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**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)**

**ANNOUNCEMENT**

**DISCLOSEABLE TRANSACTION**

**ACQUISITION OF THE ENTIRE EQUITY INTEREST  
IN  
SHANGHAI CHANGGUANG COMPANY**

**ACQUISITION OF THE ENTIRE EQUITY INTEREST IN SHANGHAI  
CHANGGUANG COMPANY**

The Purchaser, a wholly owned subsidiary of the Company, Mr. Lang and Ms. Zhao (as the vendors), Yuanye Company (as the guarantor) and the Shanghai Changguang Company entered into the Equity Transfer Framework Agreement on 14 April 2010, whereby Mr. Lang and Ms. Zhao agreed to transfer the Equity Interest to the Purchaser for a consideration of RMB327,700,000 (equivalent to approximately HK\$372,568,414) subject to Adjustment.

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Hong Kong Listing Rules) in relation to the Acquisition under the Equity Transfer Framework Agreement exceed 5% but less than 25%, the Acquisition under the Equity Transfer Framework Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules and is subject to the reporting and announcement requirements, but exempt from shareholders' approval under the Hong Kong Listing Rules.

**INTRODUCTION**

As at the date of this announcement, the registered capital of the Shanghai Changguang Company in the amount of RMB500,000 (equivalent to approximately HK\$568,460) was held as to 80% and 20% by Mr. Lang and Ms. Zhao, respectively.

The Purchaser, a wholly owned subsidiary of the Company, Mr. Lang and Ms. Zhao (as the vendors), Yuanye Company (as the guarantor) and the Shanghai Changguang Company entered into the Equity Transfer Framework Agreement on 14 April 2010, whereby Mr. Lang and Ms. Zhao agreed to transfer the Equity Interest to the Purchaser for a consideration of RMB327,700,000 (equivalent to approximately HK\$372,568,414) subject to Adjustment.

## **EQUITY TRANSFER FRAMEWORK AGREEMENT**

### **Date**

14 April 2010

### **Parties**

- (i) the Purchaser
- (ii) Mr. Lang, as the Vendor
- (iii) Ms. Zhao, as the Vendor
- (iv) Yuanye Company, as the guarantor
- (v) Shanghai Changguang Company

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, each of Mr. Lang, Ms. Zhao, Yuanye Company and the Shanghai Changguang Company and their respective ultimate beneficial owner(s) is an independent third party, not connected with the Directors, chief executive, substantial shareholders of the Company or its subsidiaries or any of their respective Associates.

Mr. Lang is the legal representative of Yuanye Company. Yuanye Company agreed to guarantee the due performance by Mr. Lang and Ms. Zhao of their respective obligations under the Equity Transfer Framework Agreement on a joint and several basis.

### **Consideration**

Pursuant to the Equity Transfer Framework Agreement, Mr. Lang and Ms. Zhao agreed to transfer the Equity Interest to the Purchaser for a consideration of RMB327,700,000 (equivalent to approximately HK\$372,568,414) subject to Adjustment, which shall be fully settled by the Purchaser in cash through its internal resources by instalments in the following manner:

- (i) an amount of RMB267,530,000 (equivalent to approximately HK\$304,159,987) shall be paid upon completion of transfer of the Equity Interest; and
- (ii) an amount of RMB60,170,000 (equivalent to approximately HK\$68,408,427) (the "**Equity Price**") subject to Adjustment, shall be paid as follows:
  - (a) 50% of the Equity Price shall be paid on the Completion Date;

- (b) 30% of the Equity Price shall be paid upon repayment of the Outstanding Loans in full, provided that such payment shall not be made within 30 days after the publication of the Notice; and
- (c) The remaining of the Equity Price shall be paid upon provision of the tax clearance proof in respect of transfer of the Equity Interest by the Vendors, provided that such payment shall not be made within 45 days after the publication of the Notice.

The consideration in the amount of RMB327,700,000 (equivalent to approximately HK\$372,568,414) subject to Adjustment has been arrived at after arm's length negotiations between the parties to the Equity Transfer Framework Agreement with reference to the location and gross floor area of the property of the Project, the relevant market price, future market development trend and other relevant commercial factors.

### **Escrow Account and Deposit**

Pursuant to the Equity Transfer Framework Agreement, The parties (excluding Yuanye Company) shall set up an escrow account with a third party bank (the "**Escrow Account**") in respect of the payments for the consideration. Upon the execution of the Equity Transfer Framework Agreement by which it become effective, the Purchaser shall place into the Escrow Account an amount of RMB 10,000,000 (equivalent to approximately HK\$11,369,192) (the "**Deposit**") as a deposit within one working day after the Escrow Account is activated, and an amount of RMB317,700,000 (equivalent to approximately HK\$361,199,222) upon issuance of the acknowledgment of registration application for the transfer of Equity Interest by the relevant registration authority. Fund deposited into Escrow Account shall be released to the Vendors in accordance with the aforesaid settlement manner of the consideration upon the relevant parties' instructions.

### **Conditions Precedent**

The completion of the Acquisition under the Equity Transfer Framework Agreement shall be conditional upon the fulfilment of the following conditions precedent:

- (i) a due diligence conducted by the Purchaser on the Shanghai Changguang Company (the "**Due Diligence**") shall be completed to the satisfaction of the Purchaser within 14 days after the payment of the Deposit into the Escrow Account; and
- (ii) the execution of a supplemental agreement to the Equity Transfer Framework Agreement (the "**Supplemental Agreement**") within five (5) days after the completion of the Due Diligence.

### **Completion**

Within three (3) working days after the execution of the Supplemental Agreement, the Vendor shall execute all the legal documents required for the transfer of Equity Interest, and the Shanghai Changguang Company shall process the relevant registration with the Industry and Commerce Bureau. Upon the completion of the transfer of the Equity Interest, i.e. the Purchaser is registered with the Industry and Commerce Bureau as the holder of the Equity

Interest, Mr. Lang and Ms. Zhao shall complete the completion procedures as contemplated under the Equity Transfer Framework Agreement within ten (10) days, following which the Purchaser and Mr. Lang and Ms. Zhao shall sign a confirmation letter. The execution date of such confirmation letter shall be the date of completion (the “**Completion Date**”).

## **FINANCIAL INFORMATION**

The Shanghai Changguang Company was established on 29 November 2009. The net asset value of the Shanghai Changguang Company attributable to the equity holders as of 28 February 2010 was RMB442,419.12 (equivalent to approximately HK\$502,994.78).

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Company is of the view that the Project is a land development project in line with its group strategy and commercial criteria. The Acquisition under the Equity Transfer Framework Agreement will increase the Company’s competitive strength in the in the Shanghai Municipality in the PRC.

## **HONG KONG LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Hong Kong Listing Rules) in relation to the Acquisition under the Equity Transfer Framework Agreement exceed 5% but less than 25%, the Acquisition under the Equity Transfer Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules and is subject to the reporting and announcement requirements but exempt from the shareholders’ approval under the Hong Kong Listing Rules.

## **GENERAL**

The Directors (including the independent non-executive directors) are of the view that the terms of the Equity Transfer Framework Agreement (i) have been negotiated on an arm’s length basis; and (ii) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **GENERAL INFORMATION OF THE PARTIES TO THE TRANSACTION**

### **The Company**

The principal activities of the Company are the development and sale of high quality commercial and residential properties in the PRC.

### **The Purchaser**

The Purchaser is principally engaged in investment management and real estate investment.

## **Yuanye Company**

Yuanye Company is a limited liability company incorporated under the laws of the PRC. It is principally engaged in property development.

## **Shanghai Changguang Company**

Shanghai Changguang Company is a limited liability company incorporated under the laws of the PRC. It is principally engaged in real estate investment management.

## **DEFINITIONS**

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

“Acquisition”	the proposed transfer of the Equity Interest by Mr. Lang and Ms. Zhao to the Company under the Equity Transfer Agreement
“Adjustment”	adjustment to be made to the Equity Price on the Completion Date based on the net asset value of the Shanghai Changguang Company, i.e. if on the Completion Date, the net asset value of the Shanghai Changguang Company is more (or less) than RMB500,000 (equivalent to approximately HK\$568,460), such difference shall be added (or deducted) to/from the Equity Price accordingly
“Associates”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Board”	the board of directors of the Company
“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 Hong Kong Stock Exchange
“Director(s)”	director(s) of the Company
“Equity Interest”	the entire equity interest in the Shanghai Changguang Company
“Equity Transfer Framework Agreement”	an equity transfer framework agreement dated 14 April 2010 and entered into between the Company, Mr. Lang, Ms. Zhao, Yuanye Company and the Shanghai Changguang Company in relation to the Acquisition
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong for the time being

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Industry and Commerce Bureau”	Shanghai Administration of Industry and Commerce (上海市工商行政管理局)
“Mr. Lang”	Mr. Lang Zhijiang (郎志江), a shareholder with a 80% equity interest in the Shanghai Changguang Company
“Ms. Zhao”	Ms. Zhao Yingti (趙瑛娣), a shareholder with a 20% equity interest in the Shanghai Changguang Company
“Notice”	a notice to be published in either of the three newspapers, Liberation Daily (解放日報), Wen Wei Po (文匯報) and Xinmin Evening News (新民晚報), by the Shanghai Changguang Company within three (3) days after execution of the Supplemental Agreement, to the effect that the lenders of the Outstanding Loans shall claim for repayments of their respective loans with forty-five (45) days after publication of such notice
“Outstanding Loans”	outstanding loans incurred by the Shanghai Changguang Company in a total amount of RMB267,530,000 (equivalent to approximately HK\$304,159,987)
“PRC”	the People’s Republic of China, which for the purposes of this announcement only (unless otherwise indicated) excludes Hong Kong, Macau and Taiwan
“Project”	a real estate project of an aggregate area of approximately 15,605.2 square meters (excluding the underground area) located at No. 86-90 (even numbers), Ronghua East Road, Shanghai Municipality, the PRC for residential and commercial uses
“Purchaser”	Shanghai Forte Investment Management Co., Ltd. (上海夏地投資管理有限公司), a limited liability company established under the laws of the PRC
“RMB”	Renminbi, the lawful currency of the PRC

“Shanghai Changguang Company”	Shanghai Changguang Investment Management Co., Ltd (上海長廣投資管理有限公司), a limited liability company incorporated under the laws of the PRC and the owner of the Project
“Shareholders”	the shareholders of the Company
“Vendor(s)”	Mr. Lang and Ms Zhao
“Yuanye Company”	Shanghai Yuanye Property Development Co., Ltd. (上海原野房地產開發有限公司), a limited liability company incorporated under the laws of the PRC

By Order of the Board  
**SHANGHAI FORTE LAND CO., LTD.\***  
**FAN WEI**  
*Chairman*

14 April 2010, Shanghai, the PRC

*As at the date of this Notice, the executive Directors of the Company are Mr. Fan Wei, Mr. Zhang Hua and Mr. Wang Zhe; the non-executive Directors are Mr. Guo Guangchang, Mr. Feng Xiekun and Mr. Chen Qiyu; and the independent non-executive Directors are Mr. Charles Nicholas Brooke, Mr. Chen Yingjie, Mr. Zhang Hongming and Ms. Wang Meijuan.*

*Unless otherwise stated, amount in RMB has been translated into HK\$ at the exchange rate of HK\$1.00 to RMB0.87957 for illustration purpose only. No representation has been made that any amount in RMB or HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.*

\* *For identification purpose only*