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

PROPOSED ESTABLISHMENT OF NEW JV CO.

AND

PROVISION OF FORTE SHAREHOLDER'S LOAN

A letter from the Board is set out on pages 3 to 7 of this circular.

* *For identification purpose only*

18 May 2010

CONTENTS

pages

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

"Completion"	completion of the establishment of the New JV Co., which is subject to, among other things, the shareholders' approval of Zendai Property in relation to the establishment of the New JV Co.
"Development Right"	the right to develop a project obtained by the New JV Co. by duly entering into a state-owned land use right transfer contract (國有土地使用權出讓合同) or the registration of the New JV Co. as the shareholder of a target company with the relevant authorities after acquiring the controlling equity interest in such target company
"Domestic Share(s)"	ordinary share(s) of par value of RMB0.20 each in the share capital of Forte
"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 Hong Kong Stock Exchange
"Forte Group" or the "Group"	Forte and its subsidiaries
"Forte Shareholder's Loan"	loans in the total amount of RMB2,572,000,000 (equivalent to approximately HK$2,924,654,886) to be provided by Forte to the New JV Co. pursuant to the Joint Investment Agreement
"Fosun"	Fosun International Limited (復星國際有限公司), a company incorporated under the laws of Hong Kong and whose shares are listed and traded on the main board of the Hong Kong Stock Exchange
"Fosun Group"	Fosun and its subsidiaries
"Fosun High Technology"	Shanghai Fosun High Technology (Group) Co., Ltd. (上海復星高科技(集團)有限公司), a limited liability company established under the laws of the PRC
"Greentown"	Hangzhou Greentown Real Estate Investment Co., Ltd. (杭州綠城置業投資有限公司)*, a limited liability company established under the laws of the PRC
"H Share(s)"	ordinary share(s) of RMB0.20 each in the issued share capital of Forte which are listed and traded on the main board of the Hong Kong Stock Exchange
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Joint Investment Agreement"	the joint investment agreement entered into between Forte and Zendai Property on 25 April 2010
"Latest Practicable Date"	17 May 2010 being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
"New JV Co."	the joint venture company which will be directly or beneficially owned as to 50% by Zendai Property, 30% by Forte, and 10% by each of the independent investors pursuant to the Joint Investment Agreement
"Panshi Investment"	Shanghai Panshi Investment Management Co., Ltd. (上海磐石投資管理有限公司)*, a limited liability company established under the laws of the PRC
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (chapter 571 of the Laws of Hong Kong)
"Shanghai Zendai Himalayas"	Shanghai Zendai Himalayas Real Estate Company Limited (上海証大喜瑪拉雅置業有限公司)*, a company established under the laws of the PRC with limited liability
"Shareholders"	the shareholders of Forte
"Transaction"	the proposed establishment of the New JV Co. and provision of Forte Shareholder's Loan
"Zendai Property"	Shanghai Zendai Property Limited (上海証大房地產有限公司), an exempt company incorporated in Bermuda, the shares of which are listed on the Hong Kong Stock Exchange
"%"	per cent.

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)

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:
9th Floor
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Principal Place of Business in the PRC:
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1 Queen's Road East
Hong Kong

18 May 2010

To the Shareholders

MAJOR TRANSACTION
PROPOSED ESTABLISHMENT OF NEW JV CO.
AND
PROVISION OF FORTE SHAREHOLDER'S LOAN

Dear Sirs,

1. INTRODUCTION

Reference is made to the joint announcement of Fosun and Forte dated 27 April 2010 in relation to the Transaction.

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

* *For identification purpose only*

2. JOINT INVESTMENT AGREEMENT

Date:	25 April 2010
Parties:	(1) Forte; and (2) Zendai Property
Business of the New JV Co.:	Property development and investment on projects located in Shanghai, the PRC, to be recommended by Zendai Property
Registered capital:	RMB1,000,000,000 (equivalent to approximately HK$1,137,113,097), of which RMB500,000,000 (equivalent to approximately HK$568,556,549) will be contributed by Zendai Property, RMB300,000,000 (equivalent to approximately HK$341,133,929) by Forte, RMB100,000,000 (equivalent to approximately HK$113,711,310) by Greentown and RMB100,000,000 (equivalent to approximately HK$113,711,310) by Panshi Investment

Upon Completion, Zendai Property and Forte will provide the shareholder's loans in amount of RMB1,000,000,000 (equivalent to approximately HK$1,137,113,097) and RMB2,572,000,000 (equivalent to approximately HK$2,924,654,886) (subject to conditions as disclosed in this circular), respectively, in cash to the New JV Co.. The total investment of Forte (including the capital contribution and Forte Shareholder's Loan) amounts to RMB2,872,000,000 (equivalent to HK$3,265,788,815).

Zendai Property, Forte, Greentown and Panshi investment will share the profit or loss of the New JV Co. in proportion to their respective equity interest directly or benefically held in the New JV Co..

The parties have further agreed that, in relation to the shareholder's loans, the New JV Co. shall pay interests on normal commercial terms or at an interest rate favourable to the New JV Co..

As at the Latest Practicable Date, Forte is beneficially interested in 2,431,815,000 shares of Zendai Property, representing approximately 19.47% of the total issued shares of Zendai Property. Save as disclosed above, to the best knowledge, information and belief of the directors of Forte having made all reasonable enquiry, each of Zendai Property, Greentown, Panshi Investment and their respective ultimate beneficial owner(s) is an independent third party, not connected with Forte or its connected persons.

Pursuant to the Joint Investment Agreement, each of Zendai Property and Forte is entitled to nominate its subsidiary established in the PRC to be registered as shareholder of the New JV Co..

The development or investments of any project by the New JV Co. and the relevant consideration are required to be approved by two-thirds or more of the voting rights of the shareholders of the New JV Co.. The funds contributed by the parties shall invest only in the projects to be approved in such manner.

The Joint Investment Agreement was concluded after arm's length negotiations and is on normal commercial terms.

Financial Investment

Pursuant to the Joint Investment Agreement, the total investment of Forte of RMB2,872,000,000 (equivalent to approximately HK$3,265,788,815), comprising Forte's capital contribution and Forte Shareholder's Loan, will be fully settled by Forte by its internal resources in the following manner:

(i) The capital contribution of Forte is RMB300,000,000 (equivalent to approximately HK$341,133,929), representing 30% of the total registered capital of the New JV Co., and will be paid upon the opening of the registered capital verification account of the New JV Co.; and

(ii) Forte shall provide the New JV Co. with RMB1,300,000,000 (equivalent to approximately HK$1,478,247,026) of Forte Shareholder's Loan within three days from the establishment of the New JV Co., and shall further provide the New JV Co. with the remaining RMB1,272,000,000 (equivalent to approximately HK$1,446,407,860) of Forte Shareholder's Loan before 31 August 2010, provided that the New JV Co. cannot raise funds in its own name. If the New JV Co. cannot raise funds in its own name and Forte cannot provide in full to the New JV Co. with the above RMB1,272,000,000 (equivalent to approximately HK$1,446,407,860) of Forte Shareholder's Loan before 31 August 2010, Forte's equity interest in the New JV Co. shall be adjusted to 20%. Therefore, Forte shall transfer its 10% equity interest in the New JV Co. at the consideration of RMB100,000,000 (equivalent to approximately HK$113,711,310) to Greentown, which shall then provide the New JV Co. with RMB858,000,000 (equivalent to approximately HK$975,643,037) of shareholder's loan. Forte shall still provide the New JV Co. with the balance of Forte Shareholder's Loan at RMB414,000,000 (equivalent to approximately HK$470,764,822).

The total investment of Forte of RMB2,872,000,000 (equivalent to approximately HK$3,265,788,815) has been arrived at after arm's length negotiations between the parties to the Joint Investment Agreement, determined by taking into account, among other factors, the resources of Forte and the shareholder's loans to be provided by Zendai Property, Greentown and Panshi Investment.

In the event that the New JV Co. has not confirmed and obtained the Development Right of its first project within nine months after the date of the Joint Investment Agreement, the parties will be entitled to a full refund of their capital contributions and the shareholder's loans paid pursuant to the Joint Investment Agreement.

Pledge Over the Equity Interest of Zendai Property's Equity Interests in Shanghai Zendai Himalayas

Pursuant to the Joint Investment Agreement, Zendai Property has agreed to procure 45% of Shanghai Zendai Himalayas' total issued shares, representing its entire equity interests in Shanghai Zendai Himalayas, to be pledged to Forte to safeguard the interest of Forte in case the New JV Co. is unable to confirm and obtain the Development Right of the first project within nine months from the date of the Joint Investment Agreement.

Shanghai Zendai Himalayas is a company established under the laws of the PRC with limited liability. Its assets comprise mainly "Himalayas Center", an integrated commercial property project located at Fangdian Road, Pudong New Area in Shanghai, the PRC. Further details of Shanghai Zendai Himalayas are disclosed in the paragraph headed "Himalayas Centre" in the Chairman's Statement of Zendai Property's annual results announcement for the year ended 31 December 2009.

Forte shall release such pledge upon the New JV Co.'s confirming and obtaining the Development Right of its first project.

Conditions Precedent to Completion of the Joint Investment Agreement

Completion of the Joint Investment Agreement is subject to, among other things, each of Forte and Zendai Property having obtained their respective shareholders' approval in respect of the Joint Investment Agreement and the transactions contemplated thereunder.

3. INFORMATION OF THE PARTIES

Forte

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

Zendai Property

Zendai Property is a diversified property development company in the PRC, focusing on the development, investment and management of residential and commercial properties in the PRC.

4. REASONS FOR THE ESTABLISHMENT OF THE NEW JV CO.

Forte is of the view that the Transaction will be a viable investment and is in line with its group strategy. The Transaction will strengthen the cooperation with industrial partners and prepare Forte for future growth opportunities.

5. 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 Transaction exceed 25% but less than 100%, the Transaction 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.

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 27 April 2010 in relation to the Transaction from Fosun and Fosun High Technology, 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 Joint Investment Agreement (i) have been negotiated on an arm's length basis; and (ii) are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole.

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, Zendai Property, Greentown, Panshi Investment and their respective ultimate beneficial owner(s) within a 12-month period prior to the Latest Practicable Date or otherwise related, which would be, together with the Transaction, regarded as a series of transactions and treated as if they are one transaction under Rule 14.22 of the Hong Kong Listing Rules.

6. RECOMMENDATION

The directors of the Company are of the view that the terms of the Joint Investment Agreement (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 the Company recommend the Shareholders to vote in favour of the resolutions to approve the Transaction if an extraordinary general meeting of the Company were convened.

7. FURTHER INFORMATION

Your attention is also drawn to (i) Appendix I — Financial Information of the Group and (ii) Appendix II — 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

Set out below are the audited financial statements of the Group together with accompanying notes as extracted from the annual report of the Company for the year ended 31 December 2009.

Consolidated Income Statement

	Notes	2009 RMB'000	2008 RMB'000
Revenue	5	5,184,804	3,733,255
Cost of sales		(3,655,761)	(1,959,973)
Gross profit		1,529,043	1,773,282
Other income and gains	5	157,959	50,446
Selling and distribution costs		(233,993)	(287,970)
Administrative expenses		(288,427)	(263,142)
Other expenses	7	(36,997)	(335,985)
Finance costs	8	(76,302)	(44,421)
Share of profits and losses of:			
Jointly-controlled entities		14,859	(6,354)
Associates		(5,433)	1,222
PROFIT BEFORE TAX	6	1,060,709	887,078
Tax	10	(451,854)	(645,472)
PROFIT FOR THE YEAR		608,855	241,606
Attributable to:			
Owners of the parent	11	496,648	101,655
Minority interests		112,207	139,951
		608,855	241,606
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT - Basic (RMB)	14	0.196	0.040

Details of the dividends payable and proposed for the year are disclosed in note 13 to the financial statements.

Consolidated Statement of Comprehensive Income

	2009 RMB'000	2008 RMB'000
PROFIT FOR THE YEAR	608,855	241,606
OTHER COMPREHENSIVE INCOME		
Available-for-sale assets:		
Changes in fair value	145,770	(143,363)
Reclassification adjustments for gains included in the consolidated income statement		
-impairment losses	-	190,226
Income tax effect	-	-
	145,770	46,863
Share of other comprehensive income of a jointly-controlled entity	2,515	-
Exchange differences on translation of foreign operations	464	6,517
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	148,749	53,380
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	757,604	294,986
Attributable to:		
Owners of the parent	645,397	155,035
Minority interests	112,207	139,951
	757,604	294,986

Statement of Financial Position

		Group		Company	
		2009	2008	2009	2008
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property and equipment	16	291,533	202,187	5,627	6,278
Investment properties	17	2,057,400	429,000	-	-
Properties under development	18	5,167,352	6,718,930	29,694	29,678
Goodwill	19	65,867	35,719	-	-
Other intangible assets	20	5,198	5,780	-	-
Investments in subsidiaries	21	-	-	1,941,170	1,858,120
Interests in jointly-controlled entities	22	689,737	629,232	134,342	134,342
Interests in associates	23	598,892	256,278	187,560	187,560
Available-for-sale investments	24	298,110	77,018	10,510	250
Amount due from related companies	31	191,905	-	-	-
Loan receivables	25	220,000	220,000	-	-
Prepayments	26	616,313	1,156,383	-	-
Deferred tax assets	27	427,359	383,549	-	-
Total non-current assets		10,629,666	10,114,076	2,308,903	2,216,228
CURRENT ASSETS					
Cash and cash equivalents	28	3,629,771	1,213,089	396,485	26,834
Pledged deposits	28	122,000	19,449	-	-
Income tax recoverable		141,028	95,684	-	-
Trade receivables	29	242,475	185,189	-	221
Prepayments, deposits and other receivables	30	1,531,989	569,331	613,575	12,834
Amounts due from related companies	31	724,667	454,759	8,773,653	7,166,736
Amount due from holding company	31	98,462	59,441	98,462	59,441
Completed properties for sale		1,698,292	987,604	12,534	14,249
Properties under development	18	7,089,469	6,263,042	-	-
		15,278,153	9,847,588	9,894,709	7,280,315
Assets of disposal group classified as held for sale	12	1,548,894	-	-	-
Total current assets		16,827,047	9,847,588	9,894,709	7,280,315
CURRENT LIABILITIES					
Interest-bearing bank loans and other borrowings	32	2,966,897	2,507,736	560,000	812,000
Trade and bills payables	34	1,491,922	1,275,421	19,350	20,145
Advances from customers		4,696,858	2,110,091	-	-
Accrued liabilities and other payables	35	1,541,972	447,005	108,456	21,146
Tax payable		1,316,669	1,191,732	8,408	5,814
Amounts due to related companies	36	270,985	227,368	3,363,993	2,014,892
		12,285,303	7,759,353	4,060,207	2,873,997
Liabilities directly associated with the assets of disposal group classified as held for sale	12	997,393	-	-	-
Total current liabilities		13,282,696	7,759,353	4,060,207	2,873,997
NET CURRENT ASSETS		3,544,351	2,088,235	5,834,502	4,406,318

		Group		Company	
		2009	2008	2009	2008
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		14,174,017	12,202,311	8,143,405	6,622,546
NON-CURRENT LIABILITIES					
Interest-bearing bank loans and other borrowings	32	7,344,170	5,938,232	3,319,304	1,938,000
Loans from related companies	33	106,618	152,193	81,324	76,118
Deferred tax liabilities	27	217,514	261,687	72,317	62,562
Total non-current liabilities		7,668,302	6,352,112	3,472,945	2,076,680
Net assets		6,505,715	5,850,199	4,670,460	4,545,866
EQUITY					
Equity attributable to owners of the parent:					
Issued capital	37	505,861	505,861	505,861	505,861
Reserves	39	5,254,927	4,728,140	4,012,841	3,989,419
Proposed final dividends	13	151,758	50,586	151,758	50,586
		5,912,546	5,284,587	4,670,460	4,545,866
Minority interests		593,169	565,612	-	-
Total equity		6,505,715	5,850,199	4,670,460	4,545,866

Consolidated Statement of Changes in Equity

	Notes	Attributable to owners of the parent										
		Issued capital RMB'000 (note 37)	Share premium account RMB'000	Available-for-sale investment revaluation reserve RMB'000 (note 24)	Capital reserve RMB'000	Statutory surplus reserve RMB'000 (note 39(a))	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Proposed final dividend RMB'000 (note 13)	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2009		505,861	2,624,510	-	237,680	592,172	6,567	1,267,211	50,586	5,284,587	565,612	5,850,199
Total comprehensive income for the year		-	-	145,770	-	-	2,979	496,648	-	645,397	112,207	757,604
Partial disposal of equity interest in a subsidiary		-	-	-	-	-	-	-	-	-	23,511	23,511
Capital contribution from minority shareholder of subsidiaries		-	-	-	-	-	-	-	-	-	89,200	89,200
Acquisition of a subsidiary	40.1	-	-	-	-	-	-	-	-	-	4,550	4,550
Acquisition of minority interests		-	-	-	-	-	-	-	-	-	(135,730)	(135,730)
Dividends paid to minority shareholders		-	-	-	-	-	-	-	-	-	(66,181)	(66,181)
Final 2008 dividend declared		-	-	-	-	-	-	-	(50,586)	(50,586)	-	(50,586)
Proposed 2009 final dividend	13	-	-	-	-	-	-	(151,758)	151,758	-	-	-
Indemnity receivable of land appreciation tax ("LAT") from the holding company	10	-	-	-	39,021	-	-	-	-	39,021	-	39,021
Tax effect of LAT indemnity	27	-	-	-	(9,755)	-	-	-	-	(9,755)	-	(9,755)
Equity-settled share-based payment		-	3,882	-	-	-	-	-	-	3,882	-	3,882
Transfer from retained profits		-	-	-	-	33,737	-	(33,737)	-	-	-	-
At 31 December 2009		505,861	2,628,392	145,770	266,946	625,909	9,546	1,578,364	151,758	5,912,546	593,169	6,505,715

	Notes	Attributable to owners of the parent										
		Issued capital RMB'000 (note 37)	Share premium account RMB'000	Available-for-sale investment revaluation reserve RMB'000 (note 24)	Capital reserve RMB'000	Statutory surplus reserve RMB'000 (note 39(a))	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Proposed final dividend RMB'000 (note 13)	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2008		505,861	2,624,510	(46,863)	193,099	481,302	50	1,327,012	-	5,084,971	524,616	5,609,587
Total comprehensive income for the year		-	-	46,863	-	-	6,517	101,655	-	155,035	139,951	294,986
Capital contribution from minority shareholder of subsidiaries		-	-	-	-	-	-	-	-	-	62,838	62,838
Acquisition of minority interests		-	-	-	-	-	-	-	-	-	(18,068)	(18,068)
Dividends paid to minority shareholders		-	-	-	-	-	-	-	-	-	(143,725)	(143,725)
Propose 2008 final dividend	13	-	-	-	-	-	-	(50,586)	50,586	-	-	-
Indemnity receivable of LAT from the holding company	10	-	-	-	59,441	-	-	-	-	59,441	-	59,441
Tax effect of LAT indemnity	27	-	-	-	(14,860)	-	-	-	-	(14,860)	-	(14,860)
Transfer from retained profits		-	-	-	-	110,870	-	(110,870)	-	-	-	-
At 31 December 2008		505,861	2,624,510	-	237,680	592,172	6,567	1,267,211	50,586	5,284,587	565,612	5,850,199

Consolidated Statement of Cash Flows

	Notes	2009 RMB'000	2008 RMB'000
Cash flows from operating activities			
Profit before tax		1,060,709	887,078
Adjustments for:			
Impairment of available-for-sale investments	7	-	190,226
(Reversal of)/impairment of inventories	5, 7	(19,168)	80,456
Impairment of goodwill	7	3,179	6,965
Share of profits and losses of associates and jointly-controlled entities		(9,426)	5,132
Bank interest income	5	(1,649)	(5,966)
Interest income for loan receivables	5	(6,870)	(17,257)
Changes in fair value of investment properties	5, 7	(75,404)	27,000
Gain on acquisition of minority interests	5	(4,057)	-
Gain on disposal of available-for-sale investments	5	(2,351)	-
(Gain)/loss on disposal of items of property and equipment	5, 7	(1,022)	575
Loss on disposal of an investment property	7	790	-
Depreciation	6	19,636	19,227
Amortisation of other intangible assets	6	582	49
Finance costs	8	73,609	48,820
Equity-settled share-based payment expense	6	16,426	-
		1,054,984	1,242,305
(Increase)/decrease in trade receivables		(68,385)	95,680
Increase in properties under development and completed properties held for sale		(1,572,583)	(3,066,626)
(Increase)/decrease in prepayments, deposits and other receivables		(376,447)	656,537
Increase in amounts due from related companies		(511,030)	(243,091)
Increase in trade and bills payables		501,889	354,164
Increase/(decrease) in advances from customers		2,591,162	(500,542)
Increase/(decrease) in accrued liabilities and other payables		408,475	(2,454)
Cash generated from/(used in) operations		2,028,065	(1,464,027)
Interest paid		(525,378)	(696,032)
Tax paid		(432,829)	(480,330)
Net cash flows from/(used in) operating activities		1,069,858	(2,640,389)

	2009 RMB'000	2008 RMB'000
Net cash flows from/(used in) operating activities	1,069,858	(2,640,389)
Cash flows from investing activities		
Purchases of items of property and equipment	(45,080)	(35,673)
Proceeds from disposal of items of property and equipment	7,303	1,775
Interest received	15,389	27,947
Dividends received from associates	587	51,353
Acquisition of minority interests	(165,000)	(24,019)
Acquisition of subsidiaries	(482,428)	(157,827)
Capital contribution to jointly-controlled entities	(50,000)	(5,000)
Capital contribution to/acquisition of associates	(270,674)	-
Acquisition of available-for-sale investments	(78,777)	(22,068)
Proceeds from disposal of subsidiaries	-	(688)
Proceeds from disposal of jointly-controlled entities	-	52,000
Proceeds from partial disposal of equity interests in subsidiaries	-	232,000
Proceeds from disposal of available-for-sale investments	5,630	-
Proceeds from closure of associates	1,150	-
Proceeds from disposal of an investment property	428,210	-
Prepayments for acquisitions	(111,938)	(40,435)
Return of prepayment in respect of a proposed acquisition	-	311,330
Shareholder loans provided to related companies	-	(266,400)
Increase in pledged deposits	(102,551)	(17,199)
Net cash flows (used in)/from investing activities	(848,179)	107,096
Net proceeds from issue of corporate bonds	1,870,250	-
Other transaction costs paid in respect of issue of corporate bonds	(1,509)	-
New interest-bearing bank loans and other borrowings	7,126,179	6,675,644
Repayment of bank loans and other borrowings	(6,727,532)	(5,418,352)
Dividends paid	(50,586)	-
Dividends paid to minority shareholders	(66,181)	(143,725)
Capital contribution from minority shareholders of subsidiaries	89,200	62,838
LAT indemnity received from holding company	-	190,808
Net cash flows from financing activities	2,239,821	1,367,213

	Notes	2009 RMB'000	2008 RMB'000
Net increase/(decrease) in cash and cash equivalents		2,461,500	(1,166,080)
Cash and cash equivalents at beginning of year		1,213,089	2,379,169
Cash and cash equivalents at end of year		3,674,589	1,213,089
Analysis of balances of cash and cash equivalents			
Cash and cash equivalents as stated in the statement of financial position	28	3,629,771	1,213,089
Cash and cash equivalents attributable to assets of disposal group classified as held for sale	12	44,818	-
Cash and cash equivalents as stated in the statement of cash flows		3,674,589	1,213,089

Notes to Financial Statements

1. CORPORATE INFORMATION

The Company was established in the People's Republic of China (the "PRC") on 13 August 1998 as a limited company. Pursuant to an approval document numbered "Hu Fu Ti Gai Shen [2001] No. 026" dated 12 September 2001 issued by the Shanghai Municipal Government, the Company was reorganised as a joint stock limited company on 27 September 2001. The registered office of the Company is located at 9th Floor, 510 Caoyang Road, Shanghai, the PRC. The principal place of business of the Company is located at 5th-7th Floor, Fuxing Business Building, No.2 East Fuxing Road, Shanghai, the PRC.

The principal activities of the Company and its subsidiaries (the "Group") are property development and property investment, as well as the development and operation of ancillary property related services.

In the opinion of the directors, the holding company of the Group is Shanghai Fosun High Technology (Group) Co., Ltd. ("Fosun High Technology"), which is incorporated in the PRC; the intermediate holding company of the Group is Fosun International Limited ("FIL"), which is incorporated in Hong Kong; the ultimate holding company of the Group is Fosun International Holdings Ltd., which is incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

These financial statements 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 and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment property and certain financial assets that have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.3. These financial statements 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 Group for the year ended 31 December 2009. The results of the subsidiaries are consolidated from the date of acquisition, being the date on which the Group 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 Group are eliminated on consolidation in full.

The acquisition of subsidiaries during the year 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.

2. BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (continued)
The 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 Company accounts for the acquisition as an acquisition of asset.

Minority interests represent the interest of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. An acquisition of minority interests is accounted for using the parent entity extension method whereby, the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

2.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revise IFRSs for the first time for the current year's financial statements.

IFRS 1 and IAS 27 Amendments	Amendments to IFRS 1 *First-time Adoption of IFRSs* and IAS 27 *Consolidated and Separate Financial Statements-Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
IFRS 2 Amendments	Amendments to IFRS 2 *Share - based Payment-Vesting Conditions and Cancellations*
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosure-Improving Disclosures about Financial Statements*
IFRS 8	*Operating Segments*
IAS 1 (Revised)	*Presentation of Financial Statements*
IAS 18 Amendment*	Amendment to Appendix to IAS 18 *Revenue-Determining whether an entity is acting as a principal or as an agent*
IAS 23 (Revised)	*Borrowing Costs*
IAS 32 and IAS 1 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements-Puttable Financial Instruments and Obligations Arising on Liquidation*
IFRIC 9 and IAS 39 Amendments	Amendments to IFRIC 9 *Reassessment of Embedded Derivatives* and IAS 39 *Financial Instruments: Recognition and Measurement-Embedded Derivatives*
IFRIC 13	*Customer Loyalty Programmes*
IFRIC 15	*Agreements for the Construction of Real Estate*
IFRIC 16	*Hedges of a Net Investment in a Foreign Operation*
IFRIC 18	*Transfers of Assets from Customer (*adopted from 1 July 2009*)*
Improvements to IFRSs (May 2008)	Amendments to a number of IFRSs

* Included in *Improvements to IFRSs 2009* (as issued in April 2009)

2.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

The principal effects of adopting these new and revised IFRSs are as follows:

(a) IFRS 8 *Operating Segments*

IFRS 8, which replaces IAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purpose of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customer. The revised disclosures, including the related revised comparative information, are shown in note 4 to the financial statements.

(b) IAS 1 (Revised) *Presentation of Financial Statements*

IAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

(c) In May 2008, the IASB issued its first *Improvements to IFRSs* which sets out amendments to a number of IFRSs. Except for the amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary* which is effective for annual reporting periods beginning on or after 1 July 2009, the Group adopted all the amendments from 1 January 2009. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact to the Group. Details of the key amendments most applicable to the Group are as follows:

- IAS 40 *Investment Property*: Revised the scope such that property being constructed or developed for future as an investment property is classified as an investment property. The Group has applied the amendment prospectively from 1 January 2009. The Group's accounting policy for investment properties is to subsequently state them at fair value with changes in fair values recognised in profit or loss. As a result of the amendment, an investment property under construction is carried at fair value at the earlier of when the fair value first becomes reliably determinable and when the construction of the property is completed.

Other than as explained above regarding the impact of IFRS 8, IAS 1 (Revised) and Improvements to IFRSs, the adoption of these new and revised IFRSs has had no significant financial effect on these financial statements.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

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* 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 while 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 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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRSs (CONTINUED)

Further information about those changes that are expected to significantly affect the 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 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.

The amendments to IFRS 5 clarify that all assets and liabilities of a subsidiary shall be classified as held for sale if an entity has a sale plan involving loss of control of the subsidiary, regardless of whether the entity will retain a non-controlling interest. The Group expects to adopt the amendments from 1 January 2010. The changes must be applied prospectively and will affect future sale transactions or plans involving loss of control of a subsidiary.

Other than as explained above regarding the impact of IFRS 3 (Revised), IAS 27 (Revised), IFRS 9 and the amendments to IFRS 5, the adoption of these new and revised IFRSs are unlikely to have a significant financial effect on the Group's results of operations and financial position.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with IFRS 5 are stated at cost less any impairment losses.

Jointly-controlled entities
A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's interests in jointly-controlled entities are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated income statement and consolidated reserves, respectively. Where the profit sharing ratio is different to the Group's equity interest, the share of post-acquisition results of the jointly-controlled entities is determined based on the agreed profit sharing ratio. Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group's interests in the jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of jointly-controlled entities is included as part of the Group's interests in jointly-controlled entities.

The results of jointly-controlled entities are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in the jointly-controlled entities are treated as non-current assets and are stated at cost less any impairment losses.

Associates
An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's interests in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's interests in associates and is not individually tested for impairment.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Associates (continued)
The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

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 Group'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. In the case of associates and jointly-controlled entities, goodwill is included in the carrying amount thereof, rather than as a separately identified asset in the consolidated statement of financial position.

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 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 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 Group are assigned to those units or groups 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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Excess over the cost of business combinations

Any excess of the Group’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.

The excess for associates and jointly-controlled entities is included in the Group's share of the associates’ and jointly-controlled entities' profits or losses in the period in which the investments are acquired.

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, deferred tax assets, financial assets, investment properties, goodwill and a disposal group classified as held for sale), 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 the end of each reporting period 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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

A party is considered to be related to the 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 Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the 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 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, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item or property and equipment is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". 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:

Properties	10-20 years
Leasehold improvements	The lesser of the lease terms or their useful lives
Office equipment	5 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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, equipment and depreciation (continued)
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.

Construction in progress is stated at cost less any impairment losses and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment or investment properties when completed and ready for use.

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 the end of reporting period.

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.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement. For an investment property under construction, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement.

Non-current assets and disposal group held for sale
Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal group and its sale must be highly probable.

Non-current assets and disposal group (other than investment properties, deferred tax assets and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, equipment and intangible assets classified as held for sale are not depreciated or amortised.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets other than goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each financial year end.

The Group's intangible asset is stated at cost less any impairment losses and is amortised on the straight-line basis over their estimated useful lives of 10 years.

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 Group is the lessor, assets leased by the 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 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, loans and receivables, and available-for-sale financial assets, as appropriate. The 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 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 Group's financial assets include cash and bank balances, trade and other receivables, loan receivables, quoted and unquoted financial instruments and amounts due from related companies/holding company.

Subsequent measurement

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment and other financial assets (continued)
Subsequent measurement (continued)

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. 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 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.

Available-for-sale financial investments
Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity and debt securities. Equity investments classified as available for sale are those neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment valuation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement in other gains, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in the income statement and removed from the available-for-sale investment valuation reserve. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment and other financial assets (continued)
Subsequent measurement (continued)

Available-for-sale financial investments (continued)
The Group evaluates its available-for-sale financial assets whether the ability and intention to sell them in the near term are still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. The reclassification to the held-to-maturity category is permitted only when the entity has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified out of available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the expected cash flow is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to 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 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the 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 Group's continuing involvement in the asset. In that case, the 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 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 Group could be required to repay.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The Group assesses at the end of each reporting period 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 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 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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)
Financial assets carried at cost
If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments
For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investment is impaired.

If an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured at the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available-for-sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

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 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 Group's financial liabilities including trade and bills payables, other payables, interest-bearing bank loans and other borrowings, amounts due to related companies and loans from related companies.

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)
Subsequent measurement (continued)

Loans and borrowings
After initial recognition, interest-bearing loans and borrowing 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.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Properties under development
Properties under development are stated at cost, which includes all development expenditures, including land costs, interest charges and other costs directly attributable to such properties.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

Properties under development are valued at the lower of cost and net realizable value at the end of reporting period and any excess of cost over net realizable value of individual item of properties under development is accounted for as a provision. Net realisable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Completed properties for sale
Completed properties for sale are recognised in the statement of financial position at the lower of cost and the net realisable value. Net realisable value is estimated by the directors based on the prevailing market conditions. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Any excess of cost over net realizable value of individual item of completed properties for sale is accounted for as a provision.

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows and the 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 Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period 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.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

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 the end of each reporting period 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 the end of each reporting period 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.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

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

(a) income from sale of properties is recognised when the risks and rewards of the properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales agreement and collectibility of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under current liabilities;

(b) property agency income, property sales planning and advertising income, construction supervisory income and property management income recognised when relevant services have been rendered and it is probable that economic benefits will flow to the Group and the relevant fees can be measured reliably;

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

(d) 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, and

(e) dividend income when the shareholders' right to receive payment has been established.

Share-based payment transactions

Certain senior management personnel are provided with the opportunity to purchase the equity interest in a subsidiary of the Company at a discounted price for their contribution to the success of the Group's operation.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a market approach, further details of which are given in note 38 to the financial statements.

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 income statement as incurred.

Accommodation benefits

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity within the Group determines its 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 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 the end of reporting period. 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.

The functional currency of certain subsidiaries incorporated outside Mainland China is Hong Kong dollars ("HK$"). As at the end of reporting period, the assets and liabilities of the Group's foreign entity are translated into RMB at the exchange rates ruling at the end of reporting period and their income statements are 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. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)
For the purpose of the consolidated statement of cash flows, the cash flows of its overseas subsidiaries are translated into RMB at the exchange rate ruling at the dates of the cash flows. Frequently recurring cash flows of its overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rate for the year.

3 SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's financial statements 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 the end of the reporting period. 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 the end of the reporting period, 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.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2009 was RMB65,867,000 (2008: RMB35,719,000) and the details are set out in note 19.

Fair value of investment properties

As set out in note 17, investment properties were revalued as at 31 December 2009 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 judgement, the 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 the end of reporting period.

3 SIGNIFICANT ACCOUNTING ESTIMATES (CONTINUED)

Estimation uncertainty (continued)
Fair value of investment properties (continued)

In the absence of current prices in an active market for similar properties, the 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 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 at 31 December 2009 was RMB2,057,400,000 (2008: RMB429,000,000).

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 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.

3 SIGNIFICANT ACCOUNTING ESTIMATES (CONTINUED)

Estimation uncertainty (continued)
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 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.

Impairment of available-for-sale financial assets

The Group classifies certain assets as available-for-sale and recognizes movements of their fair values in equity. When the fair value declines, management makes an assumption about the decline in value to determine whether there is an impairment that should be recognised in the income statement. At 31 December 2009, no impairment losses have been recognized for available-for-sale assets (2008: RMB190,226,000). The carrying amount of available-for-sale assets measured at fair value was RMB240,690,000 (2008: RMB73,489,000).

4. OPERATING SEGMENT INFORMATION

For management purpose, the Group is organised into business units based on their products and geographies and has eleven reportable segments as follows:

(a) Shanghai, Beijing, Tianjin, Hubei, Chongqing, Zhejiang, Sichuan, Jiangsu, Jilin and Shaanxi segments principally engaged in development as well as sales of residential and commercial properties;

(b) The “others” segment comprises, principally the Group’s ancillary services relating to real estate industry, which provides property agency, property management, property consulting and advertising services.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit/(loss) before tax after deducting LAT.

Segment assets excluded goodwill and deferred tax assets.

Segment liabilities exclude deferred tax liabilities except that arising from LAT indemnity.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2009	Property development											
	Shanghai RMB'000	Beijing RMB'000	Tianjin RMB'000	Hubei RMB'000	Chongqing RMB'000	Zhejiang RMB'000	Sichuan RMB'000	Jiangsu RMB'000	Jilin RMB'000	Shaanxi RMB'000	Others RMB'000	Total RMB'000
Segment revenue:												
Sales to external customers	1,174,715	2,777,309	375,028	30,019	342,505	519,126	-	22,080	67,791	-	159,247	5,467,820
Intersegment sales	-	-	-	-	-	-	-	-	-	-	110,290	110,290
	1,174,715	2,777,309	375,028	30,019	342,505	519,126	-	22,080	67,791	-	269,537	5,578,110
Reconciliation:												
Elimination of intersegment sales												(110,290)
Offsetting sales tax												(283,016)
Revenue												5,184,804
Segment results	337,444	635,433	122,063	(19,883)	(9,754)	66,476	(10)	5,918	4,079	(9,084)	(34,771)	1,097,911
Reconciliation:												
Elimination and adjustment												(37,002)
Profit before tax												1,060,709
Segment assets	18,558,850	9,292,736	269,816	2,705,297	721,636	3,143,367	439,613	3,015,019	1,084,853	692,621	2,147,405	42,071,213
Reconciliation:												
Elimination and adjustment												(16,163,394)
Assets of disposal group classified as held for sale												1,548,894
Total assets												27,456,713
Segment liabilities	14,390,056	10,607,511	467,838	1,951,430	366,861	2,064,152	239,623	2,555,798	1,051,203	612,000	2,313,746	36,620,218
Reconciliation:												
Elimination and adjustment												(16,666,613)
Liabilities related to the assets of disposal group classified as held for sale												997,393
Total liabilities												20,950,998
Other segment information:												
Impairment losses recognised in the income statement	-	3,179	-	-	-	-	-	-	-	-	-	3,179
Impairment losses reversed in the income statement	-	(19,168)	-	-	-	-	-	-	-	-	-	(19,168)

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2008	Property development										Others	Total
	Shanghai RMB'000	Beijing RMB'000	Tianjin RMB'000	Hubei RMB'000	Chongqing RMB'000	Zhejiang RMB'000	Sichuan RMB'000	Jiangsu RMB'000	Jilin RMB'000	Shaanxi RMB'000	RMB'000	RMB'000
Segment revenue:												
Sales to external customers	2,706,454	839,092	17	47,795	247,744	-	-	22,068	-	-	85,326	3,948,496
Intersegment sales	22,191	-	-	-	-	-	-	-	-	-	89,805	111,996
	2,728,645	839,092	17	47,795	247,744	-	-	22,068	-	-	175,131	4,060,492
Reconciliation:												
Elimination of intersegment sales												(111,996)
Offsetting sales tax												(215,241)
Revenue												3,733,255
Segment results	947,978	84,978	(3,614)	(21,174)	(35,740)	(43,745)	-	3,347	-	(2,839)	(263,309)	665,882
Reconciliation:												
Elimination and adjustment												221,196
Profit before tax												887,078
Segment assets	13,899,820	8,405,383	1,306,030	2,146,295	920,321	1,729,100	171,998	272,244	280,338	494,322	1,149,347	30,775,198
Reconciliation:												
Elimination and adjustments												(10,813,534)
Total assets												19,961,664
Segment liabilities	9,911,925	9,002,649	1,062,034	1,562,393	547,792	1,056,903	105,998	692,253	250,767	404,617	1,216,634	25,813,965
Reconciliation:												
Elimination and adjustment												(11,702,500)
Total liabilities												14,111,465
Other segment information:												
Impairment losses recognised in the income statement	11,235	52,062	-	-	24,124	-	-	-	-	-	190,226	277,647

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

(a) The Group's revenue for the two years ended 31 December 2009 and 2008 were mainly derived from property development in Mainland China.

(b) Non-current assets

	2009 RMB'000	2008 RMB'000
Mainland China	9,284,606	9,307,109
Hong Kong	207,686	126,400
	9,492,292	9,433,509

The non-current asset information above is based on the location of assets and excludes financial instruments and deferred tax assets.

Information about a major customer

Revenue from operation of approximately RMB609,520,000 (2008: Nil) was derived from sales generated by Beijing segment to a single customer.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of properties sold, after allowances for returns and trade discounts; the value of services rendered, and gross rental income received and receivable from investment properties during the year.

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

	2009 RMB'000	2008 RMB'000
Revenue		
Sale of properties	5,286,497	3,857,386
Rental income	26,529	7,230
Property agency income	86,209	47,801
Property sales planning and advertising income	6,998	6,167
Property management income	38,645	19,734
Construction supervisory and consulting income	12,884	9,234
Decoration and provision of construction materials	10,058	944
	5,467,820	3,948,496
Less: Business tax and government surcharges	(283,016)	(215,241)
Total revenue	5,184,804	3,733,255

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

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

	2009 RMB'000	2008 RMB'000
Other income		
Government grants	32,112	16,496
Reversal of impairment of inventories	19,168	-
Bank interest income	1,649	5,966
Interest income for loan receivables	6,870	17,257
Miscellaneous rental income	10,424	6,486
Others	4,902	4,241
	75,125	50,446
Gains		
Fair value gain on investment properties	75,404	-
Gain on acquisition of minority interests	4,057	-
Gain on disposal of available-for-sale investments	2,351	-
Gain on disposal of items of property and equipment	1,022	-
	82,834	-
Other income and gains	157,959	50,446

Business tax is calculated at 5% of the revenue from the sale and pre-sale of properties and the provision of property agency services, property sales planning and advertising services, property management services and construction supervisory services. Government surcharges, comprising City Maintenance, Education Surtax and River Way Management Fee, etc., are calculated at certain percentages of business tax.

Government grants represent government subsidies for enterprises' development received by the Group from the government during the year ended 31 December 2009. There are no conditions attached to the government subsidies received.

6. PROFIT BEFORE TAX

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

	Note	2009 RMB'000	2008 RMB'000
Staff costs (including directors', supervisors' and senior executives' emoluments as set out in note 9):			
Basic salaries and benefits in kind		156,436	170,801
Equity-settled share-based payment	38	16,426	-
Pension scheme contributions:			
-defined contribution scheme		11,415	12,726
Total staff costs		184,277	183,527

6. PROFIT BEFORE TAX (CONTINUED)

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

	Notes	2009 RMB'000	2008 RMB'000
Cost of sales		3,655,761	1,959,973
Minimum lease payments under operating leases		43,351	14,913
Auditors' remuneration		3,630	3,120
Depreciation		19,636	19,227
Amortisation of other intangible assets	20	582	49
Impairment of goodwill	19	3,179	6,965
Impairment of available-for-sale investments	7	-	190,226
(Reversal of)/impairment of inventories	5, 7	(19,168)	80,456
(Gain)/loss on disposal of items of property and equipment	5, 7	(1,022)	575
Finance costs	8	76,302	44,421
Loss on disposal of an investment property	7	790	-
Bank interest income	5	(1,649)	(5,966)
Interest income for loan receivables	5	(6,870)	(17,257)
Rental income from investment properties		(16,661)	(7,230)
Gain on acquisition of minority interests	5	(4,057)	-
Gain on disposal of available-for-sale investment stated at cost	5	(2,351)	-
Changes in fair value of investment properties	5, 7	(75,404)	27,000

7. OTHER EXPENSES

	Notes	2009 RMB'000	2008 RMB'000
Impairment of available-for-sale investments		-	190,226
Impairment of goodwill	19	3,179	6,965
Impairment of inventories		-	80,456
Loss on fair value adjustment of investment properties	17	-	27,000
Donation		3,015	3,553
Compensation for delay of delivery		28,182	26,747
Losses on disposal of items of property and equipment		-	575
Loss on disposal of an investment property		790	-
Others		1,831	463
		36,997	335,985

8. FINANCE COSTS

	Note	2009 RMB'000	2008 RMB'000
Interest on bank loans, other borrowings and bonds:			
-wholly repayable within five years		619,224	670,871
-not wholly repayable within five years		7,161	4,290
Notional interest		11,132	10,489
Total interest		637,517	685,650
Less: Interest capitalised, in respect of:			
-bank loans, other borrowings and bonds		(558,068)	(631,434)
-notional interest	44 (I) (e)	(5,840)	(5,396)
Total interest capitalised		(563,908)	(636,830)
		73,609	48,820
Other finance costs:			
-exchange losses/(gains)		1,665	(4,557)
-bank charges and others		1,028	158
Total finance costs		76,302	44,421

9. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Directors' and supervisors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	2009 RMB'000	2008 RMB'000
Fees	741	749
Other emoluments for executive directors, independent non-executive directors and supervisors:		
-basic salaries and benefits in kind	3,262	3,079
-performance-related bonuses	1,430	578
-pension scheme contributions	124	88
	5,557	4,494

Three executive directors and four independent non-executive directors received remuneration from the Company for the year ended 31 December 2009.

9. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

The remuneration for the executive directors, independent non-executive directors and supervisors fell within the range of Nil to RMB2,000,000.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2009 RMB'000	2008 RMB'000
Mr. Charles Nicholas Brooke	441	488
Mr. Chen Yingjie	100	87
Mr. Zhang Hongming	100	87
Ms. Wang Meijuan	100	87
	741	749

There were no other emoluments payable to the independent non-executive directors during the year (2008: Nil).

(b) Executive directors, non-executive directors and supervisors

	Fees RMB'000	Salaries and benefits in kind RMB'000	Performance-related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2009					
Executive directors:					
Mr. Fan Wei	-	1,176	-	25	1,201
Mr. Wangzhe	-	735	578	25	1,338
Mr. Zhang Hua	-	835	700	25	1,560
	-	2,746	1,278	75	4,099
Non-executive directors:					
Mr. Feng Xiekun	-	-	-	-	-
Mr. Guo Guangchang	-	-	-	-	-
Mr. Chen Qiyu	-	-	-	-	-
	-	-	-	-	-
Supervisors:					
Mr. Ma Suxiang	-	288	130	25	443
Mr. Zhang Guozheng	-	50	-	-	50
Mr. Sun Wenqiu	-	50	-	-	50
Mr. Liu Zhangxi	-	50	-	-	50
Mr. Shen Guoliang	-	78	22	24	124
	-	516	152	49	717
	-	3,262	1,430	124	4,816

9. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

(b) Executive directors, non-executive directors and supervisors (continued)

	Fees RMB'000	Salaries and benefits in kind RMB'000	Performance-related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2008					
Executive directors:					
Mr. Guo Guangchang	-	197	-	7	204
Mr. Fan Wei	-	1,371	-	22	1,393
Mr. Wangzhe	-	809	578	22	1,409
	-	2,377	578	51	3,006
Non-executive directors:					
Mr. Feng Xiekun	-	-	-	-	-
Mr. Ding Guoqi	-	-	-	-	-
Mr. Chen Qiyu	-	-	-	-	-
	-	-	-	-	-
Supervisors:					
Mr. Ma Suxiang	-	444	-	22	466
Mr. Zhang Guozheng	-	43	-	-	43
Mr. Sun Wenqiu	-	43	-	-	43
Mr. Liu Zhangxi	-	43	-	-	43
Mr. Shen Guoliang	-	129	-	15	144
	-	702	-	37	739
	-	3,079	578	88	3,745

Under the arrangement of the service contract, the non-executive director, Mr. Feng Xiekun, Guo Guangchang and Chen Qiyu agreed to waive the remuneration during the year. Mr. Guo Guangchang has tendered his resignation as executive director of the Company with effect from 13 May 2009 and thereafter was been a non-executive director of the Company.

(c) Five highest paid employees

The five highest paid employees of the Group include two directors for the year ended 31 December 2009 (2008: one).

Details of the emoluments of the remaining three (2008: four) highest paid, non-director employees are as follows:

	2009 RMB'000	2008 RMB'000
Basic salaries and benefits in kind	4,436	6,290
Pension scheme contributions	75	88
	4,511	6,378

9. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

(c) Five highest paid employees (continued)

The number of highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2009	2008
RMB1,000,001 to RMB2,000,000	5	5

There were no emoluments paid by the Group to the directors, supervisors or the other highest paid, non-director employees as an inducement to join the Group, or upon joining the Group, or as compensation for loss of office during the year.

10. TAX

A subsidiary incorporated in the British Virgin Islands is not subject to any income tax. Certain subsidiaries incorporated in Hong Kong are subject to income tax at the rate of 16.5% (2008: 16.5%). The Company and all the other subsidiaries of the Group are subject to PRC income tax.

Provision for PRC income tax has been provided at the applicable income tax rate of 25% (2008: 25%) on the assessable profits of the Group in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in the PRC, which are taxed at preferential rates of 15% and 20%, respectively.

PRC land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation values, being the proceeds from sales of properties less deductible expenditures including amortization of land use rights, borrowing costs, business taxes and all property development expenditures. The tax is incurred upon transfer of property ownership.

Major components of income tax expense for the years ended 31 December 2009 and 2008 are as follows:

	Note	2009 RMB'000	2008 RMB'000
Current taxation			
-Income tax in the PRC for the year		351,251	374,456
-LAT in the PRC for the year		205,422	477,579
Deferred tax	27	(104,819)	(206,563)
Total tax charge for the year		451,854	645,472

10. TAX (CONTINUED)

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries in which the Company and its subsidiaries 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:

	2009 RMB'000	2008 RMB'000
Profit before tax	1,060,709	887,078
Tax at the statutory tax rate of 25% in Mainland China	269,797	269,469
Tax at the statutory tax rate of 16.5% in Hong Kong	(3,049)	(31,481)
Lower tax rates for specific entities	(3,113)	2,282
Profits and losses attributable to jointly-controlled entities and associates	(2,357)	1,283
Expenses not deductible for tax	15,576	9,995
Tax losses not recognized	20,933	35,740
Sub-total	297,787	287,288
Additional LAT provision for the year	112,768	432,415
Prepaid LAT for the year	92,654	45,164
Deferred tax effect of additional LAT provision	(28,192)	(108,104)
Tax effect of prepaid LAT	(23,163)	(11,291)
Tax charged at the Group's effective rate	451,854	645,472

According to a tax notice issued by the relevant local tax authorities, the Group commenced to pay LAT at rates ranging from 1% to 3% on proceeds of the sale and pre-sale of properties ("Prepaid LAT") from 2004. Prior to the year end of 2006, except for the Prepaid LAT to the local tax authorities, no further provision for LAT had been made. The directors considered that the relevant tax authorities would be unlikely to impose additional LAT levies other than the amount already paid based on the relevant percentages of the proceeds from the sale and pre-sale of the Group's properties.

From year 2006 onward, the Group provided additional LAT in respect of the properties sold in accordance with the requirements as set forth in the relevant PRC tax laws and regulations. For the year ended 31 December 2009, based on the latest understanding of LAT regulations from tax authorities, an additional LAT in the amount of RMB112,768,000 (2008: RMB432,415,000) was provided by the Group.

10. TAX (CONTINUED)

In 2004, upon the reorganisation and the listing of the Company, the Company and Fosun High Technology entered into a deed of tax indemnity whereby Fosun High Technology has undertaken to indemnify the Company in respect of the LAT payable attributable to the Group in excess of the prepaid LAT based on 1% to 3% of sales proceeds, after netting off potential income tax savings, in consequence of the disposal of the properties owned by the Group as at 30 November 2003. As at 31 December 2009, the indemnity of LAT from the holding company after netting off potential income tax saving amounted to RMB98,462,000 (2008: RMB59,441,000), as set out in note 31, and the deferred tax liability arising thereon amounted to RMB72,317,000 (2008: RMB62,562,000), as set out in note 27. This LAT indemnity after netting off the corresponding tax liability was credited to capital reserve directly.

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 December 2009 includes a profit of RMB145,914,000 (2008: RMB637,919,000), which has been dealt with in the financial statements of the Company as set out in note 39(b).

12. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 24 December 2009, the Company announced the decision of its board of directors to dispose of its 75% equity interest in Tianjin Forte Puhe Development Co., Ltd. ("Tianjin Forte") at a total cash consideration of RMB1,176,790,000 (the "Disposal"). Tianjin Forte is principally engaged in the development and sale of properties in Tianjin.

As at 31 December 2009, the Disposal is still subject to the approval of relevant PRC government authorities and the settlement of the consideration. The Disposal is expected to be completed before 31 December 2010. Therefore, Tianjin Forte was classified as held for sale.

The major classes of assets and liabilities of Tianjin Forte classified as held for sale as at 31 December are as follows:

	Notes	2009 RMB'000
Assets		
Property and equipment	16	4,538
Deferred tax assets	27	7,081
Completed properties for sale		1,475,662
Prepayment, deposits and other receivables		5,674
Trade receivables		11,121
Cash and cash equivalents		44,818
Assets of disposal group classified as held for sale		1,548,894

12. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

The major classes of assets and liabilities of Tianjin Forte classified as held for sale as at 31 December are as follows: (continued)

	2009
	RMB'000
Liabilities	
Interest-bearing bank loans and other borrowings	574,570
Trade payables	286,767
Advances from customers	4,415
Accrued liabilities and other payables	5,558
Tax payable	44,251
Loan from a related company	81,832
Liabilities directly associated with the assets of disposal group classified as held for sale	997,393

13. DIVIDENDS

	2009	2008
	RMB'000	RMB'000
Proposed final – RMB0.06 (2008: RMB0.02) per ordinary share	151,758	50,586

A final dividend for the year ended 31 December 2009 of RMB0.06 per ordinary share, amounting to a total dividend of RMB151,758,000, was proposed at the Board meeting held on 15 March 2010. Such dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting before 15 June 2010.

14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent of approximately RMB496,648,000 (2008: RMB101,655,000) and the weighted average number of 2,529,306,000 (2008: 2,529,306,000) ordinary shares in issue during the year.

Diluted earnings per share amounts for the two years ended 31 December 2009 and 2008 have not been disclosed as no diluting events existed during those years.

15. RETIREMENT BENEFITS AND ACCOMMODATION BENEFITS

Retirement benefits

As stipulated by the PRC State regulations, the Company and its subsidiaries participate 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 Company and its subsidiaries are 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 Company and its subsidiaries have 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, the Company and its subsidiaries and their 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 Company and its subsidiaries, except for contributions to the accommodation fund.

16. PROPERTY AND EQUIPMENT

Group

2009	Notes	Properties RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
As at 31 December 2008 and at 1 January 2009		166,583	31,043	37,156	23,561	258,343
Additions		48,790	7,128	4,313	34,506	94,737
Acquisition of subsidiaries	40	-	36	-	27,379	27,415
Assets included in assets of disposal group classified as held for sale	12	-	(4,610)	(946)	-	(5,556)
Disposals		(6,209)	(1,934)	(7,911)	-	(16,054)
As at 31 December 2009		209,164	31,663	32,612	85,446	358,885
Accumulated depreciation:						
As at 31 December 2008 and at 1 January 2009		21,998	13,687	20,471	-	56,156
Provided during the year		10,633	7,043	4,311	-	21,987
Assets included in a assets of disposal group classified as held for sale	12	-	(467)	(551)	-	(1,018)
Disposals		(2,375)	(1,141)	(6,257)	-	(9,773)
As at 31 December 2009		30,256	19,122	17,974	-	67,352
Net carrying amount:						
As at 31 December 2009		178,908	12,541	14,638	85,446	291,533
As at 31 December 2008		144,585	17,356	16,685	23,561	202,187

16. PROPERTY AND EQUIPMENT (CONTINUED)

Group (continued)

2008	Properties RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:					
As at 31 December 2007 and at 1 January 2008	105,771	25,310	32,528	-	163,609
Additions	677	7,054	4,543	23,561	35,835
Acquisition of subsidiaries	61,990	629	748	-	63,367
Disposals	(1,855)	(1,950)	(663)	-	(4,468)
As at 31 December 2008	166,583	31,043	37,156	23,561	258,343
Accumulated depreciation:					
As at 31 December 2007 and at 1 January 2008	9,323	10,303	15,870	-	35,496
Provided during the year	12,860	4,802	5,116	-	22,778
Disposals	(185)	(1,418)	(515)	-	(2,118)
As at 31 December 2008	21,998	13,687	20,471	-	56,156
Net carrying amount:					
As at 31 December 2008	144,585	17,356	16,685	23,561	202,187
As at 31 December 2007	96,448	15,007	16,658	-	128,113

Company

2009	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost:			
As at 31 December 2008 and at 1 January 2009	7,585	4,713	12,298
Additions	178	719	897
Disposals	(241)	(529)	(770)
As at 31 December 2009	7,522	4,903	12,425
Accumulated depreciation:			
As at 31 December 2008 and at 1 January 2009	2,783	3,237	6,020
Provided for the year	859	484	1,343
Disposals	(115)	(450)	(565)
As at 31 December 2009	3,527	3,271	6,798
Net carrying amount:			
As at 31 December 2009	3,995	1,632	5,627
As at 31 December 2008	4,802	1,476	6,278

16. PROPERTY AND EQUIPMENT (CONTINUED)

Company (continued)

2008	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost:			
As at 31 December 2007 and at 1 January 2008	7,090	5,129	12,219
Additions	1,340	-	1,340
Disposals	(845)	(416)	(1,261)
As at 31 December 2008	7,585	4,713	12,298
Accumulated depreciation:			
As at 31 December 2007 and at 1 January 2008	2,594	2,924	5,518
Provided for the year	881	619	1,500
Disposals	(692)	(306)	(998)
As at 31 December 2008	2,783	3,237	6,020
Net carrying amount:			
As at 31 December 2008	4,802	1,476	6,278
As at 31 December 2007	4,496	2,205	6,701

As at 31 December 2009, certain items of the Group's properties with a book value of approximately RMB 94,718,000 (2008: RMB7,960,000) were pledged to secure bank loans amounting to RMB74,379,000 (2008: RMB10,000,000), as set out in note 32(a).

17. INVESTMENT PROPERTIES

	2009 RMB'000	2008 RMB'000
Carrying amount at 1 January	429,000	456,000
Transfer from properties under development	1,981,996	-
Gain/(loss) from a fair value adjustment	75,404	(27,000)
Disposal	(429,000)	-
Carrying amount at 31 December	2,057,400	429,000

The Group's investment properties are situated in Beijing and Hangzhou, the PRC.

17. INVESTMENT PROPERTIES (CONTINUED)

The Group's investment properties were revalued on 31 December 2009 by Jones Lang LaSalle Sallmanns Limited ("Sallmanns"), independent professionally qualified valuers at RMB2,057,400,000, on an open market. 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. The investment properties are leased to third parties under operating leases.

At 31 December 2009, the Group's investment properties with a net carrying amount of approximately RMB2,057,400,000 (2008: RMB429,000,000) were pledged to bank for interest-bearing bank loans amounting to RMB1,172,067,000 (2008: RMB190,000,000), as set out in note 32(a).

18. PROPERTIES UNDER DEVELOPMENT

	Group		Company	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Land costs	8,869,790	8,227,326	12,993	12,978
Construction costs	2,605,321	3,801,908	14,872	14,871
Financial costs	781,710	952,738	1,829	1,829
	12,256,821	12,981,972	29,694	29,678
Portion classified as current assets	(7,089,469)	(6,263,042)	-	-
	5,167,352	6,718,930	29,694	29,678

The Group's properties under development are situated in Shanghai, Hangzhou, Wuhan, Nanjing, Beijing, Chongqing, Xi'an, Tianjin, Changchun and Chengdu, the PRC.

As at 31 December 2009, certain items of the Group's properties under development with a book value of approximately RMB4,639,332,000 (2008: RMB3,937,313,000) were pledged to secure bank loans amounting to RMB2,971,063,000 (2008: RMB3,261,510,000), as set out in note 32(a).

19. GOODWILL

Group

	RMB'000
At 1 January 2008:	
Cost	49,714
Accumulated impairment	(22,292)
Net carrying amount	27,422
Cost at 1 January 2008, net of accumulated impairment	27,422
Acquisition of a subsidiary	8,297
Acquisition of minority interests	6,965
Impairment during the year	(6,965)
At 31 December 2008	35,719
At 31 December 2008:	
Cost	64,976
Accumulated impairment	(29,257)
Net carrying amount	35,719
Cost at 1 January 2009, net of accumulated impairment	35,719
Acquisition of minority interests	33,327
Impairment during the year	(3,179)
Cost and carrying amount at 31 December 2009	65,867
At 31 December 2009:	
Cost	98,303
Accumulated impairment	(32,436)
Net carrying amount	65,867

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the Group's cash-generating units ("CGU") for impairment testing.

The recoverable amount of each CGU is determined based on value-in-use calculations. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. The discount rate applied to the cash flow projections is 12% (2008: 13%). Cash flows beyond the five-year period are extrapolated using the estimated growth rate, which does not exceed the projected long-term average growth rate for property development in the PRC.

Key assumptions were used in the value in use calculation of the CGU for 31 December 2009 and 31 December 2008. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

19. GOODWILL (CONTINUED)

Impairment testing of goodwill (continued)

Budgeted gross margins - Management determined budgeted gross margin based on past performance and its expectations for the development of the market.

Discount rates - The discount rates used are before tax and reflect specific risks relating to property development.

The values assigned to key assumptions are consistent with external information sources.

20. OTHER INTANGIBLE ASSETS

Group

	Licence RMB'000
31 December 2009	
Cost at 1 January 2009, net of accumulated amortisation	5,780
Amortisation provided during the year	(582)
At 31 December 2009	5,198
At 31 December 2009:	
Cost	5,829
Accumulated amortisation	(631)
Net carrying amount	5,198
31 December 2008	
Cost at 1 January 2008, net of accumulated amortisation	-
Acquisition of a subsidiary	5,829
Amortisation provided during the year	(49)
At 31 December 2008	5,780
At 31 December 2008 and 1 January 2009:	
Cost	5,829
Accumulated amortisation	(49)
Net carrying amount	5,780

21. INVESTMENTS IN SUBSIDIARIES

Company

	2009 RMB'000	2008 RMB'000
Unlisted shares, at cost	1,948,370	1,867,720
Impairment for unlisted shares	(7,200)	(9,600)
	1,941,170	1,858,120

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities of RMB8,319,057,000 (2008: RMB6,727,714,000) and RMB3,285,993,000 (2008: RMB1,915,892,000), respectively, are unsecured, interest-free and repayable on demand, as set out in note 31 and note 36. The carrying amounts of these amounts approximate to their fair values.

Particulars of principal subsidiaries as at 31 December 2009 are as follows:

Name of company	Place and date of incorporation/ establishment	Registered and paid-up capital RMB'000	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities
Shanghai Forte Zhibao Property Development Co., Ltd.	Mainland China 27 May 2003	205,000	75%	25%	Property development
Beijing Baihong Property Development Co., Ltd.	Mainland China 8 December 2000	30,000	-	100%	Property development
Chongqing Runjiang Property Development Co., Ltd.	Mainland China 19 April 2004	400,000	95%	5%	Property development
Shanghai Forte Investment Co., Ltd. ("Forte Investment")	Mainland China 21 July 2006	100,000	100%	-	Investment management
Wuhan Zhongbei Real Estate Development Co., Ltd. ("Wuhan Zhongbei")	Mainland China 3 April 2007	733,000	-	70%	Property development
Beijing Kangbao Property Development Co.,Ltd.	Mainland China 2 August 2001	10,000	-	100%	Property development
Shanghai Yihua Property Development Co.,Ltd.	Mainland China 11 January 2001	10,000	50%	-	Property development
Zhejiang Forte Property Development Co., Ltd	Mainland China 20 November 2006	440,000	60%	15%	Property development

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

22. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted investments, at cost	-	-	134,342	134,342
Share of net assets	273,337	212,832	-	-
	273,337	212,832	134,342	134,342
Loans to jointly-controlled entities	416,400	416,400	-	-
	689,737	629,232	134,342	134,342

The loans to jointly-controlled entities of RMB416,400,000 are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, these loans are considered as quasi-equity investments in jointly-controlled entities.

The Group's amounts due from jointly-controlled entities and amounts due to jointly-controlled entities are disclosed in note 31 and note 36 to the financial statements.

Particulars of the jointly-controlled entities as at 31 December 2009 are as follows:

Name of company	Place and date of incorporation/ establishment	Registered and paid-up capital RMB'000	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities
Shanghai Jufeng Property Development Co., Ltd.	Mainland China 4 June 2002	50,000	45%	-	Property development
Wuxi Forte Real Estate Development Co., Ltd.	Mainland China 28 September 2004	195,000	50%	-	Property development
Shanghai Mushen Property Development Co., Ltd.	Mainland China 1 September 2004	21,576	50%	-	Property development
Shanghai Tengxing Property Development Co., Ltd.	Mainland China 6 September 2004	13,249	50%	-	Property development
Shanghai Gangrui Property Development Co., Ltd.	Mainland China 12 August 2004	9,518	50%	-	Property development
Shanghai Hugang Property Development Co., Ltd.	Mainland China 24 August 2004	27,660	50%	-	Property development
Show All Limited ("Show All")	Hong Kong 27 November 2007	-*	-	50%	Property development
Shaanxi Jianqin Real Estate Development Co., Ltd. ("Shaanxi Jianqin")	Mainland China 22 September 1992	130,000	-	50%	Property development

22. INTERESTS IN JOINTLY-CONTROLLED ENTITIES (CONTINUED)

Name of company	Place and date of incorporation/ establishment	Registered and paid-up capital RMB'000	Attributable equity interest Direct	Indirect	Principal activities
Shanghai Shunsheng Steel Material Co., Ltd	Mainland China 29 October 2008	50,000	-	50%	Logistics and trading
Sichuan Forte Huanglong Investment Co., Ltd. ("Huanglong Investment")	Mainland China 19 October 2009	50,000**	-	50%	Investment management
Sichuan Forte Huanglong Real Estate Development Co., Ltd. ("Huanglong Real Estate")	Mainland China 19 October 2009	150,000**	-	50%	Property development

* The paid-up capital of Show All Ltd. is HK$2.

** The paid-up capital of Huanglong Investment and Huanglong Real Estate as at 31 December 2009 is RMB15,000,000 and RMB45,000,000, respectively.

The following table illustrates the summarised financial information of the Group's jointly-controlled entities:

	2009 RMB'000	2008 RMB'000
Share of the jointly-controlled entities' assets and liabilities:		
Current assets	968,594	834,879
Non-current assets	302,329	168,302
Current liabilities	(733,803)	(592,877)
Non-current liabilities	(263,783)	(197,472)
Net assets	273,337	212,832
Share of the jointly-controlled entities' results:		
Revenue	192,209	3,116
Other income	2,986	1,206
	195,195	4,322
Total expenses	(176,285)	(9,221)
Tax	(4,051)	(2,407)
Profit/(loss) after tax	14,859	(7,306)

23. INTERESTS IN ASSOCIATES

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted shares, at cost	-	-	187,560	187,560
Share of net assets	598,892	256,278	-	-
	598,892	256,278	187,560	187,560

The Group's amounts due from associates and amounts due to associates are disclosed in note 31 and note 36 to the financial statements, respectively.

Particulars of the principal associates as at 31 December 2009 are as follows:

Name of company	**Place of incorporation/ registration**	**Percentage of ownership/equity interest attributable to the Group**	**Principal activities**
Nanjing Dahua Investment Development Co., Ltd.	Mainland China	41%	Property development
Chengdu Boland Real Estate Development Co., Ltd. ("Chengdu Boland")	Mainland China	21%	Property development
Beijing Hehua Property Development Co., Ltd. ("Beijing Hehua")	Mainland China	37%	Property development

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

The Group's shareholding in the above mentioned associates all comprise equity shares held by the Company, except for Chengdu Boland and Beijing Hehua, the shareholdings in which are held through two wholly-owned subsidiaries of the Company.

The following table illustrates the summarised financial information of the Group's associates extracted from their financial statements:

	2009	2008
	RMB'000	RMB'000
Assets	8,373,671	1,827,049
Liabilities	(6,318,233)	(1,134,045)
Revenue	962,501	691,177
Profit	12,656	2,664

24. AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Listed equity investment at fair value:				
Hong Kong	240,690	73,489	-	-
Unlisted equity investments, at cost	57,420	3,529	10,510	250
	298,110	77,018	10,510	250

During the year, the gross gain in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to RMB 145,770,000, of which Nil was classified from other comprehensive income to the income statement for the year.

The Group's listed equity investment represents the Group's 8.47% equity interest in Shanghai Zendai Property Development Co., Ltd., a company listed on the Main Board of Hong Kong Stock Exchange. This investment was designated as an available-for-sale financial asset, the fair value of which is based on quoted market prices.

The Group's unlisted equity investments represent the Group's equity interests in five unlisted companies established in the PRC with limited liability. These unlisted equity investments were stated at cost because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of these investments in the near future.

As at 31 December 2009, part of the Group's available-for-sale investments in the amount of approximately RMB 163,769,000 (2008: RMB61,380,000) were pledged to secure bank loans amounting to HK$426,850,000 (equivalent to RMB375,833,000) (2008: HK$273,200,000 (equivalent to RMB240,932,000)), as set out in note 32(a).

25. LOAN RECEIVABLES

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Loan receivables from a jointly-controlled entity	220,000	220,000	-	-

25. LOAN RECEIVABLES (CONTINUED)

As at 31 December 2009, loan receivables represented the entrusted bank loan of RMB220,000,000 provided to Shaanxi Jianqin, a jointly-controlled entity, to support its property development. This loan is unsecured, interest bearing at a variable interest rate of 7.02% per annum based on the rates quoted by People's Bank of China ("PBOC") and repayable on 20 October 2011.

The carrying amounts of these loan receivables approximate to their fair values as at 31 December 2009.

26. PREPAYMENTS

On 20 December 2007, Forte Investment entered into a cooperative agreement with Shanghai Vanke Real Estate Co., Ltd. ("Shanghai Vanke") in respect of the joint development of a property development project in Shanghai, for a total consideration of RMB2,430,690,000, pursuant to which (i) Shanghai Vanke and Forte Investment will jointly acquire 60% and 40% equity interests in Shanghai Dijie Real Estate Limited ("Dijie"), respectively, and (ii) Forte Investment will contribute 40% of the total consideration in proportion to its shareholding in Dijie in the amount of RMB972,276,000.

As at 31 December 2009, the Group advanced RMB616,313,000 (31 December 2008: RMB616,313,000) to Shanghai Vanke. The remaining capital commitment not paid as at 31 December 2009 amounted to RMB355,963,000 (31 December 2008: RMB355,963,000) is set out in note 42.

27. DEFERRED TAX

Group

Deferred tax assets

	Note	Loss available for offsetting against future taxable profit RMB'000	Accruals and provisions RMB'000	Accrual of additional LAT RMB'000	Impairment of inventory RMB'000	Elimination of unrealised profits RMB'000	Others RMB'000	Total RMB'000
At 1 January 2008		21,163	5,567	167,256	-	-	1,117	195,103
Deferred tax credited to the income statement during the year	10	30,094	3,183	108,104	16,957	29,708	400	188,446
As at 31 December 2008 and 1 January 2009		51,257	8,750	275,360	16,957	29,708	1,517	383,549
Deferred tax credited/(charged) to the income statement during the year	10	15,280	(4,897)	28,192	(13,506)	25,822	-	50,891
As at 31 December 2009		66,537	3,853	303,552	3,451	55,530	1,517	434,440

27. DEFERRED TAX (CONTINUED)

Group (continued)

Deferred tax liabilities

	Note	Revaluation of investment properties RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	LAT indemnity receivable from holding company RMB'000 (note 10)	Others RMB'000	Total RMB'000
At 1 January 2008		35,163	177,820	47,702	2,802	263,487
Deferred tax charged/(credited) to the income statement during the year	10	(6,750)	(13,346)	-	1,979	(18,117)
Deferred tax debited to equity during the year		-	-	14,860	-	14,860
Acquisition of subsidiaries		-	1,457	-	-	1,457
As at 31 December 2008 and 1 January 2009		28,413	165,931	62,562	4,781	261,687
Deferred tax credited to the income statement during the year	10	(9,562)	(43,636)	-	(730)	(53,928)
Deferred tax debited to equity during the year		-	-	9,755	-	9,755
As at 31 December 2009		18,851	122,295	72,317	4,051	217,514

The following is an analysis of the deferred tax assets of the Group for financial reporting purposes:

	Note	2009 RMB'000	2008 RMB'000
Deferred tax assets recognised in the consolidated statement of financial position		434,440	383,549
Deferred tax assets in the disposal group	12	(7,081)	-
		427,359	383,549

27. DEFERRED TAX (CONTINUED)

As at 31 December 2009, except for the deferred tax assets in respect of tax losses amounting to RMB111,868,000, no deferred tax assets arising from temporary differences have not been recognized.

The above tax losses will expire in one to five years for offsetting against future taxable profits

28. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	3,751,771	1,232,538	396,485	26,834
Less: Pledged deposits	(122,000)	(19,449)	-	-
Cash and cash equivalents	3,629,771	1,213,089	396,485	26,834

At 31 December 2009, the Group's pledged deposits with a net carrying amount of approximately RMB91,158,000 (2008: Nil) were pledged to bank for interest-bearing bank loans as set out in note 32(a).

29. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the end of the reporting period, based on the payment due date, is as follows:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Undue	230,606	185,189	-	221
Overdue, within six months	11,869	-	-	-
	242,475	185,189	-	221

Credit terms granted to the Group's customers range from 30 to 360 days.

29. TRADE RECEIVABLES (CONTINUED)

The aged analysis of trade receivables that are not considered to be impaired is as follows:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	230,606	185,189	-	221
Less than six months past due	11,869	-	-	-
	242,475	185,189	-	221

Receivables that were neither past due nor impaired related to a number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to certain independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

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

30. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	217,802	122,748	616	98
Deposits and other receivables	1,314,187	446,583	612,959	12,736
	1,531,989	569,331	613,575	12,834

Deposits and other receivables mainly represented deposits for land use rights through tendering system and deposits for proposed acquisition of equity interests. Deposits for land acquisition would be transferred to properties under development when the land use right is acquired while deposits for acquisition of equity interests would be transferred to investments when the acquisition is concluded.

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.

31. AMOUNTS DUE FROM RELATED COMPANIES

		Group		Company	
		2009	2008	2009	2008
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
Due from subsidiaries	(c)	-	-	8,319,057	6,727,714
Due from associates	(a, c)	567,822	120,473	112,073	112,073
Due from jointly-controlled entities	(c)	348,750	334,286	342,523	326,949
		916,572	454,759	8,773,653	7,166,736
Portion classified as current		(724,667)	(454,759)	(8,773,653)	(7,166,736)
	(a)	191,905	-	-	-
Due from holding company	(b)	98,462	59,441	98,462	59,441

(a) Included in the amounts due from associates, RMB213,190,000 provided to an associate was interest-free, unsecured and was estimated to be repayable in 2011. The fair value of this loan at the date of inception was estimated with reference to the prevailing interest rate with the same repayment period published by the People's Bank of China of 5.4% and the difference between the fair value and its carrying amount was charged to interests in associates. Subsequent to its initial recognition, the financial liability is measured using the effective interest method. As at 31 December 2009, the amortized cost of this loan to an associate was RMB191,905,000.

(b) The amounts due from holding company represent the LAT indemnity receivable from the holding company, which is unsecured, interest-free and repayable on demand, as set out in note 10.

(c) Except for the amount due from associates and the amount due from the holding company as mention above in (a) and (b), respectively, the amounts due from other related companies are non-trade in nature, unsecured, interest-free and repayable on demand.

The carrying amounts of these amounts due from related companies approximate to their fair values.

32. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

		Group		Company	
		2009	2008	2009	2008
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans, secured	(a)	4,710,043	3,702,442	-	-
Bank loans, unsecured		1,509,750	2,183,500	540,000	740,000
		6,219,793	5,885,942	540,000	740,000
Other borrowings, unsecured		2,221,970	2,560,026	1,470,000	2,010,000
Corporate bonds, unsecured	(b)	1,869,304	-	1,869,304	-
		10,311,067	8,445,968	3,879,304	2,750,000
Repayable:					
Within one year		2,966,897	2,507,736	560,000	812,000
In the second year		1,527,633	3,769,232	-	1,938,000
In the third to fifth years, inclusive		4,934,399	2,153,000	3,319,304	-
Beyond five years		882,138	16,000	-	-
		10,311,067	8,445,968	3,879,304	2,750,000
Portion classified as current liabilities		(2,966,897)	(2,507,736)	(560,000)	(812,000)
Non-current portion	(c)	7,344,170	5,938,232	3,319,304	1,938,000

The bank loans bear interest at rates ranging from 2.179% to 6.75% (2008: 2.79% to 8.59%) per annum. The other borrowings bear interest at rates ranging from 3.179% to 12.18% (2008: 2.099% to 9.34%) per annum.

(a) The Group's bank loans are secured by the pledge of the following:

(i) RMB1,172,067,000 (2008: RMB190,000,000) are secured by the Group's investment properties situated in Beijing and Hangzhou, the PRC, with an aggregate carrying value at 31 December 2009 of approximately RMB2,057,400,000 (2008: RMB429,000,000), as set out in note 17.

(ii) RMB3,537,976,000 (2008: RMB3,512,442,000) are secured by the Group's properties with an aggregate carrying value of approximately RMB94,718,000 (2008: RMB7,960,000), properties under development with an aggregate carrying value of approximately RMB4,639,332,000 (2008: RMB3,937,313,000), available-for-sale investments of approximately RMB163,769,000 (2008: RMB61,380,000), properties held for sale with an aggregate carrying value of approximately RMB309,490,000 (2008: Nil) and pledged deposits with an aggregate carrying value of approximately RMB91,158,000 (2008: Nil) at 31 December 2009, as set out in notes 16, 18, 24 and 28, respectively.

32. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS (CONTINUED)

(b) Corporate bonds

	No. 122020 Corporate bonds issued in 2009 RMB'000
Proceeds from issue of corporate bonds of RMB100 each	1,900,000
Transaction costs:	
- Underwriting commission fee	(29,750)
- Other transaction costs	(2,509)
	1,867,741
Transaction costs amortized	1,563
Carrying value at 31 December	1,869,304

On 25 September 2009, the Company issued five-year domestic corporate bonds at an aggregate principal amount of RMB1,900,000,000. The net proceeds after deducting the underwriting commission fee amounted to RMB1,870,250,000. The bonds are listed on the Shanghai Stock Exchange.

The bonds that are guaranteed by Fosun High Technology as set out in note 44(II), bear a fixed coupon rate of 7.3% per annum payable annually in arrears on 22 September, and the maturity date is 22 September 2014.

(c) The carrying amounts of the Group's and the Company's current borrowings approximate to their fair values. The carrying amounts and fair values of the Group's non-current borrowings are as follows:

	Carrying amounts		Fair values	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Non-current borrowings in respect of				
-bank loans	3,445,996	3,938,500	3,446,313	3,943,955
-other borrowings	2,028,870	1,999,732	2,026,381	2,000,259
-corporate bonds	1,869,304	-	1,888,072	-
	7,344,170	5,938,232	7,360,766	5,944,214

The fair value of the Company's unsecured borrowings (non-current portion) with a carrying amount of RMB3,319,304,000 (2008: RMB1,938,000,000) was RMB3,335,481,000 (2008: RMB1,938,524,000) at the end of the reporting period.

33. LOANS FROM RELATED COMPANIES

Group

	Carrying amounts		Fair values	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Loans from				
-a jointly-controlled entity	81,324	76,118	83,017	78,495
-an associate	25,294	-	25,286	-
-a minority shareholder of a subsidiary	-	76,075	-	77,813
Wholly repayable in the second to fourth years, inclusive	106,618	152,193	108,303	156,308

Company

	Carrying amounts		Fair values	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
A loan from				
-a jointly-controlled entity	81,324	76,118	83,017	78,495
Wholly repayable in the second to fourth years, inclusive	81,324	76,118	83,017	78,495

Loans from related companies are interest-free and unsecured. The fair values of these loans as at the date of inception were estimated with reference to the prevailing interest rate with the same repayment period published by the People's Bank of China. Subsequent to the initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

34. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period is as follows:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Within six months	1,029,176	1,079,125	-	-
More than six months, but within one year	137,250	7,698	195	-
Over one year	325,496	188,598	19,155	20,145
	1,491,922	1,275,421	19,350	20,145

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

35. ACCRUED LIABILITIES AND OTHER PAYABLES

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Payables related to:				
Payroll	54,416	23,965	26,969	3,023
Deposits received	389,506	97,755	20,000	-
Business taxes and government surcharges	115,060	48,762	1,616	256
Consideration in respect of acquisition of subsidiaries	216,313	89,940	-	-
Accruals	75,070	18,701	45,562	2,100
Advance from Dijie	415,694	-	-	-
Others	275,913	167,882	14,309	15,767
	1,541,972	447,005	108,456	21,146

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

36. AMOUNTS DUE TO RELATED COMPANIES

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Due to associates	70,771	107,368	78,000	99,000
Due to jointly-controlled entities	50,000	120,000	-	-
Due to an other related party	150,214	-	-	-
Due to subsidiaries	-	-	3,285,993	1,915,892
	270,985	227,368	3,363,993	2,014,892

The amounts due to related companies are non-trade in nature, unsecured, interest-free and repayable on demand. The carrying amounts of these amounts due to related companies approximate to their fair values.

37. ISSUED CAPITAL

Group and Company

	2009 Number of shares '000	2008 Number of shares '000	2009 RMB'000	2008 RMB'000
Registered	2,529,306	2,529,306	505,861	505,861
Issued and fully paid:				
Domestic shares of RMB0.20 each	1,473,768	1,473,768	294,754	294,754
H Shares of RMB0.20 each	1,055,538	1,055,538	211,107	211,107
	2,529,306	2,529,306	505,861	505,861

The Domestic Shares are not currently listed on any stock exchange. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

38. SHARE-BASED PAYMENT

On 31 October 2009, the Company disposed of its 23% equity interest in a subsidiary, Shanghai Resource Property Consultancy Co., Ltd. ("Shanghai Resource") to certain senior management personnel of Shanghai Resource at a consideration of RMB10,967,000 as incentives and rewards for their past contributions to the successful operation of Shanghai Resource. The fair value of the 23% equity interest of Shanghai Resource as at the grant date was RMB27,393,000, valued by Sallmanns. The excess of the fair value over the consideration amounting to RMB16,426,000 was recognized as equity-settled share-based payment and recorded into the staff cost on the grant date.

39. RESERVES

(a) Group

In accordance with the Company Law of the PRC, the Company and its subsidiaries are required to allocate 10% of their profit after tax to the statutory surplus reserve (the "SSR") until such reserve reaches 50% of the registered capital of the Company and its subsidiaries, respectively. Subject to certain restrictions set out in the Company Law of the PRC, part of the SSR may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

39. RESERVES (CONTINUED)

(a) Group (continued)

For dividend purposes, the amount which the PRC group companies can legally distribute by way of a dividend is determined by reference to the distributable profits as reflected in their PRC statutory financial statements, which are prepared in accordance with PRC GAAP. Those profits differ from those that are reflected in this report, which is prepared in accordance with IFRSs.

In accordance with the Company Law of the PRC, profits after tax of the PRC group companies can be distributed as dividends after the appropriation to the SSR, as set out above. In accordance with the articles of association of the Company, the Company is required to distribute dividends based on the lower of the Company's profits determined under PRC GAAP and IFRS.

(b) Company

	Issued capital RMB'000 (note 37)	Share premium account RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Proposed final dividend RMB'000 (note 13)	Total equity RMB'000
Balance at 1 January 2008	505,861	2,624,510	143,106	208,186	381,703	-	3,863,366
Total comprehensive income for the year	-	-	-	-	637,919	-	637,919
Proposed 2008 final dividend	-	-	-	-	(50,586)	50,586	-
Indemnity receivable of LAT from the holding company	-	-	59,441	-	-	-	59,441
Tax effect of LAT indemnity	-	-	(14,860)	-	-	-	(14,860)
Retained profits	-	-	-	63,535	(63,535)	-	-
At 31 December 2008	505,861	2,624,510	187,687	271,721	905,501	50,586	4,545,866
Total comprehensive income for the year	-	-	-	-	145,914	-	145,914
Final 2008 dividend declared	-	-	-	-	-	(50,586)	(50,586)
Proposed 2009 final dividend	-	-	-	-	(151,758)	151,758	-
Indemnity receivable of LAT from the holding company	-	-	39,021	-	-	-	39,021
Tax effect of LAT indemnity	-	-	(9,755)	-	-	-	(9,755)
At 31 December 2009	505,861	2,624,510	216,953	271,721	899,657	151,758	4,670,460

40. ACQUISITION OF SUBSIDIARIES

40.1 Acquisition of Shanghai Fuhua Commercial Investment Development Co., Ltd. ("Fuhua Commercial")

On 31 January 2009, the Group acquired a 54.5% equity interest in Fuhua Commercial, a private limited company together with a wholly-owned subsidiary located in Shanghai, China. Fuhua Commercial and its subsidiary ("Fuhua") are engaged in investment management. The purchase consideration for the acquisition was in the form of cash and amounted to RMB5,450,000, which was fully paid as at 31 December 2009. The Group accounted for this acquisition of subsidiary as a business combination.

The fair value of the identifiable assets and liabilities of Fuhua as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Fair value recognised on acquisition RMB'000	Previous carrying amount RMB'000
Property and equipment	27,391	27,391
Cash and cash equivalents	1,019	1,019
Trade receivables	22	22
Prepayments, deposits and other receivables	5,282	5,282
Inventory	6	6
Trade and bills payables	(1,367)	(1,367)
Advances from customers	(20)	(20)
Accrued liabilities and other payables	(22,333)	(22,333)
	10,000	10,000
Minority interest	(4,550)	
	5,450	
Satisfied by cash	5,450	

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration paid	5,450
Cash and bank balances acquired	(1,019)
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	4,431

From the date of acquisition, Fuhua's results have had no significant impact on the Group's consolidated turnover or net profit for the year ended 31 December 2009.

40. ACQUISITION OF SUBSIDIARIES (CONTINUED)

40.2 Acquisition of Nanjing Runchang Property Development Co., Ltd. ("Nanjing Runchang")

On 24 August 2009, the Group acquired a 100% equity interest in Nanjing Runchang, a private limited company located in Nanjing, China. Nanjing Runchang is engaged in property development. The purchase consideration for the acquisition was in the form of cash and amounted to RMB625,000,000, of which RMB150,000,000 remained unpaid as at 31 December 2009. The Group accounted for this acquisition of subsidiary as an asset acquisition.

The allocation of acquisition consideration of Nanjing Runchang as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Allocation of acquisition consideration RMB'000	Previous carrying amount RMB'000
Prepayments, deposits and other receivables	277	277
Property under development	1,044,500	1,294,500
Accrued liabilities and other payables	(419,777)	(419,777)
	625,000	875,000
Satisfied by cash	625,000	

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration paid	475,000
Cash and bank balances acquired	-
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	475,000

From the date of acquisition, Nanjing Runchang's results have had no impact on the Group's consolidated turnover or net profit for the year ended 31 December 2009.

40. ACQUISITION OF SUBSIDIARIES (CONTINUED)

40.3 Acquisition of Fuyang Furun Real Estate Co., Ltd. ("Fuyang Furun")

On 7 December 2009, the Group acquired a 100% equity interest in Fuyang Furun, a private limited company located in Hangzhou, China. Fuyang Furun is engaged in property development. The purchase consideration for the acquisition was in the form of cash and amounted to RMB150,214,000, of which RMB150,214,000 remained unpaid as at 31 December 2009. The Group accounted for this acquisition of subsidiary as an asset acquisition.

The allocation of acquisition consideration of Fuyang Furun as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Allocation of acquisition consideration RMB'000	Previous carrying amount RMB'000
Property and equipment	24	24
Cash and cash equivalents	4,980	4,980
Prepayments, deposits and other receivables	293	293
Property under development	345,178	344,556
Interest-bearing bank loan and other borrowing	(200,000)	(200,000)
Trade payables	(12)	(12)
Accrued liabilities and other payables	(249)	(249)
	150,214	149,592
Satisfied by cash	150,214	

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration paid	-
Cash and bank balances acquired	(4,980)
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	(4,980)

From the date of acquisition, Fuyang Furun's results have had no significant impact on the Group's consolidated turnover or net profit for the year ended 31 December 2009.

41. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases its investment properties, as set out in note 17 to the financial statements, under operating lease arrangements, with leases negotiated for terms ranging from one to seventeen years.

At 31 December 2009, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	32,333	17,233	-	-
In the second to fifth years, inclusive	71,463	29,766	-	-
After five years	25,244	395	-	-
	129,040	47,394	-	-

As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to twenty years.

At 31 December 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	37,340	13,996	-	5,116
In the second to fifth years, inclusive	150,103	4,950	-	-
After five years	368,141	-	-	-
	555,584	18,946	-	5,116

42. COMMITMENTS

In addition to the operating lease commitments detailed above, the Group and the Company had the following capital commitments at the end of the reporting period:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:				
-investments	460,013	375,963	34,050	-
-properties under development	4,531,525	4,108,550	-	-
-property and equipment	44,253	46,439	-	-
	5,035,791	4,530,952	34,050	-

In addition, the Group's and the Company's share of the jointly-controlled entities' own capital commitments, which are not included in the above, is as follows:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:				
-properties under development	33,499	6,022	33,499	6,022

43. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the consolidated financial statements were as follows:

		Group		Company	
		2009	2008	2009	2008
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
Guarantees given to banks in connection with banking facilities granted to third parties	(a)	-	441,000	-	441,000
Guarantees given to banks in connection with banking facilities granted to associates	(a, b)	541,000	-	541,000	-
Guarantees given to banks in connection with banking facilities granted to its customers	(c)	2,762,666	1,938,549	-	-
		3,303,666	2,379,549	541,000	441,000

43. CONTINGENT LIABILITIES (CONTINUED)

Guarantees given to banks in connection with banking facilities granted to associates are in respect of the following:

(a) On 23 October 2008, Beijing Hehua entered into a bank loan agreement ("Loan Agreement") with Shanghai Pudong Development Bank to obtain a long-term bank loan amounting to RMB900,000,000 ("Loan"), which is secured by the pledge of properties owned by Beijing Hehua. Pursuant to the Loan Agreement: i) this bank loan bears an interest rate of 7.2% per annum and is repayable on 23 October 2016; and ii) the maximum guarantee provided by the Company was RMB441,000,000.

On 18 August 2009, Beijing Hehua became an associate of the Group upon the business re-registration and the completion of its 37% equity interest transfer.

(b) On 3 December 2009, Beijing Yuquan entered into a borrowing agreement ("Agreement") with Huarong International Trust Co., Ltd. to obtain an unsecured 18-months borrowing amounting to RMB400,000,000. Pursuant to the Agreement: i) this bank loan bears an interest rate of 9% per annum; and ii) the guarantee provided by the Company was RMB100,000,000.

(c) As at 31 December 2009, the Group provided guarantees of approximately RMB2,762,666,000 (2008: RMB1,938,549,000), for their customers in favour of the banks in respect of mortgage loans provided by banks to such customers for their purchases of the Group's developed properties.

These guarantees provided by the Group will be released when the customers pledge their real estate certificates as securities to the banks for the mortgage loans granted by the banks. The directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

44. RELATED PARTY TRANSACTIONS

(I) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

44. RELATED PARTY TRANSACTIONS (CONTINUED)

(I) (Continued)

Name of related parties	Nature of transactions	2009 RMB'000	2008 RMB'000
Recurring transactions			
Shanghai Fosun Property Management Co., Ltd. (note (a))	Operating lease in respect of office buildings leased from the related company (note (b))	5,023	5,125
	Property management services provided by the related company (note (b))	3,780	3,857
Shanghai Foreal Property Management Co., Ltd. (note (a))	Property management services provided by the related company (note (b))	13,392	11,096
Wuxi Forte Real Estate Development Co., Ltd. (note (a))	Consulting services provided to the related company (note (b))	-	4,302
	Sales agency services provided to the related company (note (b))	877	928
	Notional interest (note (d))	5,206	5,093
Yangzte Tianjin Limited Co., Ltd. (note (a))	Notional interest (note (e))	5,840	5,396
Tianjin Binhai Auto Parts Industry Base Co., Ltd. (note (a))	Loan provided by the related company (note (f))	28,000	-
Fosun High Technology (note (a))	LAT indemnity receivable from the holding company (note (c))	39,021	59,441
	Interest expenses of entrusted bank loan provided by the holding company (note (g))	81,752	143,467
	Property management services provided to the related company (note (b))	1,063	1,501
Shanghai Fosun Industrial Investment Co., Ltd. (note (a))	Interest expenses of entrusted bank loan provided by the related company (note (g))	32,965	27,329

44. RELATED PARTY TRANSACTIONS (CONTINUED)

(I) (Continued)

Name of related parties	Nature of transactions	2009 RMB'000	2008 RMB'000
Recurring transactions (continued)			
Shaanxi Jianqin (note (a))	Entrusted bank loan provided to the related company (note (h))	220,000	-
	Interest income of entrusted bank loan provided to the related company (note (h))	13,740	21,981
	Shareholder loan provided to the related company (note (i))	-	140,000
Show All (note (a))	Shareholder loan provided to the related company (note (i))	-	126,400
	Interest income of shareholder loan provided to the related company	-	6,266
FIL	Other borrowings provided by the related company (note (j))	288,078	61,732
	Interest expenses of other borrowings provided by the related company (note (j))	1,523	-
Shanghai Yuyuan Mart Real Estate Development Co., Ltd. (note (a))	Other borrowing provided by the related company (note (k))	247,792	-
	Interest expenses of other borrowings provided by the related company (note (k))	6,690	-
Non-recurring transactions			
Fosun Property Holdings Company Limited (note (a))	Acquisition of 100% equity interest in a subsidiary from the related company (note (l))	150,214	-

44. RELATED PARTY TRANSACTIONS (CONTINUED)

(I) Notes:

(a) Shanghai Fosun Property Management Co., Ltd. and Shanghai Fosun Industrial Investment Co., Ltd. are subsidiaries of Fosun High Technology, the holding company. Fosun Property Holdings Company Limited ("Fosun Property") is a wholly-owned subsidiary of FIL. Shanghai Yuyuan Mart Real Estate Development Co., Ltd. is an entity significantly influenced by a party that has an interest in the Company. Shanghai Foreal Property Management Co., Ltd. and Tianjin Binhai Auto Parts Industry Base Co., Ltd. ("Tianjin Binhai") are associates of the Group. Wuxi Forte Real Estate Co., Ltd. ("Wuxi Forte"), Show All and Shaanxi Jianqin are jointly-controlled entities of the Group. Yangzte Tianjin Limited (Yangtze") is a shareholder of a subsidiary, Tianjin Forte.

(b) The directors consider that the fees for rentals for office buildings paid and fees for property management services paid to and received from related companies as well as income received from sales agency services and consulting services provided to related companies, were determined based on prices available to third-party customers of the related companies.

(c) This relates to tax indemnity receivable from the holding company, as set out in note 10.

(d) The corresponding notional interest computed with reference to the prevailing interest rate for the year ended 31 December 2009 amounting to approximately RMB5,206,000 was arising from the entrusted bank loan in the amount of RMB93,000,000 provided by Wuxi Forte in 2006, which is interest-free, unsecured and repayable by 2012.

(e) The corresponding notional interest computed with reference to the prevailing interest rate for the year ended 31 December 2009 amounting to approximately RMB5,840,000 was arising from the loan in the amount of USD12,798,000 (equivalent to RMB99,716,000) provided by Yangzte in 2006, which is interest-free, unsecured and repayable by 2010.

(f) The loan in the amount of RMB28,000,000 was provided by Tianjin Binhai, and is interest-free, unsecured and repayable by 2011, as set out in note 33.

(g) On 25 October 2007, the Group and FIL entered into a financial assistance agreement ("Financial Assistance Agreement"), pursuant to which, i) FIL or its subsidiaries would provide the Group entrusted bank loans not exceeding RMB2,000,000,000 which are unsecured and repayable within one year; and ii) bank guarantees in the aggregate amount of RMB1,300,000,000, free of charges.

Pursuant to a supplemental agreement entered into by the Group and FIL on 30 October 2009, Fosun High Technology and FIL agreed to extend the entrusted bank loans to 23 October 2013.

44. RELATED PARTY TRANSACTIONS (CONTINUED)

(I) Notes: (continued)

(g) As at 31 December 2009, entrusted bank loans amounting to RMB1,450,000,000 were provided by FIL, bearing an interest rate at 105% of the interest rates quoted by PBOC. The interest expenses on these entrusted bank loans amounted to RMB114,717,000 for the year ended 31 December 2009.

(h) The entrusted bank loan in the amount of RMB220,000,000 was provided by the Group as set out in note 25, and the relevant interest income for the year ended 31 December 2009 amounted to RMB13,740,000.

(i) Shareholder loans in the amount of RMB140,000,000 and RMB126,400,000 were provided by the Group to Shaanxi Jianqin and Show All in year 2008.

(j) Other borrowings in the amount of USD16,400,000 and HKD200,000,000 (equivalent to RMB288,078,000 in aggregate) were provided to China Alliance, bearing an interest rate at 2.5% above the LIBOR and the HIBOR, respectively and are repayable by 22 October 2013. The relevant interest expenses amounted to RMB1,523,000 for the year ended 31 December 2009.

(k) The other borrowing in the amount of RMB247,792,000 was provided to Wuhan Zhongbei, bearing an interest rate at 5.4% per annum, and is repayable by 20 June 2011. The relevant interest expenses amounted to RMB6,690,000 for the year ended 31 December 2009.

(l) On 21 April 2009, Shiner Way Limited, a wholly-owned subsidiary of the Company entered into an equity transfer agreement with Fosun Property to acquire 100% equity interest in Fuyang Furun at a consideration of RMB150,214,000. Subsequently, Fuyang Furun became a wholly-owned subsidiary of the Company effective on 7 December 2009 as set out in note 40.3.

(II) Guarantees provided by related companies of the Group

According to the agreement set out in note (I) (g), Fosun High Technology and FIL would provide the Group with bank guarantees of RMB1,300,000,000. As at 31 December 2009, (i) the Group's short-term bank loans amounting to HKD426,850,000 (equivalent to RMB375,833,000) and RMB200,000,000 were guaranteed by FIL; and (ii) the Group’s short-term bank loan amounting to RMB340,000,000 was guaranteed by Fosun High Technology.

On 9 September 2008, the Group and FIL entered into another supplemental agreement under the Financial Assistance Agreement, pursuant to which, the five-year domestic corporate bonds amounting to RMB1,900,000,000 issued in September 2009 as set out in note 32 was guaranteed by Fosun High Technology.

44. RELATED PARTY TRANSACTIONS (CONTINUED)

(III) Guarantees provided to related companies by the Company

As at 31 December 2009, part of non-current portion of interest-bearing bank loans of two associates amounting to RMB541,000,000 (2008: Nil) in aggregate was guaranteed by the Company as set out in note 43 (a) and (b).

As at 31 December 2009, the Company guaranteed banking facilities to its subsidiaries in the amount of RMB2,194,110,000 (2008: RMB2,800,010,000).

(IV) Compensation of key management personnel of the Group:

	2009 RMB'000	2008 RMB'000
Short-term employee benefits	11,447	11,545
Pension scheme contributions	277	220
Total compensation paid to key management personnel	11,724	11,765

Further details of directors' and supervisors' emoluments are included in note 9 to the financial statements.

The related party transactions in respect of note (I) (k) above also constitutes connected transactions as defined in Chapter 14A of the Listing Rules.

45. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2009

Financial assets	Group		
	Loans and receivables RMB'000	Available for-sale financial assets RMB'000	Total RMB'000
Available-for-sale investments	-	298,110	298,110
Loan receivables	220,000	-	220,000
Trade receivables	242,475	-	242,475
Financial assets included in prepayments, deposits and other receivables	1,051,554	-	1,051,554
Cash and cash equivalents	3,629,771	-	3,629,771
Pledged deposits	122,000	-	122,000
Amounts due from related companies	916,572	-	916,572
Amount due from holding company	98,462	-	98,462
	6,280,834	298,110	6,578,944

45. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2009

Financial liabilities	Group Financial liabilities at amortised cost RMB'000
Interest-bearing bank loans and other borrowings	10,311,067
Trade and bills payables	1,491,922
Financial liabilities included in other payables and accruals	1,084,430
Amounts due to related companies	270,985
Loans from related companies	106,618
	13,265,022

2008

Financial assets	Group		
	Loans and receivables RMB'000	Available for-sale financial assets RMB'000	Total RMB'000
Available-for-sale investments	-	77,018	77,018
Loan receivables	220,000	-	220,000
Trade receivables	185,189	-	185,189
Financial assets included in prepayments, deposits and other receivables	811,944	-	811,944
Cash and cash equivalents	1,213,089	-	1,213,089
Pledged deposits	19,449	-	19,449
Amounts due from related companies	454,759	-	454,759
Amount due from holding company	59,441	-	59,441
	2,963,871	77,018	3,040,889

Financial liabilities	Group Financial liabilities at amortised cost RMB'000
Interest-bearing bank loans and other borrowings	8,445,968
Trade and bills payables	1,275,421
Financial liabilities included in other payables and accruals	398,243
Amounts due to related companies	227,368
Loans from related companies	152,193
	10,499,193

45. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2009

Financial assets	Company		
	Loans and receivables RMB'000	Available for-sale financial assets RMB'000	Total RMB'000
Available-for-sale investments	-	10,510	10,510
Financial assets included in prepayments, deposits and other receivables	612,959	-	612,959
Cash and cash equivalents	396,485	-	396,485
Amounts due from related companies	8,773,653	-	8,773,653
Amount due from holding company	98,462	-	98,462
	9,881,559	10,510	9,892,069

Financial liabilities	Company
	Financial liabilities at amortised cost RMB'000
Interest-bearing bank loans and other borrowings	3,879,304
Trade payables	19,350
Financial liabilities included in other payables and accruals	88,454
Amounts due to related companies	3,363,993
Loans from related companies	81,324
	7,432,424

2008

Financial assets	Company		
	Loans and receivables RMB'000	Available for-sale financial assets RMB'000	Total RMB'000
Available-for-sale investments	-	250	250
Trade receivables	221	-	221
Financial assets included in prepayments, deposits and other receivables	12,736	-	12,736
Cash and cash equivalents	26,834	-	26,834
Amounts due from related companies	7,166,736	-	7,166,736
Amount due from holding company	59,441	-	59,441
	7,265,968	250	7,266,218

45. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2008

Financial liabilities	Company Financial liabilities at amortised cost RMB'000
Trade payables	20,145
Financial liabilities included in other payables and accruals	19,046
Interest-bearing bank loans and other borrowings	2,750,000
Amounts due to related companies	2,014,892
Loans from related companies	76,118
	4,880,201

46. FAIR VALUE HIERARCHY

The 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).

As at 31 December 2009, the Group held the following financial assets measured at fair value while no financial liabilities were measured at fair value:

Assets measured at fair value as at 31 December 2009:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Available-for-sale investments:				
Equity investment	240,690	-	-	240,690

During the year ended 31 December 2009, there was no transfer of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments, other than derivatives, comprise interest-bearing bank loans and other borrowings, accrued liabilities and other payables, amounts due to related companies, deposits and other receivables, amounts due from related companies, and cash and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group’s operations. The 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 Group's financial instruments are foreign currency risk, interest rate risk, credit risk, liquidity risk and equity price risk. The Group's accounting policies in relation to derivatives are set out in note 2.3 to the financial statements.

Foreign currency risk

The Group operates in the PRC and its principal activities are transacted in RMB. The Group’s financial assets and liabilities are not subject to foreign currency risk, except for loans denominated in United States dollars (“USD”) and Hong Kong dollars (“HKD”) as set out below. Therefore, the fluctuations in the exchange rates of RMB against foreign currencies could affect the Group’s results of operations. The Group does not enter into any hedging transactions to manage the potential fluctuation in foreign currency as the directors consider the Group has no significant foreign currency risk.

The original contract amounts of the Group’s foreign currency denominated monetary liabilities without discounting at the end of the reporting period are as follows:

		Group		Company	
		2009	2008	2009	2008
	Notes	’000	’000	’000	’000
United States dollars	44(I) (e) & (j)	29,198	12,798	-	-
Hong Kong dollars	44(I) (j), 44(II)	626,850	343,200	-	-

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in United States dollar and Hong Kong dollar exchange rate, with all other variables held constant, of the Group’s profit before tax (due to changes in the fair value of monetary liabilities) and the Group’s equity.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk (continued)

	Increase/ (decrease) in foreign currency rate %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2009			
If Renminbi weakens against USD	5	(9,968)	-
If Renminbi strengthens against USD	5	9,968	-
If Renminbi weakens against HKD	5	(27,596)	-
If Renminbi strengthens against HKD	5	27,596	-
2008			
If Renminbi weakens against USD	5	(4,373)	-
If Renminbi strengthens against USD	5	4,373	-
If Renminbi weakens against HKD	5	(15,133)	-
If Renminbi strengthens against HKD	5	15,133	-

* Excluding retained earnings

The effect of foreign currency risk on the other borrowing of USD12,798,000, directly attributable to property development, would be recorded in the consolidated income statement when the corresponding property was completed and sales as well as cost of sales were recognized. For the effect of borrowings of USD16,400,000 and HKD626,850,000, not directly attributable to property development, would be recorded in the consolidated income statement directly.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates. The Group does not use derivative financial instruments to hedge its interest rate risk.

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

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (continued)

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2009			
RMB	25	(14,260)	-
	(25)	14,260	-
2008			
RMB	25	(6,844)	-
	(25)	6,844	-

* Excluding retained earnings

The effect on the Group's profit before tax would be recorded in the consolidated income statement when the corresponding properties were completed, sales as well as the cost of sales were recognized.

Credit risk

The Group's credit risk is primarily attributable to trade receivables and other receivables. Management has a credit policy in place and the exposures to credit risks are monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group would not release the property ownership certificates to the buyers before the buyers finally settle the selling price.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, pledged deposits, loan receivables, available-for-sale investments, amounts due from related companies, other receivables and deposits, arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments. The Group is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in note 43 to the financial statement.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 29 to the financial statements.

Concentrations of credit risk exist when changes in economic, industrial or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group sells its properties to a diversity of buyers, thereby mitigating any significant concentrations of credit risk.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on contracted undiscounted payments, was as follows:

Group

	As at 31 December 2009					
	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	>5 years RMB'000	Total RMB'000
Interest-bearing bank loans and other borrowings	-	171,034	2,795,863	6,492,728	882,138	10,341,763
Trade and bills payables	1,491,922	-	-	-	-	1,491,922
Accrued liabilities and other payables	1,045,902	-	38,528	-	-	1,084,430
Amounts due to related companies	270,985	-	-	-	-	270,985
Loans from related companies	-	-	-	121,000	-	121,000
	2,808,809	171,034	2,834,391	6,613,728	882,138	13,310,100

	As at 31 December 2008					
	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	>5 years RMB'000	Total RMB'000
Interest-bearing bank loans and other borrowings	-	690,432	1,817,304	5,922,232	16,000	8,445,968
Trade payables	1,275,421	-	-	-	-	1,275,421
Accrued liabilities and other payables	398,243	-	-	-	-	398,243
Amounts due to related companies	227,368	-	-	-	-	227,368
Loans from related companies	-	-	-	180,467	-	180,467
	1,901,032	690,432	1,817,304	6,102,699	16,000	10,527,467

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on contracted undiscounted payments, was as follows:

Company

	As at 31 December 2009					
	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	>5 years RMB'000	Total RMB'000
Interest-bearing bank loans and other borrowings	-	-	560,000	3,350,000	-	3,910,000
Trade payables	19,350	-	-	-	-	19,350
Accrued liabilities and other payables	49,926	-	38,528	-	-	88,454
Amounts due to related companies	3,363,993	-	-	-	-	3,363,993
Loans from related companies	-	-	-	93,000	-	93,000
	3,433,268	-	598,528	3,443,000	-	7,474,797

	As at 31 December 2008					
	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	>5 years RMB'000	Total RMB'000
Interest-bearing bank loans and other borrowings	-	72,000	740,000	1,938,000	-	2,750,000
Trade payables	20,145	-	-	-	-	20,145
Accrued liabilities and other payables	19,046	-	-	-	-	19,046
Amounts due to related companies	2,014,892	-	-	-	-	2,014,892
Loans from related companies	-	-	-	93,000	-	93,000
	2,054,083	72,000	740,000	2,031,000	-	4,897,083

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

In addition, the guarantees provided by the Group/Company will be called in case of default in payments by the guarantees as set out in note 43.

Equity price risk

Equity price risk of the Group is the risk that the fair values of equity securities decrease as a result of changes in the value of individual securities. The Group is exposed to equity price risk arising from an individual equity investment classified as available-for-sale investments (note 24) as at 31 December 2009 and 2008. The Group's listed investment is listed on the Main Board of the Hong Kong Exchange Stock and is valued at the quoted market price at the end of the reporting period.

The market equity indices for the following stock exchanges, at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year were as follows:

	31 December 2009	High/low 2009	31December 2008	High/low 2008
Hong Kong - Hang Seng Index	21,873	22,944/ 11,345	14,387	27,616/ 11,016

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Increase/ (decrease) in fair values %	Carrying amount of equity investments RMB'000	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2009				
Investment listed in:				
Hong Kong – Available-for-sale	5	240,690	-	12,035
	(5)	240,690	-	(12,035)
2008				
Investment listed in:				
Hong Kong – Available-for-sale	5	73,489	-	3,674
	(5)	73,489	(3,674)	-

* Excluding retained earnings

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

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

The Group manages its capital structure and makes adjustment to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue bonds or issue new shares. No changes were made in the Group's objectives, policies or processes for managing capital during the years ended 31 December 2009 and 31 December 2008.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes interest-bearing bank loans and other borrowings and loans from related companies, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and minority interests. The gearing ratio as at the end of the reporting period was as follows:

	31 December 2009 RMB'000	31 December 2008 RMB'000
Interest-bearing bank loans and other borrowings	10,311,067	8,445,968
Loans from related companies	106,618	152,193
Less: Cash and cash equivalents	(3,629,771)	(1,213,089)
Net debt	6,787,914	7,385,072
Total equity	6,505,715	5,850,199
Capital and net debt	13,293,629	13,235,271
Gearing ratio	51%	56%

48. EVENTS AFTER THE REPORTING PERIOD

(a) On 7 January 2010, China Alliance Properties Limited ("China Alliance"), a wholly-owned subsidiary of the Company, entered into a subscription agreement with Shanghai Zendai Property Limited ("Zendai Property"), pursuant to which China Alliance agreed to subscribe for and Zendai Property has agreed to allot and issue China Alliance, the subscription shares (being 1,550,000,000 new shares) for a consideration of HK$480,500,000 at the subscription price (being HK$0.31) per subscription share. Immediately after the completion of subscription on 26 January 2010, China Alliance held 2,431,815,000 shares of Zendai Property, representing approximately 19.68% of the issued share capital of Zendai Property as enlarged by the allotment and issue of the subscription shares.

(b) On 5 February 2010, the extraordinary general meeting of the Company approved the disposal of 67.1% equity interest in Shanghai Resource Property Consultancy Co., Ltd. to Shanghai Fosun Venture Capital Investment Management Co., Ltd., a subsidiary of FIL at a total consideration of RMB91,440,000.

(c) On 10 February 2010, Skysail Investment Limited, a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Garden Plaza 2005 (Delaware) LLC, Garden Plaza 2007 (Delaware) LLC, Garden Plaza DM 2007 (Delaware) LLC and Baekdu Investments Limited to acquire the entire issued share capital of Garden Plaza Capital SRL., a company with restricted liability organized and existing under the laws of Barbados at a total consideration of USD328,000,000.

49. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 15 March 2010.

3. WORKING CAPITAL

The directors of the Company are of the opinion that, after taking into account the Group's existing cash and bank balances, the present available credit facilities and margin loan facilities, proceeds from the Disposal and the expected internally generated funds, the Group has sufficient working capital for its present requirement for the next twelve months from the date of this circular.

4. MATERIAL CHANGE

As at the Latest Practicable Date, the directors of the Company were not aware of any material change in the financial or trading position of the Forte Group since 31 December 2009, being the date to which the latest published audited accounts of the Forte Group were made up.

5. 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 Zendai Property	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.

6. FINANCIAL AND TRADING PROSPECT OF THE GROUP

Although the signs of recovery were seen globally in the second half of 2009, there is still uncertainty as whether such recovery is sustainable. Hence the Group will remain cautiously optimistic in its investment approach and strategy.

With its improved financial strength, the Forte Group is well-positioned to continue to seek and identify grossly undervalued investment and business opportunities in the PRC to further enhance value for its Shareholders.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(A) Directors', 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%
	Fosun Holdings Limited	Corporate	1	100%

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	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

Ernst & Young has given, and has not withdrawn, its respective written consent to the issue of this circular with the inclusion herein of its letter and/or references to its name, in the form and context in which they appear. As at the Latest Practicable Date, Ernst & Young was not interested in any share of the Company or share in any member of the Forte Group nor did it 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 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 3 June 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 Joint Investment Agreement;

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

(E) the consent letter from each of Ernst & Young referred to in the section headed "Qualification and Consent of Expert" in this Appendix;

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

(G) this circular; and

(H) 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.