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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bankmanager, 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.

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**FORTE 复地**

復地（集團）股份有限公司

**SHANGHAI FORTE LAND CO., LTD.\***

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

**(Stock Code: 02337)**

**MAJOR AND CONNECTED TRANSACTION**  
**TRANSFER OF A 30% EQUITY INTEREST IN JV COMPANY**  
**AND**  
**CONNECTED TRANSACTION**  
**DOMESTIC SHARE ISSUE**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders of the Company**



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A letter from the Board is set out on pages 1 to 10 of this circular.

A letter from the Independent Board Committee which contains recommendations to the Independent Shareholders in respect of the Equity Transfer Agreement and the Capital Injection Agreement is set out on page 11 of this circular. A letter from Somerley Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 12 to 24 of this circular which contains its advice and the principal factors and reasons it has taken into consideration in arriving at its advice with regard to the Equity Transfer Agreement and the Capital Injection Agreement.

The notices dated 20 July 2010 convening an extraordinary general meeting (the "EGM") of the shareholders of the Company and separate class meetings (the "Class Meetings") of holders of Domestic Shares and holders of H Shares of the Company to be held at the conference room of the Company, Fuxing Business Building, 2 Fuxing Road East, Shanghai, 200010, the PRC on 7 September 2010 at 10:00 a.m., 10:30 a.m. and 11:00 a.m., respectively are set out on pages 25 to 34 of this circular.

Whether or not you are able to attend the meetings, you are reminded to complete the forms of proxy enclosed with this circular, in accordance with the instructions printed thereon and send the relevant forms of proxy to the principal place of business of the Company at 5th-7th Floor, Fuxing Business Building, 2 Fuxing Road East, Shanghai 200010, or the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) as soon as practicable and in any event no later than 24 hours before the respective time appointed for the holding of the separate Class Meetings of holders of H Shares and holders of Domestic Shares and the EGM. Completion and return of the relevant forms of proxy will not preclude you from attending and voting in person at the meetings or at any adjourned meetings should you wish.

Reply slips for each of the EGM and the separate Class Meetings have also been enclosed. You are reminded to complete and sign the relevant reply slips (if you are entitled to attend the relevant meetings) and return the signed slips to the Company's H Share Registrar or to its principal place of business on or before Wednesday, 18 August 2010 in accordance with the instructions printed thereon.

\* For identification purpose only

20 July 2010

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## DEFINITIONS

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

“Associates”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Board”	the board of directors of Forte
“Business Day”	a day (excluding Saturdays and Sundays) on which commercial banks generally are open in the PRC and Hong Kong for the transaction of normal banking business
“Call Option”	a call option to purchase the interests of the Fosun Group in any business resulting from the business opportunity which directly or indirectly competes, or may lead to competition, with the Company’s core business, which has been offered to, but has not been purchased or taken up by the Group and has been retained by the Fosun Group, on the basis of valuation conducted by an independent valuer jointly appointed by Fosun and the Company and subject to any relevant laws and applicable listing rules and existing third party pre-emptive rights as ascribed under the Non-competition Agreement
“Capital Injection Agreement”	a capital injection agreement dated 28 June 2010 and entered into between Fosun High Technology and Forte, pursuant to which, Fosun High Technology has agreed to subscribe for 389,950,000 new Domestic Shares at the Subscription Price of RMB1.85 (equivalent to approximately HK\$2.12) per Domestic Share
“Circular”	the circular of the Company dated 20 July 2010 in relation to the Transfer and Domestic Share Issue
“Company” or “Forte”	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
“Domestic Share(s)”	ordinary share(s) of par value of RMB0.20 each in the share capital of Forte
“Domestic Share Issue”	issue of new Domestic Shares contemplated under the Capital Injection Agreement
“Equity Transfer Agreement”	an equity transfer agreement dated 28 June 2010 and entered into between Forte Investment and Zhejiang Fosun in relation to the Transfer

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## DEFINITIONS

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“Forte Investment”	Shanghai Forte Investment Management Co., Ltd. (上海復地投資管理有限公司), a limited liability company incorporated under the laws of the PRC
“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 incorporated under the laws of the PRC
“Group” or “Forte Group”	the Company and its subsidiaries
“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
“Independent Board Committee”	an independent board committee of the Board of directors of Forte, comprising all of its independent non-executive directors, namely, Mr. Charles Nicholas Brooke, Mr. Chen Yingjie, Mr. Zhang Hongming and Ms. Wang Meijuan
“Independent Financial Adviser”	Somerley Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO and is the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Independent Shareholders”	shareholders of Forte (other than Fosun, Fosun High Technology and their respective Associates) who are not required to abstain from voting on the resolutions to be proposed at the extraordinary general meeting to approve the Transfer and the Domestic Share Issue under the Hong Kong Listing Rules

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## DEFINITIONS

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“Investment”	Pursuant to the Joint Investment Agreement, the aggregate amount of RMB1,600,000,000 (equivalent to approximately HK\$1,833,054,056) invested into the JV Company by Forte Investment, comprising of a capital contribution in the amount of RMB300,000,000 (equivalent to approximately 343,697,729) and the Shareholder Loan in the amount of RMB1,300,000,000 (equivalent to approximately HK\$1,489,356,827)
“Joint Investment Agreement”	the joint investment agreement dated 25 April 2010 which was entered into between Shanghai Zendai and Forte for the establishment of the JV Company
“JV Company”	Shanghai Haizhimen Property Investment Management Co., Ltd. (上海海之門房地產投資管理有限公司), a limited liability company incorporated under the laws of the PRC
“Latest Practicable Date”	19 July 2010, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
“Non-competition Agreement”	the non-competition agreement dated 21 April 2009 and entered into between Fosun and Forte, details of which have been disclosed in the Company’s circular dated 30 April 2009
“Outstanding Financial Commitment”	according to the Joint Investment Agreement and a shareholder loan agreement dated 7 May 2010 and entered into between Forte and the JV Company, a further shareholder loan in the amount of RMB1,272,000,000 (equivalent to approximately HK\$1,457,278,372) to be made by Forte
“pre-emptive rights”	pre-emptive right to purchase the interests of the Fosun Group in any business resulting from the business opportunity which directly or indirectly competes, or may lead to competition, with the Company’s core business, which has been offered to, but has not been purchased or taken up by the Group and has been retained by the Fosun Group, on terms no less favourable than those offered to third parties, if the Fosun Group (other than the Group) intends to transfer, sell, lease or license such interests to any third party as ascribed under the Non-competition Agreement
“PRC”	the People’s Republic of China, which for the purposes of this circular only excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Price Adjustment Date”	the 21st day prior to the extraordinary general meeting of Forte for approving the Domestic Share Issue
“RMB”	Renminbi, the lawful currency of the PRC

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance (chapter 571 of the Laws of Hong Kong)
“Shanghai Zendai”	Shanghai Zendai Property Limited (上海証大房地產有限公司), a company incorporated under the laws of Bermuda, and whose shares are listed and traded on the main board of the Hong Kong Stock Exchange
“Share Issue Announcement”	the announcement of the Company dated 28 June 2010 in relation to the Domestic Share Issue
“Shareholders”	the shareholders of the Company
“Shareholder Loan”	a shareholder loan in the amount of RMB1,300,000,000 (equivalent to approximately HK\$1,489,356,827) advanced by Forte Investment to the JV Company
“Subscription Price”	the subscription price of each Domestic Share under the Domestic Share Issue
“Supplemental Agreement”	the supplemental agreement to the Non-competition Agreement dated 1 December 2009 and entered into between Fosun and Forte, details of which have been disclosed in the Company’s circular dated 21 December 2009
“Transfer”	the proposed transfer of the equity interest and the assignment of Shareholder Loan from Forte Investment to Zhejiang Fosun under the Equity Transfer Agreement
“Transfer Announcement”	the announcement of the Company dated 28 June 2010 in relation to the Transfer
“Zhejiang Fosun”	Zhejiang Fosun Commerce Development Limited (浙江復星商業發展有限公司), a limited liability company incorporated under the laws of the PRC

*Unless otherwise stated, amount in RMB has been translated into HK\$ at the exchange rate of HK\$1.00 to RMB0.87286 for illustration purpose only. No representation has been made that any amount in RMB or HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.*

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LETTER FROM THE BOARD

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**FORTE 复地**

復地（集團）股份有限公司

**SHANGHAI FORTE LAND CO., LTD.\***

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

**(Stock Code: 02337)**

*Executive Directors:*

Mr. Fan Wei *(the Chairman)*

Mr. Zhang Hua

Mr. Wang Zhe

*Registered Office:*

9th Floor

510 Caoyang Road

Shanghai

PRC

*Non-executive Directors:*

Mr. Guo Guangchang

Mr. Chen Qiyu

Mr. Feng Xiekun

*Principal Place of Business in the PRC:*

5th-7th Floor

Fuxing Business Building

2 Fuxing Road East

Shanghai 200010

PRC

*Independent Non-executive Directors:*

Mr. Charles Nicholas Brooke

Mr. Chen Yingjie

Mr. Zhang Hongming

Ms. Wang Meijuan

*Principal Place of Business in Hong Kong:*

Level 28

Three Pacific Place

1 Queen's Road East

Hong Kong

20 July 2010

*To the Shareholders*

**MAJOR AND CONNECTED TRANSACTION  
TRANSFER OF A 30% EQUITY INTEREST IN JV COMPANY  
AND  
CONNECTED TRANSACTION  
DOMESTIC SHARE ISSUE**

Dear Sirs,

**1. INTRODUCTION**

Reference is made to the Transfer Announcement and Share Issue Announcement of the Company both dated 28 June 2010.

The purpose of this circular is to provide you with further information about the Transfer contemplated under the Equity Transfer Agreement and the Domestic Share Issue contemplated under Capital Injection Agreement, respectively.

\* *For identification purpose only*

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## LETTER FROM THE BOARD

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### 2. TRANSFER OF A 30% EQUITY INTEREST IN JV COMPANY

#### 2.1 Background

Forte Investment, a subsidiary of Forte, and Zhejiang Fosun, a subsidiary of Fosun, entered into the Equity Transfer Agreement on 28 June 2010, whereby Zhejiang Fosun has agreed to acquire the Investment and take up all the rights and obligations of Forte Investment under the Joint Investment Agreement (including the Outstanding Financial Commitment) for a consideration of RMB1,600,000,000 (equivalent to approximately HK\$1,833,054,556).

#### 2.2 Equity Transfer Agreement

##### Date

28 June 2010

##### Parties

- (i) Forte Investment
- (ii) Zhejiang Fosun

##### Consideration

The consideration in the amount of RMB1,600,000,000 (equivalent to approximately HK\$1,833,054,556) has been arrived at after arm's length negotiations between the parties to the Equity Transfer Agreement with reference to: (i) contribution made by Forte Investment to the registered capital of the JV Company in the amount of RMB300,000,000 (equivalent to approximately HK\$343,697,729); and (ii) the Shareholder Loan in the amount of RMB1,300,000,000 (equivalent to approximately HK\$1,489,356,827) advanced by Forte Investment to the JV Company.

The consideration in the amount of RMB1,600,000,000 shall be settled by Zhejiang Fosun in cash by internal resources in the following manner:

- (i) an amount of RMB480,000,000 (equivalent to approximately HK\$549,916,367) shall be paid within three Business Days after the date of the Equity Transfer Agreement;
- (ii) an amount of RMB800,000,000 (equivalent to approximately HK\$916,527,278) shall be paid within three Business Days after the approval by the Independent Shareholders; and
- (iii) an amount of RMB320,000,000 (equivalent to approximately HK\$366,610,911) shall be paid within three Business Days after completion of the registration of change with the original registration authority of the JV Company.

Pursuant to the Equity Transfer Agreement, Forte will be entitled to the interests accrued on the relevant portion of the Shareholder Loan for the period up to the date receiving the payment of consideration in respect of the corresponding portion of the Shareholder Loan which shall be paid by the JV Company to Forte. Fosun will be entitled to the interest accrued on the relevant portion of the Shareholder Loan after the date receiving the payment of consideration in respect of the corresponding portion of the Shareholder Loan.



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## LETTER FROM THE BOARD

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Zhejiang Fosun will be responsible for making a further shareholder loan in the amount of RMB1,272,000,000 (equivalent to approximately HK\$1,457,278,372) to the JV Company before 31 August 2010 provided that the JV Company is not able to raise funding by itself.

### **Conditions Precedent**

The Equity Transfer Agreement shall take effect upon, among other matters, the fulfilment of the following conditions precedent:

- (i) the Independent Shareholders approving the Transfer and the Equity Transfer Agreement;
- (ii) the Independent Shareholders waiving the non-compliance of the Non-competition Agreement on the part of Fosun arising from the holding of the 30% equity interest in the JV Company upon completion of the Equity Transfer Agreement;
- (iii) the directors of Fosun approving the Transfer; and
- (iv) the other shareholders of the JV Company having given in writing their respective consents and waivers of pre-emptive rights in respect of the Transfer.

In the event that the Equity Transfer Agreement does not take effect within 180 days after the date of the agreement, Forte Investment shall refund all the payment made by Zhejiang Fosun together with interest at the prevailing deposit rate for the relevant period.

### **2.3 Financial Information**

As of 30 June 2010, the net assets value of the subject matter of the Transfer was RMB300,000,000 (equivalent to approximately HK\$343,687,729), being 30% of the total net assets value the JV Company as shown on the management accounts as of 30 June 2010. Since the JV Company was only established on 26 April 2010, there is no financial information on net profits available.

### **2.4 Financial Effects of the Transfer**

There will be no gain or loss expected to accrue to Forte.

The disposal proceeds from the Transfer will be used as the general working capital of Forte.

### **2.5 Reasons for the Transfer**

Forte considers that the Transfer represents a good opportunity for Forte to liquidate its 30% equity interest in the JV Company in order to reorganise its assets portfolio and improve its cash position.

Fosun considers that the Transfer represents its support to Forte, being a member of the Fosun Group, by way of warehousing the 30% equity interest in the JV Company for Forte.

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## LETTER FROM THE BOARD

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### 2.6 Non-competition Agreement

Upon completion of the Equity Transfer Agreement, Fosun Group will be interested in the 30% equity interest in the JV Company, which is principally engaged in the development of a commercial property project in Shanghai, the PRC. As one of the conditions precedent of the Equity Transfer Agreement, a waiver in respect of the non-compliance of the Non-competition Agreement on the part of Fosun arising from the holding of the 30% equity interest in the JV Company upon the completion of the Equity Transfer Agreement will be sought from the Independent Shareholders at an extraordinary general meeting of Forte.

Upon the completion of the Equity Transfer Agreement, the Investment will be subject to the Call Option and pre-emptive rights under the Non-competition Agreement.

Upon approval of the aforesaid waiver, Fosun Group will be entitled to conducting business in relation to real estate industries through its 30% shareholding in the JV Company. If Forte fails in exercising the relevant Call Option, and the JV Company makes profits, Forte will not be entitled to such economic benefits generated from the JV Company.

### 2.7 Hong Kong Listing Rules Implications

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Hong Kong Listing Rules) in relation to the Transfer exceed 25% but below 75%, the Transfer 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 is the controlling shareholder of Forte and is therefore a connected person of Forte. The Transfer constitutes a connected transaction of Forte under the Hong Kong Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 14A.10(10) of the Hong Kong Listing Rules) in relation to the Transfer exceed 5%, the Transfer is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

### 2.8 General

The directors of Forte (including the independent non-executive directors who will express their view after receiving advice from the independent financial adviser) are of the view that the terms of the Equity Transfer 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 its shareholders as a whole, and the relevant waiver in respect of the non-compliance of the Non-Competition Agreement is fair and reasonable and in the interest of its shareholders as a whole.

To the best of the knowledge, information and belief of the directors of Forte having made all reasonable enquiries, there is no other transaction entered into between any member of the Forte Group and Zhejiang Fosun and their respective ultimate beneficial owner(s) within a 12-month period prior to the date of this announcement or otherwise related, which would be, together with the Transfer, regarded as a series of transactions and treated as if they are one transaction under Rule 14.22 and/or Rule 14A.25 of the Hong Kong Listing Rules.

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## LETTER FROM THE BOARD

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### 3. DOMESTIC SHARE ISSUE

#### 3.1 Background

Fosun High Technology, a subsidiary of Fosun, and Forte entered into the Capital Injection Agreement on 28 June 2010, pursuant to which, Fosun High Technology has agreed to subscribe for 389,950,000 new Domestic Shares, at the Subscription Price of RMB1.85 (equivalent to approximately HK\$2.12) per Domestic Share with an aggregate subscription price of RMB721,407,500 (equivalent to approximately HK\$826,487,066), (subject to adjustment).

#### 3.2 Capital Injection Agreement

##### Date

28 June 2010

##### Parties

- (i) Forte, as the issuer
- (ii) Fosun High Technology, as the subscriber

##### Domestic Share Issue

Issuer:	Forte
Type of Security:	Domestic Shares
Subscription Price (subject to adjustment):	RMB1.85 (equivalent to approximately HK\$2.12), which is equal to the closing price of the H Shares on the trading day immediately prior to the date of the Share Issue Announcement or the average closing price of the H Shares for the five trading days prior to the date of the Share Issue Announcement, whichever is higher.
Number of Domestic Shares:	Fosun High Technology has agreed to subscribe for 389,950,000 new Domestic Shares, representing approximately 13.36% of the enlarged issued share capital of Forte.  Immediately after completion of the Domestic Share Issue, Fosun High Technology will hold in aggregate of 1,848,913,765 Domestic Shares, representing approximately 63.34% of the enlarged issued share capital of Forte.
Subscriber:	Fosun High Technology

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## LETTER FROM THE BOARD

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Lock-up Period: Domestic Shares to be issued to Fosun High Technology by Forte will be subject to a lock-up of 12-month period from the date of the completion of the registration at the relevant industry and commerce bureau in respect of the Domestic Share Issue.

### Payment Terms

The aggregate subscription price shall be settled by Fosun High Technology in the following manner:

- (i) 30% shall be paid within three Business Days after the date of the Capital Injection Agreement;
- (ii) 50% shall be paid within three Business Days upon the approval by the independent shareholders of Forte at the extraordinary general meeting and the class meetings; and
- (iii) the remaining 20% shall be paid within three Business Days after the the Capital Injection Agreement taking effect and before making the application for registration at the relevant industry and commerce bureau.

### Subscription Price Adjustment

In the event that the closing price of the H Shares on the trading day immediately prior to the Price Adjustment Date or the average closing price of the H Shares for the five trading days prior to the Price Adjustment Date (whichever is the higher) (the “Adjusted Subscription Price”) shall be more than or equal to 105% or less than or equal to 95% of the Subscription Price of RMB1.85 (equivalent to approximately HK\$2.12) per Domestic Share, the Subscription Price shall be adjusted and fixed at the Adjusted Subscription Price and the aggregate subscription price shall be calculated by reference to 389,950,000 new Domestic Shares and the Adjusted Subscription Price.

In the event that the Adjusted Subscription Price shall be more than 95% and less than 105% of the Subscription Price of RMB1.85 (equivalent to approximately HK\$2.12) per Domestic Share, the Subscription Price will not be adjusted and shall remain as RMB1.85 (equivalent to approximately HK\$2.12) per Domestic Share.

In the event that the Adjusted Subscription Price shall be less than HK\$1.8 per share, the Domestic Share Issue will not proceed and the Capital Injection Agreement will be terminated automatically.

### Conditions Precedent

The Capital Injection Agreement shall take effect upon, among other matters, the fulfilment of the following conditions precedent:

- (i) the approval by the independent shareholders of Forte by way of special resolutions and by poll at an extraordinary general meeting and separate class meetings of holders of Domestic Shares and holders of H Shares, respectively; and

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## LETTER FROM THE BOARD

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(ii) the approval by the relevant government authorities on business affairs.

In the event that the Capital Injection Agreement does not take effect within 360 days after the date of the agreement, Forte shall refund all the payment made by Fosun High Technology together with interest at the prevailing deposit rate for the relevant period.

### 3.3 Reasons for the Domestic Share Issue

Fosun and Forte are of the view that the Domestic Share Issue will provide additional funding to Forte Group, which will be able to (i) further improve the capital structure and cashflow position of Forte Group; and (ii) further increase the market share of Forte Group in the real estate industry and the overall profitability of Forte Group.

Upon completion of the Domestic Share Issue, the equity interest in Forte held by Fosun Group will increase from approximately 70.56% to approximately 74.49% and the equity in Forte attributable to Fosun Group will increase accordingly.

### 3.4 Effects on the Shareholding Structure of Forte

The new Domestic Shares to be issued pursuant to the Capital Injection Agreement, when issued, will rank pari passu in all respects with the Domestic Shares then in issue.

The effects of the Domestic Share Issue on the shareholding structure of Forte are shown as follows:

	Shareholding as at the Latest Practicable Date		Shareholding upon completion of the Domestic Share Issue	
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
<i>Domestic Shares</i>				
<b>Fosun High Technology</b>	1,458,963,765	57.68%	1,848,913,765	63.34%
<b>Other Shareholders</b>	14,804,300	0.59%	14,804,300	0.50%
<i>H Shares</i>				
<b>Fosun</b>	325,710,000	12.88%	325,710,000	11.16%
<b>Other Shareholders</b>	<u>729,828,122</u>	<u>28.85%</u>	<u>729,828,122</u>	<u>25.00%</u>
<b>Total:</b>	<u>2,529,306,187</u>	<u>100.00%</u>	<u>2,919,256,187</u>	<u>100.00%</u>

Upon completion of the Domestic Share Issue, Fosun Group will hold approximately 74.49% of the total issued share capital of Forte and H Shares representing not less than 25% of the total issued share capital of Forte will be in the hands of the public.

### 3.5 Use of Proceeds

The gross proceeds of the Domestic Share Issue will be approximately RMB721,407,500 (equivalent to approximately HK\$826,487,066). After deduction of relevant expenses for the Domestic Share Issue, the net proceeds are intended to be used for the repayment of loans by Forte.

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## LETTER FROM THE BOARD

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### 3.6 Hong Kong Listing Rules Implications

Fosun High Technology is a controlling shareholder of Forte and is therefore a connected person of Forte. The Domestic Share Issue constitutes a connected transaction of Forte under Chapter 14A of the Hong Kong Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 14A.10(10) of the Hong Kong Listing Rules) in relation to the Domestic Share Issue exceed 5%, the Domestic Share Issue is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

### 3.7 General

The directors of Forte (including the independent non-executive directors who will express their views after receiving advice from the independent financial adviser) are of the view that the terms of the Capital Injection 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 its shareholders as a whole.

To the best of the knowledge, information and belief of the directors of Forte having made all reasonable enquiries, there is no other transaction entered into between any member of the Forte Group and Fosun High Technology and its ultimate beneficial owner(s) within a 12-month period prior to the date of this announcement or otherwise related, which would be, together with the transaction under the Capital Injection Agreement, regarded as a series of transactions and treated as if they are one transaction under Rule 14.22 and/or Rule 14A.25 of the Hong Kong Listing Rules.

## 4. GENERAL INFORMATION OF THE PARTIES TO THE TRANSACTIONS

### Fosun

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

### Forte

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

### Zhejiang Fosun

Zhejiang Fosun is a wholly-owned subsidiary of Fosun. The principal activity of Zhejiang Fosun is investment holding.

### Forte Investment

Forte Investment is a wholly-owned subsidiary of Forte. The principal activities of Forte Investment are investment management and property investment.

### JV Company

JV Company is a limited liability company established under the laws of the PRC. It is principally engaged in investment management and real estate consultancy services.

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## LETTER FROM THE BOARD

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### 5. RECOMMENDATION

An Independent Board Committee has been formed by Forte to advise the Independent Shareholders of Forte on the Transfer, the waiver in respect of the non-compliance of the Non-Competition Agreement and the Domestic Share Issue and Somerley Limited has been appointed as the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders of Forte on the Transfer and the Domestic Share issue in accordance with the Hong Kong Listing Rules.

The directors of the Company (including the independent non-executive directors who expressed their views after receiving advice from the Independent Financial Adviser in the letter from the Independent Board Committee set out in this circular) are of the view that the terms of the Equity Transfer Agreement, the waiver in respect of the non-compliance of the Non-Competition Agreement and the Capital Injection 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 (including the independent non-executive directors) recommend the Shareholders to vote in favour of the resolutions to approve the Transfer, the waiver in respect of the non-compliance of the Non-Competition Agreement and Domestic Share Issue if an extraordinary general meeting and separate class meetings of holders of Domestic Shares and holders of H Shares of the Company were convened.

### 6. EXTRAORDINARY GENERAL MEETING AND CLASS MEETINGS

The EGM and the Class Meetings will be held for the purpose of considering and approving by the Independent Shareholders the Transfer, the waiver in respect of the non-compliance of the Non-Competition Agreement and the Domestic Share Issue (as appropriate). A notice convening each of the EGM and the Class Meetings are set out on pages 25 to 34 of this circular. The EGM and the Class Meetings will be held at 10:00 a.m., 10:30 a.m. and 11:00 a.m. on Tuesday, 7 September 2010 at the conference room of the Company at Fuxing Business Building, 2 Fuxing Road East, Shanghai 200010, the PRC, at which the Resolutions will be proposed to approve the Transfer, the waiver in respect of the non-compliance of the Non-Competition Agreement and the Domestic Share Issue.

Votes for the Resolutions at the EGM and the Class Meetings shall be taken by way of poll. In accordance with the Hong Kong Listing Rules, Fosun and its associates will abstain from voting on the Resolutions to be proposed at the EGM and the Class Meetings. As of the Latest Practicable Date, Fosun and its associates, directly and indirectly, hold 1,458,963,765 domestic shares and 325,710,000 H shares, representing approximately 70.56% in total of the issued share capital of the Company.

To the best of the knowledge, information and belief of the directors of the Company having made all reasonable enquiries, other than Fosun and its associates, no connected person nor shareholders of the Company nor their respective associates with a material interest in the Transfer, the waiver in respect of the non-compliance of the Non-Competition Agreement and the Domestic Share Issue is required to abstain from voting at the EGM and the Class Meetings.

Whether or not you intend to attend the EGM and the Class Meetings, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for the holding of the EGM and the Class Meetings or any adjournment thereof, and deposit it with Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Company in Hong

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## LETTER FROM THE BOARD

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Kong, at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM and the Class Meetings or any adjournment thereof should you so wish. Shareholders who intend to attend the EGM and the Class Meetings in person or by proxy should complete and return the reply slip in accordance with the instructions printed thereon on or before Wednesday, 18 August 2010.

### 7. FURTHER INFORMATION

Your attention is also drawn to (i) the letter from the Independent Board Committee, (ii) the letter from the Independent Financial Adviser, (iii) Appendix I — Financial Information of the Group; and (iv) Appendix II — General Information, to this circular.

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



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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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**FORTE 复地**

復地（集團）股份有限公司

**SHANGHAI FORTE LAND CO., LTD.\***

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

**(Stock Code: 02337)**

20 July 2010

*To the Independent Shareholders*

Dear Sir/Madam,

**MAJOR AND CONNECTED TRANSACTION  
TRANSFER OF A 30% EQUITY INTEREST IN JV COMPANY  
AND  
CONNECTED TRANSACTION  
DOMESTIC SHARE ISSUE**

We have been appointed as members of the Independent Board Committee to advise you in respect of the Equity Transfer Agreement, the waiver in respect of the non-compliance of the Non-Competition Agreement and the Capital Injection Agreement, details of which are set out in the "Letter from the Board" in the circular of the Company dated 20 July 2010 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

Your attention is drawn to the letter of advice from Somerley Limited, as set out on pages 12 to 24 of the Circular, which contains its advice and recommendations to us and the Independent Shareholders in respect of the Equity Transfer Agreement and the Capital Injection Agreement, respectively, as well as the principal factors and reasons for its advice and recommendations.

Having considered the factors and reasons considered by, and the opinions of, Somerley Limited as stated in the aforementioned letter of advice, we are of the opinion that the entering into of the Equity Transfer Agreement, the waiver in respect of the non-compliance of the Non-Competition Agreement and the Capital Injection Agreement and the transactions contemplated thereunder, respectively, are in the ordinary course of business of the Group, the terms of the Equity Transfer Agreement and the Capital Injection Agreement are on normal commercial terms and are fair and reasonable, and that the entering into of the Equity Transfer Agreement, the waiver in respect of the non-compliance of the Non-Competition Agreement and the Capital Injection Agreement is in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM and separate class meetings of holders of Domestic Shares and holders of H Shares of the Company to approve the Equity Transfer Agreement, the waiver in respect of the non-compliance of the Non-Competition Agreement and the Capital Injection Agreement.

Yours faithfully,  
INDEPENDENT BOARD COMMITTEE  
SHANGHAI FORTE LAND CO., LTD.

**Mr. Charles Nicholas Brooke**  
*Independent non-executive  
Director*

**Mr. Chen Yingjie**  
*Independent non-executive  
Director*

**Mr. Zhang Hongming**  
*Independent non-executive  
Director*

**Ms. Wang Meijuan**  
*Independent non-executive  
Director*

\* *For identification purpose only*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Set out below is the text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the connected transactions, which has been prepared for the purpose of inclusion in this circular.*



### **SOMERLEY LIMITED**

10th Floor  
The Hong Kong Club Building  
3A Chater Road  
Central  
Hong Kong

20 July 2010

To: The Independent Board Committee and  
the Independent Shareholders

Dear Sirs,

### **CONNECTED TRANSACTIONS TRANSFER OF A 30% EQUITY INTEREST IN JV COMPANY; AND DOMESTIC SHARE ISSUE**

#### **INTRODUCTION**

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in connection with (i) the disposal of 30% equity interest in the JV Company pursuant to the Equity Transfer Agreement; and (ii) the proposed Domestic Share Issue by the Company to Fosun High Technology under the Capital Injection Agreement. Details of the Equity Transfer Agreement and the Capital Injection Agreement are contained in the circular to the Shareholders dated 20 July 2010 (the “**Circular**”), of which this letter forms a part. Unless otherwise defined, terms used in this letter shall have the same meanings as defined in the Circular.

On 28 June 2010, Forte Investment, a subsidiary of the Company, and Zhejiang Fosun, a subsidiary of Fosun, entered into the Equity Transfer Agreement whereby Zhejiang Fosun has agreed to acquire the Investment (comprising the capital contribution in the amount of RMB300,000,000 (equivalent to approximately HK\$343,697,729) and the Shareholder Loan in the amount of RMB1,300,000,000 (equivalent to approximately HK\$1,489,356,827)) and take up all the rights and obligations of Forte Investment under the Joint Investment Agreement (including the Outstanding Financial Commitment) for a consideration of RMB1,600,000,000 (equivalent to approximately HK\$1,833,054,556).

Also on 28 June 2010, Fosun High Technology, a subsidiary of Fosun, entered into the Capital Injection Agreement with the Company, pursuant to which, Fosun High Technology has agreed to subscribe for 389,950,000 new Domestic Shares, at the Subscription Price of RMB1.85 (equivalent to approximately HK\$2.12) per Domestic Share with an aggregate Subscription Price of RMB721,407,500 (equivalent to approximately HK\$826,487,066), subject to adjustment.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Fosun is the controlling shareholder of the Company, and is therefore a connected person of the Company. Each of the Transfer and the Domestic Share Issue constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Hong Kong Listing Rules) in relation to the Transfer exceed 25% but below 75%, the Transfer constitutes a major transaction of the Company 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.

As one or more of the applicable percentage ratios (as defined under Rule 14A.10(10) of the Hong Kong Listing Rules) in relation to the Domestic Share Issue exceed 5%, the Domestic Share Issue is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Fosun and its respective associates will abstain from voting at the EGM for approving the resolutions in relation to the Transfer and the Domestic Share Issue, and will abstain from voting at the class meetings of holders of Domestic Shares and holders of H Shares convened respectively for approving the resolution in relation to the Domestic Share Issue.

The Independent Board Committee, comprising all four independent non-executive Directors namely Mr. Charles Nicholas Brooke, Mr. Chen Yingjie, Mr. Zhang Hongming and Ms. Wang Meijuan, has been established to advise the Independent Shareholders regarding the fairness and reasonableness of the Transfer and the Domestic Share Issue. We, Somerley Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in these regards.

We are not connected with the Company, Fosun, their respective substantial shareholders or associates and accordingly are considered suitable to give independent financial advice on the above matters. Apart from the normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, its substantial shareholders and/or associates.

In formulating our opinion and recommendation, we have reviewed, among other things, the Equity Transfer Agreement, the Joint Investment Agreement, the Non-competition Agreement, the Capital Injection Agreement, the annual report of the Company for the financial year ended 31 December 2009 (the "**2009 Annual Report**") and the information contained in the Circular.

We have relied on the information and facts supplied, and the opinions expressed, by the Directors and the management of the Group, which we have assumed to be true, accurate, complete and not misleading in all material aspects as at the date of this letter and will remain as at the date of the Circular. We have sought and received confirmation from the Directors and management of the Group that no material facts have been omitted from the information supplied and opinions expressed by them to us. We consider that the information which we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. We have no reason to doubt the truth, accuracy or completeness of the information provided to us or to believe that any material information has been omitted or withheld. We have not, however, conducted any independent investigation into the business and affairs of the Group nor have we carried out any independent verification of the information supplied.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS TAKEN INTO ACCOUNT

In arriving at our opinion and recommendation, we have taken into account the principal factors and reasons set out below.

#### 1. Principal business activities of the Group

The Group is principally engaged in the development and sale of high quality commercial and residential properties in the PRC. Set out below is the summary of the Group's audited financial information for the two years ended 31 December 2009 as exacted from the 2009 Annual Report:

	Year ended 31 December	
	2008	2009
	RMB'000	RMB'000
<i>Non-current assets</i>	10,114,076	10,629,666
<i>Current assets</i>		
— <i>Cash and cash equivalent</i>	1,213,089	3,629,771
— <i>Other current assets</i>	<u>8,634,499</u>	<u>13,197,276</u>
	<u>9,847,588</u>	<u>16,827,047</u>
<i>Total assets</i>	<u>19,961,664</u>	<u>27,456,713</u>
<i>Non-current liabilities</i>	6,352,112	7,668,302
<i>Current liabilities</i>	<u>7,759,353</u>	<u>13,282,696</u>
<i>Total liabilities</i>	<u>14,111,465</u>	<u>20,950,998</u>
<i>Net assets</i>	<u>5,850,199</u>	<u>6,505,715</u>
<i>Net current assets</i>	<u>2,088,235</u>	<u>3,544,351</u>

In 2009, the Group recorded current liabilities of approximately RMB13,282,696,000, represented an increase of approximately 71.2% as compared with that of RMB7,759,353,000 in 2008. The increase was mainly due to the more-than-doubled amount of advances from customers and the increase of accrued liabilities and other payables by around 3.4 times in 2009. The Group's current assets was approximately RMB16,827,047,000 in 2009, an increase of approximately 70.9% as compared to that of RMB9,847,588,000 in 2008, which was mainly attributable to the increase of prepayments, deposits and other receivables by around 2.7 times in 2009.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In 2009, the gearing ratio of the Group (defined as (total liabilities / total assets) x 100%) was approximately 76.3%, an increase of around 5.6% as compared to that of approximately 70.7% in 2008. The deterioration in the gearing was mainly due to the increased bank and other borrowings during the year.

In the financial year ended 31 December 2009, there were 41 projects under development (including the projects of joint ventures in which the Group owns equity interests and associate companies). Total gross floor area (“GFA”) of these projects was approximately 3,551,228 square meters, of which a total GFA of approximately 2,630,038 square meters was attributable to the Company, represented an increase of approximately 9.9% compared with 2008. Of the aforementioned 41 projects, 14 projects with a total GFA of approximately 1,168,140 square meters were new, of which a total GFA of approximately 852,585 square meters was attributable to the Company.

As of 31 December 2009, the Group acquired projects with planned GFA of approximately 10,880,000 square meters, located in 11 cities, namely Shanghai, Beijing, Tianjin, Nanjing, Hangzhou, Wuxi, Chongqing, Wuhan, Xi’an, Chengdu and Changchun. As disclosed in the 2009 Annual Report, the Directors are of the view that the current reserved projects of the Group is sufficient to satisfy its development over the next three to five years, and thereby provides a solid foundation for the Group’s long-term growth.

Having regard to the deterioration in gearing of the Group as at 31 December 2009, we concur with the view of the Directors that the Group has the need to improve its cashflow position and liquidity to meet the potential capital requirements for the abovementioned development.

### **2. Reasons for and benefits of the Transfer and the Domestic Share Issue**

As disclosed in the Transfer Announcement, taking into consideration of the status of the current internal funding resources, the Directors proposed to dispose of the Investment and utilize the disposal proceeds and the funding originally earmarked for the Outstanding Financial Commitment for other real estate development opportunities in the PRC. Also as disclosed in the letter from the Board in the Circular, the Company considers that the Transfer represents a good opportunity for the Company to liquidate its 30% equity interest in the JV Company in order to reorganize its assets portfolio and improve its cash position.

As set out under the section headed “3.3 Reasons for the Domestic Share Issue” in the letter from the Board in the Circular, the Company is also of the view that the Domestic Share Issue will provide additional funding to the Group, which will be able to (i) further improve the capital structure and cashflow position of the Group; and (ii) further increase the market share of the Group in the real estate industry and the overall profitability of the Group.

As discussed in the 2009 Annual Report, in order to prevent market bubble and restrain significant increase of prices from middle 2009, both the central and local government had issued a series of regulatory policies, including but not limited to, to increase supply, restrain speculation, tighten supervision and promote development of welfare housing. The prevailing real estate regulatory policies have casted uncertainties to the outlook of the real estate industry in the PRC and so as the business growth and performance of the Group in the rest of the 2010.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have also discussed with the management on the working capital requirement of the Group for the twelve months period ended June 2011. While the Group will have to meet substantial capital requirements consistently for its existing projects under development, it is crucial for the Company to ensure a healthy and sufficient cash flow to meet such capital needs. As discussed above, both the Transfer and the Domestic Share Issue will strengthen the cashflow position of the Group. Given the uncertainties on the outlook of China's real estate sector as a result of the macro control policy issued by the central and local government which may or may not have negative impact on the Group's business and financial performance, we concur with the Directors' view that it would be prudent as well as sensible for the Company to adopt a relatively less aggressive approach for its business expansion and to maintain a lower gearing and stronger cash position in case of any contingent needs of funding that may arise from unforeseeable circumstances in view of the recent volatile market environment.

Given that proceeds received from the Transfer will improve the financial position of the Group while the use of the net proceeds from the Domestic Share Issue to repay debts of the Group will also improve the Group's gearing position, we consider the reasons for entering into of the Equity Transfer Agreement and the Capital Injection Agreement commercially justifiable.

### 3. The Transfer

#### 3.1. *Background of the JV Company*

The JV Company is a limited liability company established on 26 April 2010 under the laws of the PRC with the registered capital of RMB1,000 million, which is held as to 50% by Shanghai Zendai, 30% by the Company, 10% by Hangzhou Greentown Real Estate Investment Co., Ltd. and 10% by Shanghai Panshi Investment Management Co., Ltd. as at the Latest Practicable Date. The JV Company is principally engaged in investment management and real estate consultancy services. However, as at the Latest Practicable Date, the JV Company has not yet confirmed or obtained any right to develop any project since its establishment.

The assets of JV Company mainly comprise advanced payments and cash, which are financed by capital and loans from various shareholders of the JV Company.

#### 3.2. *Major terms and conditions of the Equity Transfer Agreement*

##### *Consideration*

As set out in the letter from the Board of the Circular, Zhejiang Fosun has agreed to acquire the Investment and take up all the rights and obligations of Forte Investment under the Joint Investment Agreement (including the Outstanding Financial Commitment) for a consideration of RMB1,600,000,000 (equivalent to approximately HK\$1,833,054,556). The consideration in the amount of RMB1,600,000,000 (equivalent to approximately HK\$1,833,054,556) has been arrived at after arm's length negotiations between the parties to the Equity Transfer Agreement with reference to: (i) the contribution made by Forte Investment to the registered capital of the JV Company in the amount RMB300,000,000 (equivalent to approximately HK\$343,697,729); and (ii) the Shareholder Loan in the amount of RMB1,300,000,000 (equivalent to approximately HK\$1,489,356,827) advanced by Forte Investment to the JV Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The consideration in the amount of RMB1,600,000,000 shall be settled by Zhejiang Fosun in cash by internal resources in the following manner:

- (i) an amount of RMB480,000,000 (equivalent to approximately HK\$549,916,367) shall be paid within three Business Days after the date of the Equity Transfer Agreement;
- (ii) an amount of RMB800,000,000 (equivalent to approximately HK\$916,527,278) shall be paid within three Business Days after the approval by the Independent Shareholders; and
- (iii) an amount of RMB320,000,000 (equivalent to approximately HK\$366,610,911) shall be paid within three Business Days after completion of the registration of change with the original registration authority of the JV Company.

Pursuant to the Equity Transfer Agreement, the Company will be entitled to the interests accrued on the relevant portion of the Shareholder Loan for the period up to the date receiving the payment of consideration in respect of the corresponding portion of the Shareholder Loan which shall be paid by the JV Company to the Company. Fosun will be entitled to the interest accrued on the relevant portion of the Shareholder Loan after the date receiving the payment of consideration in respect of the corresponding portion of the Shareholder Loan.

We noted that the consideration under the Equity Transfer Agreement of RMB1,600,000,000 (equivalent to approximately HK\$1,833,054,556) has been arrived at after arm's length negotiations between the parties to the Equity Transfer Agreement, and is equivalent to the total contribution made by Forte Investment (comprising the capital contribution and the Shareholder Loan) to the JV Company. Given that the JV Company is only recently established on 26 April 2010 and has not yet confirmed or obtained any right to develop any project since its establishment, we consider the basis for arriving at the Consideration for the Transfer, which is principally based on the cost of investment by the Company, fair and reasonable.

### *The Non-competition Agreement*

Under the existing Non-competition Agreement (as superseded and amended by agreements dated 21 April 2009 and 1 December 2009 respectively), among other things, Fosun has agreed not to, and to procure its subsidiaries (other than the Group) not to, compete with the Group in the company's core business, including without limitation, property development and other ancillary property related services (the "**Company Core Business**"). Details of the Non-competition Agreement are set out in the circulars of the Company dated 30 April 2009 and 21 December 2009. Upon completion of the Equity Transfer Agreement, Fosun Group will, through its interests in the JV Company, be engaged in the property development business. Accordingly, one of the conditions precedent of the Equity Transfer Agreement is that the Independent Shareholders waiving the non-compliance of the Non-competition Agreement on the part of Fosun arising from the holding of the Investment upon completion of the Equity Transfer Agreement.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As disclosed in the letter from the Board, upon completion of the Equity Transfer Agreement, the Investment will be subject to the Call Option and pre-emptive rights under the Non-competition Agreement between the Company and Fosun, that is, the Company can exercise (a) the Call Option to purchase the Investment on the basis of valuation conducted by an independent valuer jointly appointed by Fosun and the Company subject to relevant laws and applicable listing rules; and (b) the pre-emptive rights to purchase the Investment on terms no less favourable than those offered to third parties if Fosun Group (other than the Group) intends to transfer, sell, lease or license its interest in the Investment to any third party.

Having considered that, (i) the consideration under the Equity Transfer Agreement is fair and reasonable based on reasons as discussed in the sub-section headed “Consideration” above; (ii) as discussed before, it would be prudent for and beneficial to the Company to maintain a stronger cash position in light of the recent uncertainties on the outlook of the real estate industry in the PRC with respect to the latest development on the tightening macro control policies in the PRC; and (iii) the Call Option and pre-emptive rights on the Investment exercisable by the Company could allow the Company to take back the Investment as and when it sees fit in compliance with the Non-competition Agreement, we concur with the view of the Directors that the one-off granting of the waiver on the non-compliance of the Non-competition Agreement on the part of Fosun arising from the holding of the Investment upon completion of the Equity Transfer Agreement is commercially justifiable.

#### 4. The Domestic Share Issue

##### 4.1. *Major terms and conditions of Capital Injection Agreement*

Pursuant to the Capital Injection Agreement, Fosun High Technology has agreed to subscribe for 389,950,000 new Domestic Shares, at the Subscription Price of RMB1.85 (equivalent to approximately HK\$2.12) per Domestic Share with an aggregate Subscription Price of RMB721,407,500 (equivalent to approximately HK\$826,487,066), subject to adjustment.

##### (i) *Subscription Price*

The Subscription Price of RMB1.85 (equivalent to approximately HK\$2.12) per Domestic Share was arrived at after arm’s length between the Company and Fosun High Technology with reference to the closing price of the H Shares on the 25 June 2010, being the last trading day immediately prior to the date of the Share Issue Announcement (the “**Last Trading Date**”) or the average closing price of the H Shares for the five trading days prior to the date of the Share Issue Announcement, whichever is higher. And the Subscription Price represents:

- (a) a premium of approximately 0.47% over the closing price of HK\$2.11 per H Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) roughly equivalent to the average closing price of approximately HK\$2.12 per H Share as quoted on the Hong Kong Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date;
- (c) a premium of approximately 2.42% to the average closing price of approximately HK\$2.07 per H Share as quoted on the Hong Kong Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date; and



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (d) roughly equivalent to the closing price of HK\$2.12 per H Share as quoted on the Hong Kong Stock Exchange on the Latest Practicable Date.

We have reviewed the movement in trading prices of the H Shares during the period from 4 January 2010 to 19 July 2010, representing roughly the six-month period immediately preceding the Share Issue Announcement and up to the Latest Practicable Date (the “**Review Period**”).



During the Review Period, the closing price of the H Shares ranged from the lowest of HK\$1.93 per H Share (recorded on 26 May 2010) to the highest of HK\$2.52 per H Share (recorded on 5 January 2010). The average closing price of the H Shares for the Review Period is approximately HK\$2.16.

In view of the recent downward trend of the H Share price performance, we consider that it is fair and reasonable to issue new Domestic Shares at the Subscription Price arrived at with reference to the prevailing market condition and the historical movement of the H Share price in the Review Period.

(ii) *Comparables analysis*

In assessing the Subscription Price, we have reviewed the price to book ratios (“**P/B ratio**”) and the price to earnings ratio (“**P/E ratio**”) of the Company and comparable companies (the “**Comparables**”). The Comparables are selected based on the following criteria: the companies which are (i) principally engaged in development of commercial and residential properties in the PRC; (ii) listed on the Main Board or the Growth Enterprise Market of the Hong Kong Stock Exchange; (iii) having a market capitalization between HK\$4 billion and HK\$6 billion as at the Latest Practicable Date; and (iv) having over 50% of the total revenue contributed by revenue generated from property development in the PRC in their respectively latest financial year. Based

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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on the aforesaid selection criteria, a list of the Comparables and the respective P/B ratios and P/E ratios (calculated based on the closing share price as at the Latest Practicable Date, the net assets value attributable to equity holders of the Comparables and the profit attributable to equity holders of the Comparables as extracted from the latest annual reports of the Comparables available as at the Latest Practicable Date) are summarised as below:

Company (stock code)	Principal activities	Closing price as at the Latest Practicable Date (HK\$)	Market capitalisation (HK\$ billion)	Net assets value attributable to equity holders (HK\$ million)	P/E ratio	P/B ratio
Tomson Group Ltd. (0258)	Property development and investment, hospitality and leisure activities, manufacturing of PVC pipes, securities trading and investment holding	2.99	4.2	9,266	2.90	0.43
Zhong An Real Estate Ltd. (0672)	Property development, leasing and hotel management	1.99	4.6	4,904	8.26	0.79
Shanghai Zendai Property Ltd. (0755)	Construction of commercial and residential properties for sale, ownership and operation of hotel business, leasing, management and agency of commercial and residential properties, provision of travel and related services	0.345	4.3	3,592	8.63	0.99
Yuzhou Properties Co. Ltd. (1628)	Property development, property investment, the provision of management services and hotel operation	2.49	6.0	4,245	4.73	1.41
Beijing Capital Land Ltd. (2868)	Property development and hotel investment and operation	2.35	4.8	5,299	7.76	0.90
Median					7.76	0.90
Average					6.46	0.91
Maximum					8.63	1.41
Minimum					2.90	0.43
<b>The Company</b>					9.44	0.79
<b>(at Subscription Price of HK\$2.12)</b>					<i>(Note 2)</i>	<i>(Note 3)</i>
<b>The Company (at Subscription Price of HK\$1.80)</b>					8.01	0.67
					<i>(Note 4)</i>	<i>(Note 5)</i>

*Notes:*

1. Source: Bloomberg and website of the Stock Exchange.
2. The P/E ratio of the Company is calculated based on the earnings per share of approximately RMB0.196 for the year ended 31 December 2009 and the Subscription Price of RMB1.85 per Domestic Share.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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3. The P/B ratio of the Company is calculated based on the audited net asset value attributable to equity holders of the Company per share of approximately RMB2.338 as at 31 December 2009 and the Subscription Price of RMB1.85 per Domestic Share.
4. The P/E ratio of the Company is calculated based on the earnings per share of approximately RMB0.196 for the year ended 31 December 2009 and the Subscription Price of HK\$1.8 (equivalent to approximately RMB1.57) per Domestic Share.
5. The P/B ratio of the Company is calculated based on the audited net asset value attributable to equity holders of the Company per share of approximately RMB2.338 as at 31 December 2009 and the minimum adjusted Subscription Price of HK\$1.8 (equivalent to approximately RMB1.57) per Domestic Share.

As set out in the table above, the Comparables traded at P/B ratios ranging from approximately 0.43 times to 1.41 times with an average of approximately 0.91 times. The P/B ratio of the Company based on the Subscription Price of HK\$2.12 is approximately 0.79 times, which is lower than the average but falls within the range of the P/B ratios of the Comparables. The Comparables traded at P/E ratios ranging from approximately 2.90 times to 8.63 times with an average of approximately 6.46 times. The P/E ratio of the Company of approximately 9.44 times based on the Subscription Price of HK\$2.12 is higher than all the P/E ratios of the Comparables and accordingly, as compared with the Comparables, the Subscription Price of HK\$2.12 is considered favorable in light of the Group's earning capability.

Having considered the above, in particular (i) the Subscription Price represents a slight premium to the closing price per H Share as quoted on the Hong Kong Stock Exchange on the Last Trading Date; and (ii) the P/E ratio of the Company based on the Subscription Price is higher than all the P/E ratios of the Comparables while the P/B ratio of the Company based on the Subscription Price falls within the range of the P/B ratios of the Comparables, we are of the view that the Subscription Price of RMB1.85 (equivalent to approximately HK\$2.12) per Domestic Share is fair and reasonable and in the interest of the Company and Shareholders as a whole.

(iii) *Subscription Price adjustment*

As stated in the Capital Injection Agreement, in the event that the closing price of the H Share on the trading day immediately prior to the Price Adjustment Date or the average closing price of the H Share for the five trading days prior to the Price Adjustment Date (whichever is the higher) (the "**Adjusted Subscription Price**") shall be more than or equal to 105% or less than or equal to 95% of the Subscription Price of RMB1.85 (equivalent to approximately HK\$2.12) per Domestic Share, the Subscription Price shall be adjusted and fixed at the Adjusted Subscription Price and the aggregate Subscription Price shall be calculated with reference to 389,950,000 new Domestic Shares and the Adjusted Subscription Price.

In the event that the Adjusted Subscription Price shall be more than 95% and less than 105% of the Subscription Price of RMB1.85 (equivalent to approximately HK\$2.12) per Domestic Share, the Subscription Price will not be adjusted and shall remain as RMB1.85 (equivalent to approximately HK\$2.12) per Domestic Share.

In the event that the Adjusted Subscription Price shall be less than HK\$1.8 per share, the Domestic Share Issue will not proceed, and the Capital Injection Agreement will be terminated automatically.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As provided by the Company, the Directors are of the view that as the Domestic Share Issue is subject to Independent Shareholders' approval on the extraordinary general meeting and class meetings, which shall take at least 45 days to obtain all the necessary approvals, the Subscription Price adjustment mechanism will provide certain flexibility for both the Company and Fosun High Technology to ensure a fair and reasonable Subscription Price that will be close to the then share market price given the recent market volatility. Such price adjustment mechanism, in our view, is fair and reasonable.

We also concur with the view of the Directors that the termination of the Capital Injection Agreement at the Adjusted Subscription Price being less than HK\$1.8 per share is in the interest of the Company. Pursuant to such term, the Company will not be obliged to issue the Domestic Shares at a price lower than HK\$1.8 per share due to a sudden significant slip in the market on or before the Price Adjustment Date, and therefore can prevent the happening of a situation that the Independent Shareholders will suffer the same dilution but the proceeds to be received by the Company from the Domestic Share Issue will significantly decrease and a more significant degree of deduction in terms of net asset value per share.

As set out in the table in the section headed "Comparables analysis" above, we note that the P/B ratio of the Company calculated based on the minimum Adjusted Subscription Price of HK\$1.8 (equivalent to approximately RMB1.57) per Domestic Share is approximately 0.67 times, which still falls within the range but is below the average of the P/B ratios of the Comparables. However, we also note that the minimum P/E ratio of the Company calculated based on the minimum Adjusted Subscription Price of HK\$1.8 (equivalent to approximately RMB1.57) per Domestic Share is approximately 8.01 times, which falls within the range and is still above the average and the median of the P/E ratios of the Comparables. Given that the minimum Adjusted Subscription Price of HK\$1.80 will be close to the then market price and the P/E ratio calculated based on the minimum Adjusted Subscription Price of HK\$1.8 is above the average and the median of the P/E ratios of the Comparables, we consider the minimum Adjusted Subscription Price of HK\$1.8 per Domestic Share is reasonable.

### 5. Financing alternatives available to the Group

As advised by the Directors, the Company has considered other alternative means of financing, including debt financing and other forms of equity financing. However, the Directors consider that bank borrowings will create a more significant finance cost on the Group. In particular, taking into account the Group's worsening gearing ratio as at 31 December 2009, the Directors believe that it would be difficult for the Group to obtain external financings with favourable terms.

Furthermore, the Company has considered other forms of equity fundraising options. Fund raising through rights issue, open offer and placing of new H Shares may attract a higher transaction cost such as underwriting fees and other expenses. Moreover, given the recent downward trend of the H Share price performance, the Directors consider that it would be difficult for the Company to carry out a large scale H-Shares placings with favourable terms. Comparing with the Domestic Share Issue, the Domestic Shares are not only issued at around the prevailing market price, the Company has also managed to obtain a share lock-up period of 12 months for the Domestic Shares. After due and careful consideration of the various alternatives, the Directors consider the issue of Domestic Shares to be the cost effective and most appropriate fund raising method for the Company under the current market conditions.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Based on the above, we concur with the Directors' view that the Domestic Share Issue is in the interest of the Company and the Shareholders as a whole.

### 6. Dilution of independent shareholder's holdings

The shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon the completion of the Domestic Share Issue are set out in the section headed "3.4 Effects on Shareholding Structure of Forte" in the letter from the Board in the Circular.

The shareholding interest of the existing public shareholders (holding Domestic Shares and/or H Shares) in the Company will be decreased from approximately 29.44% to 25.50% as a result of the Domestic Share Issue. In view of (i) the reasons for and benefits of the Domestic Shares Issue as mentioned in the section headed "Reasons for and benefits of the Transfer and the Domestic Shares Issue" above; and (ii) the Subscription Price represents a premium over the closing price per H Share on the Last Trading Date, the dilution effect on the existing public Shareholders of approximately 3.94% as a result of the Domestic Share Issue is considered acceptable.

### 7. Financial effects of the Transfer and the Domestic Share Issue

#### 7.1. Earnings

Since the date of the incorporation of the JV Company on 26 April 2010, the results of the JV Company have been equity accounted for in the financial statements of the Group. Given that the consideration under the Equity Transfer Agreement is equivalent to the total contribution made by the Group (comprising the registered capital contribution and the Shareholder Loan) to the JV Company, and that the JV Company has not yet commenced its operations since its recent incorporation, the Disposal is not expected to have an immediate material adverse impact on the Group's earnings immediately upon the completion of the Equity Transfer Agreement.

#### 7.2. Net asset value

As at 31 December 2009, the audited equity attributable to equity holders of the Company was approximately RMB5,912,546,000. Based on 2,529,306,187 shares in issue as at 31 December 2009, the equity attributable to equity holders of the Company per share was approximately RMB2.338.

Given that the acquisition of interests in the JV Company has been accounted for in the financial statements of the Group at cost, and that the consideration under the Equity Transfer Agreement is equivalent to the total contribution made by the Group (comprising the registered capital contribution and the Shareholder Loan) to the JV Company, the Disposal is not expected to have an immediate material adverse impact on the Group's net asset value immediately upon the completion of the Equity Transfer Agreement.

Given that the Subscription Price represents a discount to the equity attributable to equity holders of the Company per share, the equity attributable to equity holders of the Company per share is expected to decrease immediately upon completion of the Domestic Share Issue.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 7.3. Working capital

Based on the Company's audited consolidated balance sheet as at 31 December 2009, the Group had cash and cash equivalents of approximately RMB3,630 million and net current assets of approximately RMB3,544 million as at 31 December 2009.

Since the consideration of the Transfer will be settled entirely in cash, it is expected that the cash position of the Group will be enhanced by the amount of the net proceeds received from the Transfer.

Immediately upon completion of the Domestic Share Issue, both the cash position and net current assets would be enhanced due to the cash inflow from the net proceeds of the Domestic Share Issue by approximately RMB720 million.

### 7.4. Gearing position

Based on the Company's audited consolidated balance sheet as at 31 December 2009, the gearing ratio of the Group was approximately 76.3%.

Immediately upon completion of the Domestic Share Issue, the asset base would be strengthened and accordingly the gearing ratio would be reduced from approximately 76.3% to 74.4% according to the information provided by the Company.

Having considered the above, we concur with the view of the Directors that each of the Transfer and the Domestic Share Issue will not have material adverse effect on the Group's earnings, net assets, working capital and gearing position immediately upon completion of each of the Equity Transfer Agreement and the Capital Injection Agreement respectively.

## RECOMMENDATION

Based on the above principal factors and reasons, we are of the opinion that the Transfer pursuant to the Equity Transfer Agreement and the Domestic Share Issue pursuant to the Capital Injection Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and that the entering into of the Equity Transfer Agreement and the Capital Injection Agreement are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favor of the resolutions in respect of the Transfer and the Domestic Share Issue at the EGM.

Yours faithfully,  
for and on behalf of  
**SOMERLEY LIMITED**  
**Kenneth Chow**  
*Managing Director — Corporate Finance*

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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# FORTE 复地

復地（集團）股份有限公司

## SHANGHAI FORTE LAND CO., LTD.\*

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

**(Stock Code: 02337)**

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of Shanghai Forte Land Co., Ltd. (the “Company”) will be held at 10:00 a.m. on Tuesday, 7 September 2010 at the conference room of the Company at Fuxing Business Building, 2 Fuxing Road East, Shanghai 200010, the People’s Republic of China (the “PRC”) for the purpose of considering and, if thought fit, passing the following resolutions:

### **As ordinary resolutions:**

1. **THAT** the execution of and the performance by the Company of its obligations under the Equity Transfer Agreement dated 28 June 2010 and entered into between Forte Investment and Zhejiang Fosun, each a subsidiary of the Company and Fosun, respectively, in relation to the acquisition of a 30% equity interest in the JV Company and transfer of the Shareholder Loan as well as the Outstanding Financial Commitment by and to Zhejiang Fosun (a copy of the Equity Transfer Agreement has been produced to the meeting marked “A” and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereby be and is hereby approved, ratified and confirmed; and **THAT** any one director of the Company be and is hereby authorized to sign or execute the Equity Transfer Agreement and other related documents for and on behalf of the Company and to do all such things and take all such actions as he may consider necessary or desirable for the purpose of giving effect to the Equity Transfer Agreement and completing the transactions contemplated thereunder with such changes as he may consider necessary, desirable or expedient.
2. **THAT** a waiver in respect of the non-compliance of the Non-competition Agreement on the part of Fosun arising from the holding of the 30% equity interest in the JV Company upon the completion of the Equity Transfer Agreement be and is hereby granted by the Independent Shareholders (a copy of the Non-competition Agreement and the Supplemental Agreement has been produced to the meeting marked “B” and initialled by the chairman of the meeting for identification purpose).

\* *for identification purpose only*

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### As Special Resolution:

3. **THAT** the proposed Domestic Share Issue and each of the following proposed terms and conditions be and are hereby individually approved (a copy of the Capital Injection Agreement has been produced to the meeting marked “C” and initialled by the Chairman of the meeting for identification purpose):

Issuer:	Forte
Type of Security:	Domestic Shares
Subscription Price (subject to adjustment):	RMB1.85 (equivalent to approximately HK\$2.12), which is equal to the closing price of the H Shares on the trading day immediately prior to the date of the Share Issue Announcement or the average closing price of the H Shares for the five trading days prior to the date of the Share Issue Announcement, whichever is higher.
Number of Domestic Shares:	Fosun High Technology has agreed to subscribe for 389,950,000 new Domestic Shares, representing approximately 13.36% of the enlarged issued share capital of Forte.  Immediately after completion of the Domestic Share Issue, Fosun High Technology will hold in aggregate of 1,848,913,765 Domestic Shares, representing approximately 63.34% of the enlarged issued share capital of Forte.
Subscriber:	Fosun High Technology
Lock-up Period:	Domestic Shares to be issued to Fosun High Technology by Forte will be subject to a lock-up of 12-month period from the date of the completion of the registration at the relevant industry and commerce bureau in respect of the Domestic Share Issue.

By order of the Board  
**Shanghai Forte Land Co., Ltd.**  
**Fan Wei**  
Chairman

20 July 2010, Shanghai, the PRC

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



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**Notes:**

- (1) The register of shareholders of the Company will be closed from Saturday, 7 August 2010 to Tuesday, 7 September 2010 (both days inclusive), during which period no transfer of shares will be registered. Shareholders who intend to attend and vote at the EGM must deliver all the transfer documents together with the relevant share certificates to the Company's H share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 6 August 2010.
- (2) Pursuant to the Hong Kong Listing Rules and in accordance with the articles of association of the Company, all the resolutions to be voted by poll at the EGM.
- (3) Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy does not need to be a shareholder of the Company. Where a shareholder of the Company appoints more than one proxy, such proxies can only exercise their voting rights by a poll.
- (4) To be valid, the form of proxy for use by shareholders of the Company and a notarised copy of power of attorney or other authority if such proxy is signed by a person on behalf of the appointor pursuant to a power of attorney or other authority must be delivered to the secretariat of the Board at the Company's principal place of business in the PRC (for holders of domestic shares) or the Company's H share registrar and transfer office in Hong Kong (for holders of H shares) at least 24 hours before the time scheduled for holding the EGM or any adjournment thereof.

The address and contact details of the Company's principal place of business in the PRC are as follows:

5th-7th Floor  
Fuxing Business Building  
2 Fuxing Road East  
Shanghai 200010  
The People's Republic of China  
Tel: (8621) 6332 0055  
Fax: (8621) 6332 5018

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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The address and contact details of the Company's H share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, are as follows:

Room 1806-1807  
18th Floor Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong  
Tel: (852) 2862 8628  
Fax:(852) 2529 6087

- (5) Shareholders who intend to attend the EGM in person or by proxy are required to return the reply slip by hand, by post or by fax to the secretariat of the Board of the Company's principal place of business in the PRC (for holders of domestic shares) or the Company's H share registrar and transfer office in Hong Kong (for holders of H shares) on or before Wednesday, 18 August 2010 for information purposes.
- (6) A vote given in accordance with the terms of the proxy form shall be valid notwithstanding the death or loss of capacity of the appointor, or the revocation of the proxy or the withdrawal of the authority under which the proxy was executed, or the shares in respect of which the proxy is given have been transferred, provided no notice in writing with respect to these matters has been received by the Company prior to the commencement of the EGM.
- (7) A shareholder or his/her/its proxy shall produce proof of identity when attending the EGM. If a legal person shareholder appoints its proxy to attend the meeting, such proxy shall produce its proof of identity and a certified copy of the resolution of the board of directors or other governing body of such legal person shareholder appointing such proxy to attend the meeting.
- (8) In accordance with the articles of association of the Company, where two or more persons are registered as the joint holders of any shares, only the person whose name appears first in the register of members shall be entitled to receive this notice, to attend the EGM and exercise all the voting rights attached to such shares at the EGM, and this notice shall be deemed to have been duly served to all joint holders of such shares.
- (9) The EGM is expected to last for about 30 minutes. Shareholders of the Company and their respective proxies attending the EGM shall be responsible for their own transportation and accommodation expenses.

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## NOTICE OF CLASS MEETING OF HOLDERS OF DOMESTIC SHARES

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# FORTE 复地

復地（集團）股份有限公司

## SHANGHAI FORTE LAND CO., LTD.\*

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

(Stock Code: 02337)

### NOTICE OF CLASS MEETING OF HOLDERS OF DOMESTIC SHARES

**NOTICE IS HEREBY GIVEN** that a class meeting of holders of Domestic Shares (the “**Domestic Shareholders Class Meeting**”) of Shanghai Forte Land Co., Ltd. (the “**Company**”) will be held at 10:30 a.m. on Tuesday, 7 September 2010 at the conference room of the Company, Fuxing Business Building, 2 Fuxing Road East, Shanghai, 200010, the PRC consider and, if thought fit, to pass the following resolutions. Unless otherwise indicated, capitalized terms used herein shall have the same meaning as those defined in the circular of the Company dated 20 July 2010 (“**Circular**”):

#### AS SPECIAL RESOLUTIONS

1. “**THAT** the proposed Domestic Share Issue and each of the following proposed terms and conditions be and are hereby individually approved:

Issuer: Forte

Type of Security: Domestic Shares

Subscription Price (subject to adjustment): RMB1.85 (equivalent to approximately HK\$2.12), which is equal to the closing price of the H Shares on the trading day immediately prior to the date of the Share Issue Announcement or the average closing price of the H Shares for the five trading days prior to the date of the Share Issue Announcement, whichever is higher.

Number of Domestic Shares: Fosun High Technology has agreed to subscribe for 389,950,000 new Domestic Shares, representing approximately 13.36% of the enlarged issued share capital of Forte.

Immediately after completion of the Domestic Share Issue, Fosun High Technology will hold in aggregate of 1,848,913,765 Domestic Shares, representing approximately 63.34% of the enlarged issued share capital of Forte.

Subscriber: Fosun High Technology

\* for identification purpose only

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## NOTICE OF CLASS MEETING OF HOLDERS OF DOMESTIC SHARES

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Lock-up Period: Domestic Shares to be issued to Fosun High Technology by Forte will be subject to a lock-up of 12-month period from the date of the completion of the registration at the relevant industry and commerce bureau in respect of the Domestic Share Issue.

By order of the Board of Directors  
**Fan Wei**  
*Chairman*

20 July 2010, Shanghai, the PRC

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

**Notes:**

- (a) Any holders of Domestic Shares of the Company entitled to attend and vote at the Domestic Shareholders Class Meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
- (b) To be valid, the proxy forms for the use of holders of Domestic Shares of the Company and, if such proxy is signed by a person on behalf of the appointor pursuant to a power of attorney or other authority, a notarised copy of that power of attorney or other authority must be delivered to the Company (see Note (e)) not less than 24 hours before the time scheduled for holding the Domestic Shareholders Class Meeting.
- (c) Completion and return of the proxy forms will not preclude a holder of Domestic Shares from attending and voting in person in the Domestic Shareholders Class Meeting.
- (d) Holders of Domestic Shares shall deliver the proxy forms (and a notarised copy of the power of attorney or other authority if such proxy is signed by a person on behalf of the appointor pursuant to a power of attorney or other authority) to the office of the Company at its principal place of business in China. The address and details of the Company's principal place of business in China are as follows:  
  
5th-7th Floor  
Fuxing Business Building  
2 Fuxing Road East  
Shanghai 200010  
People's Republic of China  
Tel: (8621) 6332 0055  
Fax: (8621) 6332 5018
- (e) A holder of Domestic Shares or his/her/its proxy shall produce proof of identity when attending the Domestic Shareholders Class Meeting. If a corporate shareholder appoints its legal representative to attend the meeting, such legal representative shall produce proof of identity and a copy of the resolution of the board of directors or other governing body of such shareholder appointing such legal representative to attend the meeting.

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## NOTICE OF CLASS MEETING OF HOLDERS OF DOMESTIC SHARES

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- (f) In accordance with the Company's articles of association, where there are joint registered holders of any share, only the first named shareholder in the register of members has the right to receive this notice, attend the the Domestic Shareholders Class Meeting and exercise the voting rights in relation to the relevant shares in the Domestic Shareholders Class Meeting.
  
- (g) The Domestic Shareholders Class Meeting is expected to last for about 30 minutes. Holders of Domestic Shares of the Company and their respective proxies attending the Domestic Shareholders Class Meeting shall be responsible for their own transportation and accommodation expenses.

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## NOTICE OF CLASS MEETING OF HOLDERS OF H SHARES

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# FORTE 复地

復地（集團）股份有限公司

## SHANGHAI FORTE LAND CO., LTD.\*

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

**(Stock Code: 02337)**

### NOTICE OF CLASS MEETING OF HOLDERS OF H SHARES

**NOTICE IS HEREBY GIVEN** that a class meeting of holders of H Shares (the “**H Shareholders Class Meeting**”) of Shanghai Forte Land Co., Ltd. (the “**Company**”) will be held at 11:00 a.m. on Tuesday, 7 September 2010 at the conference room of the Company, Fuxing Business Building, 2 Fuxing Road East, Shanghai, 200010, the PRC to consider and, if thought fit, to pass the following resolutions. Unless otherwise indicated, capitalized terms used herein shall have the same meaning as those defined in the circular of the Company dated 20 July 2010 (“**Circular**”):

#### AS SPECIAL RESOLUTIONS

1. “**THAT** the proposed Domestic Share Issue and each of the following proposed terms and conditions be and are hereby individually approved:

Issuer:	Forte
Type of Security:	Domestic Shares
Subscription Price (subject to adjustment):	RMB1.85 (equivalent to approximately HK\$2.12), which is equal to the closing price of the H Shares on the trading day immediately prior to the date of the Share Issue Announcement or the average closing price of the H Shares for the five trading days prior to the date of the Share Issue Announcement, whichever is higher.
Number of Domestic Shares:	Fosun High Technology has agreed to subscribe for 389,950,000 new Domestic Shares, representing approximately 13.36% of the enlarged issued share capital of Forte.  Immediately after completion of the Domestic Share Issue, Fosun High Technology will hold in aggregate of 1,848,913,765 Domestic Shares, representing approximately 63.34% of the enlarged issued share capital of Forte.
Subscriber:	Fosun High Technology

\* for identification purpose only

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## NOTICE OF CLASS MEETING OF HOLDERS OF H SHARES

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Lock-up Period: Domestic Shares to be issued to Fosun High Technology by Forte will be subject to a lock-up of 12-month period from the date of the completion of the registration at the relevant industry and commerce bureau in respect of the Domestic Share Issue.

By order of the Board of Directors  
**Fan Wei**  
*Chairman*

20 July 2010, Shanghai, the PRC

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

**Notes:**

- (a) The holders of H Shares are reminded that pursuant to the articles of association, the register of shareholders of the Company will be closed from Saturday, 7 August 2010 to Tuesday, 7 September 2010 (both days inclusive), during which period no transfer of shares will be registered. The Company's holders of H Shares, who intends to attend the H Shareholders Class Meeting, must deliver their instrument of transfers together with the relevant share certificates to the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 6 August 2010.
- (b) Any holders of H Shares of the Company entitled to attend and vote at the H Shareholders Class Meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
- (c) Pursuant to the Listing Rules and the Articles of Association, at any EGM, a resolution shall be decided on a one share one vote basis.
- (d) To be valid, the proxy forms for the use of holders of H Shares of the Company and, if such proxy is signed by a person on behalf of the appointor pursuant to a power of attorney or other authority, a notarised copy of that power of attorney or other authority must be delivered to the Company's Share Registrar (Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Center, 183 Queen's Road East, Hong Kong) not less than 24 hours before the time scheduled for holding the Domestic Shareholders Class Meeting.
- (e) Completion and return of the proxy forms and notices of attendance will not preclude a holder of H Shares from attending and voting in the H Shareholders Class Meeting.
- (f) A holder of H Shares or his/her/its proxy shall produce proof of identity when attending the H Shareholders Class Meeting. If a corporate shareholder appoints its legal representative to attend the meeting, such legal representative shall produce proof of identity and a copy of the resolution of the board of directors or other governing body of such shareholder appointing such legal representative to attend the meeting.

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## NOTICE OF CLASS MEETING OF HOLDERS OF H SHARES

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- (g) In accordance with the Company's articles of association, where there are joint registered holders of any share, only the first named shareholder in the register of members has the right to receive this notice, attend the H Shareholders Class Meeting and exercise the voting rights in relation to the relevant shares in the H Shareholders Class Meeting.
- (h) The H Shareholders Class Meeting is expected to last for about 30 minutes. Holders of H Shares of the Company and their respective proxies attending the H Shareholders Class Meeting shall be responsible for their own transportation and accommodation expenses.



**1. FINANCIAL AND TRADING PROSPECT OF THE GROUP**

Although the signs of recovery were seen globally in the first half of 2010, 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 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.

**2. 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 Transfer and Domestic Share Issue 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.

**3. 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 Group since 31 December 2009, being the date to which the latest published audited accounts of the Group were made up.

**4. INDEBTEDNESS****Borrowings**

As at the close of business on 31 May 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 RMB12,824,984,000 as follows:

	<b>31 May 2010</b>
	<i>RMB'000</i>
Bank loans:	
Secured	6,325,041
Unsecured	<u>1,671,018</u>
Subtotal	7,996,059
Other borrowings, unsecured	<u>2,957,260</u>
Corporate bond, unsecured	<u>1,871,665</u>
<b>Total</b>	<b><u>12,824,984</u></b>
Current portion	2,852,321
Non-current portion	<u>9,972,663</u>
Total	<b><u>12,824,984</u></b>

As at 31 May 2010, the Group had total available bank credit facilities of approximately RMB12,647,868,000, of which approximately RMB7,996,059,000 had been utilised.

**Collateral**

As at 31 May 2010, the Group's bank loans are secured by the pledge of the following:

	<b>31 May 2010</b>
	<i>RMB'000</i>
Pledge deposits	40,038
Investment in a subsidiary	10
Equity investment in Shanghai Zendai	707,715
Investment properties	4,457,400
Property and equipment	50,967
Properties under development	4,033,841
Completed properties held for sale	<u>838,440</u>
	<u><u>10,128,411</u></u>

**Contingent liabilities**

As at 31 May 2010, the Group had guarantees given to banks in connection with banking facilities granted to associates and companies controlled by the ultimate holding company of the Group of approximately RMB541,000,000 and RMB180,000,000, respectively. As at 31 May 2010, the Group provided guarantees of approximately RMB3,061,348,000 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 31 May 2010, the Group has irrevocable operating leases commitments of approximately RMB561,385,000, of which approximately RMB46,892,000 shall be paid within one year, approximately RMB160,476,000 shall be paid in two to five years (inclusive), and approximately RMB354,017,000 shall be paid after five years.

As at 31 May 2010, the Group had capital commitments of approximately RMB3,834,549,000 in respect of capital projects contracted but not provided for.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and, there are no other matters, the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (A) Directors', Supervisors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at the Latest Practicable Date, the following directors, supervisors or chief executive of the Company had or deemed to have interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to the Model Code for Securities Transactions by directors of listed issuers, to be notified to the Company and the Hong Kong Stock Exchange:

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

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

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

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

Name of directors	Name of associated corporation	Nature of interest	Number of shares directly and indirectly held	Approximate percentage of shares in issue of the associated corporation
	Fosun Holdings Limited	Corporate	1	100%
Fan Wei	Fosun	Corporate	5,024,555,500	78.24%
	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 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.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) 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).
- (6) 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.

- (7) On 15 March 2010, the Company and Shanghai Shanhai Enterprise (Group) Company Limited (“Shanghai Company”) entered into the Shanghai equity transfer contract, pursuant to which, Forte has agreed to acquire from Shanghai 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.
- (8) On 30 June 2010, the Company entered into the Office Tenancy Agreement with Fosun Property, a wholly-owned subsidiary of Fosun High Technology, pursuant to which Fosun Property has agreed to rent the Office Premises to the Group for a term of three (3) years commencing from 1 January 2010.
- (9) On 30 June 2010, the Company entered into the Real Estate Agency Framework Agreement with Resource Property Consultancy, a subsidiary of Fosun, pursuant to which Resource Property Consultancy has agreed to act as the agent of the Company for the sale of property projects solely owned or controlled by the Group for a term of three (3) years commencing from the date of the Real Estate Agency Framework Agreement.
- (10) The Equity Transfer Agreement.
- (11) The Capital Injection Agreement

## 7. EXPERTS’ QUALIFICATION AND CONSENT

<b>Name</b>	<b>Qualification</b>
Somerley Limited	a corporation licensed to conduct type 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Ernst & Young	Certified Public Accountants

Somerley Limited and Ernst & Young have given, and have not withdrawn, their written consent to the issue of this circular with the inclusion herein of their letter and/or references to their name, in the form and context in which they appear. As at the Latest Practicable Date, neither Somerley Limited nor Ernst & Young was interested in any share of the Company or share in any member of the Forte Group nor did they have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any share of the Company or share in any member of the Forte Group. As at the Latest Practicable Date, neither Somerley Limited nor Ernst & Young 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 August 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 II;
- (C) the annual report of the Company for the year ended 31 December 2009;
- (D) the consent letters from Somerley Limited and Ernst & Young referred to in the section headed "Qualification and Consent of Expert" in this Appendix II;
- (E) the consolidated financial statements of the Forte Group for the two years ended 31 December 2008 and 31 December 2009 respectively;
- (F) this circular; and
- (G) 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.