adjustment.

In accordance with your instructions to value the property interest held by Garden Plaza Capital Co., Ltd. ("Garden Plaza", a wholly-owned subsidiary of Garden Plaza Capital SRL) in the PRC, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital value of the property interest as at 30 April 2010 (the "date of valuation").

Our valuation of the property interest represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

We have valued the property interest by direct comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards on Properties published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by Forte and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including Real Estate Title Certificates relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by Forte's PRC legal advisers — Chen & Co. Law Firm, concerning the validity of the property interest in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by Forte We have also sought confirmation from Forte that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation certificate is attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Sallmanns Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 27 years' experience in the valuation of properties in the PRC and 30 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2010 RMB
8 apartment buildings, 53 villas and ancillary buildings known as Shanghai Garden Plaza No. 200 Lane 2489 Hongqiao Road Changning District Shanghai The PRC	The property comprises eight 7-storey apartment buildings with 511 apartment units, 53 villas and various ancillary buildings which were completed in various stages between 1998 and 2003. Shanghai Garden Plaza is divided into northern and southern sections which occupies 2 parcels of land with a total site area of approximately 116,822 sq.m. The details of the property in respect of its usage are set out as follows: **Usage** — **Gross Floor Area (sq.m.)** Apartment — 78,020.85 Villa — 9,364.84 Ancillary — 9,841.75 **Total:** — **97,227.44** The land use rights of the property have been granted for a term of 70 years expiring on 11 August 2065 for residential use.	Portions of the property with a total gross floor area of approximately 68,717.88 sq.m. were leased to various third parties whilst the remaining portions were vacant as at the date of valuation.	2,400,000,000

Notes:

1. Pursuant to a Real Estate Title Certificate — Hu Fang Di Chang Ning (2007) Di No. 020980 (滬房地長寧(2007)第020980號) dated 5 December 2007, the northern section of the property with a total gross floor area of approximately 87,753.88 sq.m. is owned by Garden Plaza. The relevant land use rights of the northern section with a site area of approximately 71,169 sq.m. have been granted to Garden Plaza for a term of 70 years expiring on 11 August 2065 for residential use.

2. Pursuant to a Real Estate Title Certificate — Hu Fang Di Chang Ning (2007) Di No. 020978 (滬房地長寧(2007)第020978號) dated 5 December 2007, the southern section of the property with a total gross floor area of approximately 9,473.56 sq.m. is owned by Garden Plaza. The relevant land use rights of the southern section with a site area of approximately 45,653 sq.m. have been granted to Garden Plaza for a term of 70 years expiring on 11 August 2065 for residential use.

3. According to various Tenancy Agreements entered between Garden Plaza (the "Lessor") and various third parties (the "Lessees"), portions of the apartments, villas and ancillary buildings of the property with a total gross floor area of approximately 68,717.88 sq.m. are leased to the lessees for various terms with the expiry dates between 1 May 2010 and 3 February 2012 at the total annual rent of RMB126,836,043 inclusive of management fees and exclusive of water and electricity charges.

4. We have been provided with a legal opinion regarding the property interest by Forte's PRC legal advisers, which contains, inter alia, the following:

   a. Garden Plaza legally owns the land use rights and the building ownership rights of the property, and is entitled to occupy, use, profit from, transfer, lease, mortgage or otherwise dispose of the land use rights and the building ownership rights of the property during the term stipulated in the Real Estate Title Certificates stated in notes 1 and 2 except for those restricted rights mentioned in notes b, c and d;

   b. Pursuant to a Mortgage Contract dated 28 April 2010 entered into between Hengsheng Bank Co., Ltd. Shanghai Sub-Branch (the "Mortgagee", 恒生銀行(中國)有限公司上海分行) and Garden Plaza, the apartment, villa portions and the land use rights of property (the "Pledged Portions") are subject to a mortgage in favour of the Mortgagee as security for a loan with an amount of RMB769,800,000 for a term of 4 years commencing from 28 April 2010 and expiring on 27 October 2014;

   c. Garden Plaza has legal rights to use the Pledged Portions, however, transferring and leasing the Pledged Portions are subject to the prior written consent from the Mortgagee during the term stipulated in the Mortgage Contract;

   d. Consulted with Changning Real Estate Trading Centre, the ancillary portion of the property is restricted from being transferred. It is not allowed by the relevant government authorities to change the title ownership; and

   e. As confirmed by Garden Plaza, the Tenancy Agreements are uniform standard contracts as at the date of valuation, the Lessor and the Lessees are legally authorized to sign on the Tenancy Agreements. The Tenancy Agreements stated in note 3 are legal and binding on signing parties.

1. RESPONSIBILITY STATEMENT

This circular, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is 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 herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(A) Directors', Supervisors' 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, supervisors or chief executive of the Company had or 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:

(a) *Long positions in the shares, underlying shares and debentures of the Company:*

Name of director	Class of shares	Nature of interest	Number of shares	Approximate percentage in the relevant class of share capital
Guo Guangchang	Domestic Shares	Corporate	1,458,963,765	99%
	H Shares	Corporate	325,710,000	30.86%

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

Name of directors	Name of associated corporation	Nature of interest	Number of shares directly and indirectly held	Approximate percentage of shares in issue of the associated corporation
Guo Guangchang	Fosun International Holdings Ltd.	Individual	29,000	58%

Name of directors	Name of associated corporation	Nature of interest	Number of shares directly and indirectly held	Approximate percentage of shares in issue of the associated corporation
	Fosun Holdings Limited	Corporate	1	100%
	Fosun	Corporate	5,024,555,500	78.24%
Fan Wei	Fosun International Holdings Ltd.	Individual	5,000	10%

(B) **Substantial Shareholders' and other persons' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company**

As at the Latest Practicable Date, so far as is known to any director or chief executive of the Company, the following persons or entities (other than directors or chief executive or supervisors of the Company) had, or were deemed to have interests or short positions in the shares, underlying shares or debentures 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	Approximate percentage in the relevant class of share capital	Approximate percentage in total share capital
Fosun High Technology	Domestic Shares	1,458,963,765 (L) *(Note 1)*	99.00%	57.68%
Fosun	Domestic Shares	1,458,963,765 (L) *(Note 1)*	99.00%	57.68%
	H Shares	325,710,000 (L)	30.86%	12.88%
Fosun Holdings Limited	Domestic Shares	1,458,963,765 (L) *(Note 2)*	99.00%	57.68%
	H Shares	325,710,000 (L) *(Note 2)*	30.86%	12.88%
Fosun International Holdings Ltd.	Domestic Shares	1,458,963,765 (L) *(Note 3)*	99.00%	57.68%
	H Shares	325,710,000 (L) *(Note 3)*	30.86%	12.88%
Wong Sung Kau	H Shares	73,914,000 (L)	7.00%	2.92%

Notes:

1 Fosun High Technology is wholly owned by Fosun. Fosun is deemed to be interested in 1,458,963,765 shares held by Fosun High Technology. Two of the directors of the Company, namely Guo Guangchang and Fan Wei are the directors of Fosun.

2 Fosun Holdings Limited owns 78.24% share interest of Fosun. Guo Guangchang, a director of the Company, is a director of Fosun Holdings Limited.

3 Fosun Holdings Limited is wholly owned by Fosun International Holdings Ltd. Guo Guangchang, a director of the Company, is a director of Fosun International Holdings Ltd.

4 (L) represents long position.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable date, none of the directors or proposed directors of the Company had any existing or proposed service contract with the Company or any member of the Forte 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 of the Company, none of the directors or their respective associates had any interests in other business which competes or is likely to compete with the business of the Forte Group.

5. DIRECTOR'S INTERESTS IN THE ASSETS OR CONTRACTS OF THE FORTE GROUP

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

As at the Latest Practicable Date, none of the directors of the Company has or had any interest in any assets which have been acquired or disposed of by or leased to any member of the Forte Group, or were proposed to be acquired or disposed of by or leased to any member of the Forte Group since 31 December 2009 (being the date to which the latest published audited financial statements of the Company were made up).

6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Forte Group) were entered into by members of the Forte 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) On 21 April 2009, Fosun Property Holdings Company Limited and Shiner Way Limited (a wholly-owned subsidiary of the Company) entered into an equity transfer agreement, pursuant to which, Shiner Way Limited agreed to acquire from Fosun Property Holdings Company Limited the entire equity interest in the Fuyang Furun Real Estate Co., Ltd. for a consideration of approximately RMB150,210,000.

(2) On 19 June 2009, Beijing Baihong Real Estate Development Co., Ltd. (a wholly-owned subsidiary of the Company), Beijing Hengli Innovation Investment Co., Ltd. and China Cifco Investment Co., Ltd entered into disposal agreements, pursuant to which, Beijing Baihong Real Estate Development Co., Ltd. agreed to dispose of the Jiadu Tower (together with all existing leases) to Beijing Hengli Innovation Investment Co., Ltd. and China Cifco Investment Co., Ltd. for an aggregate consideration of RMB455,000,000.

(3) On 9 August 2009, the Company, Jiangyin Lichang Property Development Co., Ltd., Jiangsu Zhengyang Property Management Co., Ltd., Jiangsu Sunshine (Group) Co., Ltd. and Nanjing Runchang Property Development Co., Ltd. entered into an equity transfer agreement, pursuant to which, Jiangyin Lichang Property Development Co., Ltd. and Jiangsu Zhengyang Property Management Co., Ltd. agreed to transfer the entire equity interest in Nanjing Runchang Property Development Co., Ltd. and to assign a shareholders' loan to the Company for a consideration of RMB1,044,500,000.

(4) On 13 August 2009, Shanghai Forte Investment Management Co., Ltd. (a wholly-owned subsidiary of the Company) and Shanghai Yuanjing Property Development Co., Ltd. entered into an equity transfer agreement, pursuant to which, Shanghai Forte Investment Management Co., Ltd. agreed to acquire from Shanghai Yuanjing Property Development Co., Ltd. a 30% equity interest in Shanghai Songjiang Forte Property Development Co., Ltd. for a consideration of RMB24,493,344.12.

(5) On 27 August 2009, Shanghai Forte Investment Management Co., Ltd. (a wholly-owned subsidiary of the Company), ING Shanghai Hong Kou Limited, the Company and Shanghai Forte Zhibao Real Estate Co., Ltd. entered into an equity transfer agreement, pursuant to which, Shanghai Forte Investment Management Co., Ltd. agreed to acquire from ING Shanghai Hong Kou Limited a 25% equity interest in Shanghai Forte Zhibao Real Estate Co., Ltd. for a consideration of RMB165,000,000.

(6) On 24 December 2009, Tianjin Forte Puhe Development Co., Ltd. ("Tianjin Project Company"), HNA Group and the Company entered into an equity transfer agreement, whereby HNA Group agreed to acquire from the Company a 75% equity interest in the Tianjin Project Company for a consideration of RMB2,001,790,000.

(7) On 7 January 2010, China Alliance Properties Limited, a wholly owned subsidiary of the Company, entered into a subscription agreement with Shanghai Zendai Property Limited, pursuant to which China Alliance Properties Limited has agreed to subscribe for and Shanghai Zendai Property Limited has agreed to allot and issue to China Alliance Properties Limited, the subscription shares (being 1,550,000,000 new Shares) for a consideration of HK$480,500,000 at the subscription price (being HK$0.30 per subscription share).

(8) On 10 February 2010, Skysail Investments Limited (the "Purchaser"), a wholly-owned subsidiary of the Company and Garden Plaza 2005 (Delaware) LLC, Garden Plaza 2007 (Delaware) LLC, Garden Plaza DM 2007 (Delaware) LLC and Baekdu Investments Limited (the "Vendors") entered into an agreement for the sale and purchase of the entire issued quotas in the capital of Garden Plaza Capital SRL, pursuant to which, the Vendors have agreed to transfer the entire issued quotas in the capital of Garden Plaza Capital SRL and assign the shareholder loans to the Purchaser for a total consideration of US$328,000,000 (equivalent to approximately HK$2,548,562,549) plus the actual closing net adjustment.

(9) On 15 March 2010, the Company and Shanghai Shanhai Enterprise (Group) Company Limited ("Shanhai Company") entered into the Shanghai equity transfer contract, pursuant to which, Forte has agreed to acquire from Shanhai Company a 40% equity interest in Shanghai Dingfen Property Development and Operation Company Limited for a consideration of RMB153,883,685.66 (equivalent to approximately HK$174,979,175). The Shanghai equity transfer contract came into effect on 26 March 2010 when approved by the Shanghai United Assets and Equity Exchange.

7. EXPERTS' QUALIFICATION AND CONSENT

Name	**Qualification**
Ernst & Young	Certified Public Accountants
Jones Lang LaSalle Sallmanns Limited	Independent Property Valuer

Ernst & Young and Jones Lang LaSalle Sallmanns Limited have given, and have not withdrawn, their respective written consent to the issue of this circular with the inclusion herein of their letter and/or references to their name, in the form and context in which they appear. As at the Latest Practicable Date, Ernst & Young and Jones Lang LaSalle Sallmanns Limited were not interested in any share of the Company or share in any member of the Forte Group nor did they have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any share of the Company or share in any member of the Forte Group. As at the Latest Practicable Date, Ernst & Young and Jones Lang LaSalle Sallmanns Limited did not have any direct or indirect interest in any asset which had been, since 31 December 2009, 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 Forte Group or are proposed to be acquired or disposed of by or leased to any member of the Forte Group.

8. LITIGATION

As at the Latest Practicable Date, so far as known to the directors of the Company, neither the Company nor any other members of the Forte 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 Forte Group.

9. MISCELLANEOUS

(A) The registered office of the Company is situated at 9th Floor, 510 Caoyang Road, Shanghai, PRC.

(B) The Company's H share registrar is Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(C) The company secretary of the Company is Ms. Lo Yee Har Susan, who is a fellow member of both 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.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business in Hong Kong of the Company at Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong up to and include 12 July 2010:

(A) the articles of association of the Company;

(B) the material contracts as set out in the section headed "Material Contracts" in this Appendix;

(C) the SPA;

(D) the annual report of the Company for the year ended 31 December 2009;

(E) the valuation report from Jones Lang LaSalle Sallmanns Limited; the text of which is set out in Appendix IV to this circular;

(F) the consent letter from each of Ernst & Young and Jones Lang LaSalle Sallmanns Limited referred to in the section headed "Qualification and Consent of Expert" in this Appendix V;

(G) the consolidated financial statements of the Forte Group for the two years ended 31 December 2008 and 31 December 2009 respectively;

(H) the unaudited pro forma financial information of the Enlarged Group;

(I) this circular; and

(J) a copy of each circular issued pursuant to the requirements set out in Chapter 14 and/or 14A of the Hong Kong Listing Rules, which has been issued since 31 December 2009, being the date of the latest published audited accounts of the Company were made up.