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)

Interim Results Announcement for the Six Months Ended 30 June 2010

HIGHLIGHTS

For the six months ended 30 June 2010

Revenue	+71.2% to RMB 3,431million (2009 interim: RMB2,004 million)
Gross Profit	+99.0% to RMB 1,395 million (2009 interim: RMB701 million)
Net profit attributable to owners of the parent	+383.9% to RMB1,387 million (2009 interim: RMB 287 million)
Earnings per share	RMB0.548 (2009 interim: RMB0.113)
Proposed interim dividend	Nil (2009 interim: Nil)

The Board of Directors (the "**Board**") of Shanghai Forte Land Co., Ltd. (the "**Company**") is pleased to announce its unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2010 (the "**Reporting Period**") (the "**Interim Results**"). The Interim Results have been reviewed and confirmed by the audit committee of the Company (the "**Audit Committee**").

RESULTS AND DIVIDEND

During the Reporting Period, the Group recorded a revenue of approximately RMB 3,431 million. The Group's gross profit margin reached 40.67%. The net profit attributable to owners of the parent was approximately RMB1,387 million. The earnings per share attributable to ordinary shareholders of the Company amounted to RMB0.548. The Board resolved not to declare any interim dividend for the six months ended 30 June 2010 (2009 interim: Nil).

INTERIM CONSOLIDATED INCOME STATEMENT

	Notes	For the six months ended 30 June 2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
REVENUE	4	3,430,863	2,003,574
Cost of sales		(2,035,521)	(1,302,308)
Gross profit		1,395,342	701,266
Other income and gains	4	1,211,624	114,295
Selling and distribution costs		(137,193)	(101,935)
Administrative expenses		(153,013)	(116,581)
Other expenses	5	(38,068)	(9,671)
Finance costs	6	(133,119)	(29,477)
Share of profits and losses of:			
Jointly-controlled entities		(13,205)	6,407
Associates		133,179	(4,768)
PROFIT BEFORE TAX	7	2,265,547	559,536
Tax	8	(887,246)	(257,569)
PROFIT FOR THE PERIOD		1,378,301	301,967
Attributable to:			
Owners of the parent		1,387,304	286,700
Non-controlling interests		(9,003)	15,267
		1,378,301	301,967
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY -BASIC (RMB)	9	0.548	0.113

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the six months ended 30 June 2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
PROFIT FOR THE PERIOD		1,378,301	301,967
OTHER COMPREHENSIVE INCOME			
Available-for-sale assets:			
Changes in fair value		7,161	99,994
Reversal of changes in fair value included in other comprehensive income	13	(152,931)	—
Income tax effect		—	—
		(145,770)	99,994
Share of other comprehensive income of jointly-controlled entities		—	2,515
Share of other comprehensive income of an associate		(3,685)	—
Exchange differences on translation of foreign operations		17,841	230
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		(131,614)	102,739
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,246,687	404,706
Attributable to:			
Owners of the parent		1,255,690	389,439
Non-controlling interests		(9,003)	15,267
		1,246,687	404,706

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2010** *RMB'000* *(Unaudited)*	**31 December 2009** *RMB'000* *(Audited)*
NON-CURRENT ASSETS			
Property and equipment		341,798	291,533
Investment properties	11	4,779,000	2,057,400
Properties under development	12	6,320,998	5,167,352
Goodwill		102,182	65,867
Intangible assets		4,906	5,198
Investments in jointly-controlled entities		1,030,736	689,737
Investments in associates		1,605,109	598,892
Available-for-sale investments	13	100,633	298,110
Amount due from related companies		371,051	191,905
Loan receivables		290,000	220,000
Prepayment		616,313	616,313
Deferred tax assets		537,605	427,359
Total non-current assets		16,100,331	10,629,666
CURRENT ASSETS			
Cash and cash equivalents		3,903,746	3,629,771
Pledged deposits		57,105	122,000
Income tax recoverable		189,049	141,028
Trade receivables	14	123,431	242,475
Prepayments, deposits and other receivables		993,477	1,531,989
Equity investments at fair value through profit or loss		4,056	—
Amounts due from related companies		1,963,076	724,667
Amount due from the holding company		234,375	98,462
Completed properties held for sale		2,229,279	1,698,292
Properties under development	12	7,217,411	7,089,469
		16,915,005	15,278,153
Assets of disposal group classified as held for sale	15	163,187	1,548,894
Total current assets		17,078,192	16,827,047

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Notes	**30 June 2010** *RMB'000* *(Unaudited)*	**31 December 2009** *RMB'000* *(Audited)*
CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	16	3,155,248	2,966,897
Trade and bills payables	17	2,046,665	1,491,922
Advances from customers		5,194,211	4,696,858
Accrued liabilities and other payables		1,961,138	1,541,972
Dividends payable	10	145,821	—
Tax payable		1,978,301	1,316,669
Amounts due to related companies		833,001	270,985
Amount due to holding company		216,422	—
		15,530,807	12,285,303
Liabilities directly associated with the asset of disposal group classified as held for sale	15	—	997,393
Total current liabilities		15,530,807	13,282,696
NET CURRENT ASSETS		1,547,385	3,544,351
TOTAL ASSETS LESS CURRENT LIABILITIES		17,647,716	14,174,017
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	16	9,289,502	7,344,170
Loans from related companies		110,054	106,618
Deferred tax liabilities		547,907	217,514
Total non-current liabilities		9,947,463	7,668,302
Net assets		7,700,253	6,505,715
EQUITY			
Equity attributable to owners of the parent			
Issued capital		505,861	505,861
Reserves		6,673,728	5,254,927
Proposed final dividends		—	151,758
		7,179,589	5,912,546
Non-controlling interests		520,664	593,169
Total equity		7,700,253	6,505,715

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Attributable to owners of the parent										
		Issued capital	Share premium account	Available-for-sale investment revaluation reserve	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Total	Non-controlling interests	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Note 10)	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2010												
As previously reported		505,861	2,628,392	145,770	266,946	625,909	9,546	1,578,364	151,758	5,912,546	593,169	6,505,715
Opening adjustment -reversal of impairment loss arising from the available-for-sale investment became an associate	13	—	—	—	—	—	—	190,226	—	190,226	—	190,226
As stated		505,861	2,628,392	145,770	266,946	625,909	9,546	1,768,590	151,758	6,102,772	593,169	6,695,941
Total comprehensive income for the period		—	—	(145,770)	—	—	14,156	1,387,304	—	1,255,690	(9,003)	1,246,687
Acquisition of non-controlling interests		—	—	—	(129,050)	—	—	—	—	(129,050)	(24,834)	(153,884)
Closure of a subsidiary		—	—	—	—	—	—	—	—	—	(11,444)	(11,444)
Capital contribution from minority shareholder of subsidiaries		—	—	—	—	—	—	—	—	—	86,480	86,480
Disposal of subsidiaries		—	—	—	—	—	—	—	—	—	(113,704)	(113,704)
Indemnity receivable of land appreciation tax ("LAT") from the holding company		—	—	—	135,913	—	—	—	—	135,913	—	135,913
Tax effect of LAT indemnity		—	—	—	(33,978)	—	—	—	—	(33,978)	—	(33,978)
Final 2009 dividend declared	10	—	—	—	—	—	—	—	(151,758)	(151,758)	—	(151,758)
At 30 June 2010 (unaudited)		505,861	2,628,392	—	239,831	625,909	23,702	3,155,894	—	7,179,589	520,664	7,700,253

	Attributable to owners of the parent										
	Issued capital	Share premium account	Available-for-sale investment revaluation reserve	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2009	505,861	2,624,510	—	237,680	592,172	6,567	1,267,211	50,586	5,284,587	565,612	5,850,199
Total comprehensive income for the period	—	—	99,994	—	—	2,745	286,700	—	389,439	15,267	404,706
Capital contribution from minority shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	25,850	25,850
LAT from the holding company	—	—	—	11,027	—	—	—	—	11,027	—	11,027
Tax effect of LAT indemnity	—	—	—	(2,757)	—	—	—	—	(2,757)	—	(2,757)
At 30 June 2009 (unaudited)	505,861	2,624,510	99,994	245,950	592,172	9,312	1,553,911	50,586	5,682,296	606,729	6,289,025

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2010	**2009**
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(54,762)	866,415
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(2,113,763)	(182,175)
NET CASH INFLOW FROM FINANCING ACTIVITIES	2,442,500	999,436
NET INCREASE IN CASH AND CASH EQUIVALENTS	273,975	1,683,676
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,629,771	1,213,089
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,903,746	2,896,765
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances (excluding pledged deposits)	3,903,746	2,896,765

1. CORPORATE INFORMATION

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

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

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

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2010 (the "Period") have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2009.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

The accounting policies and basis of preparation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except for the adoption of certain new and revised International Financial Reporting Standards ("**IFRSs**", which also include IASs and Interpretations), as set out in note 2.3.

2.3 ADOPTION OF NEW AND REVISED IFRSs

During the six months ended 30 June 2010, the following new and revised IFRSs came into effect.

IFRS 1 (Revised)	*First-time Adoption of IFRS*
IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of IFRS —Additional Exemptions for First-time Adopters*
IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment — Group Cash-settled Share-based Payment Transactions*
IFRS 3 (Revised)	*Business Combinations*
IAS 27 (Revised)	*Consolidated and Separate Financial Statements*
IAS 39 Amendment	Amendment to IAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items*
IFRIC 17	*Distribution of Non-cash Assets to Owners*
Amendments to IFRS 5 included in *Improvements to IFRS* issued in October 2008	Amendments to IFRS 5 *Non-current assets held for sale and discontinued operations — plan to sell the controlling interest in a subsidiary*
Improvements to IFRSs (April 2009)	Amendments to a number of IFRSs

2.3 ADOPTION OF NEW AND REVISED IFRSs (continued)

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

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

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

The amendments to IFRS 5 clarify that all assets and liabilities of a subsidiary shall be classified as held for sale if an entity has a sale plan involving loss of control of the subsidiary, regardless of whether the entity will retain a non-controlling interest.

Other than as explained above regarding the impact of IFRS 3 (Revised), IAS 27 (Revised) and the amendment to IFRS 5, the adoption of these new and revised IFRSs has had no significant financial effect on these financial statements.

2.4 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs

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

IFRS 1 Amendments	Amendments to IFRS 1 *Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*[2]
IFRS 9	*Financial Instruments*[4]
IAS 24 (Revised)	*Related Party Disclosures*[3]
IFRIC 14 Amendments	Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*[3]
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*[2]
IAS 32 Amendment	Amendment to IAS 32 *Financial Instruments: Presentation - Classification of Rights Issues*[1]

Apart from the above, the International Accounting Standards Board has issued *Improvements to IFRSs 2010* which sets out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to IFRS 3 and IAS 27 are effective for annual periods beginning on or after 1 July 2010 while the amendments to IFRS 1, IFRS 7, IAS 1, IAS 34 and IFRIC 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard or interpretation.

[1] Effective for financial years beginning on or after 1 Feburary 2010

[2] Effective for financial years beginning on or after 1 July 2010

[3] Effective for financial years beginning on or after 1 January 2011

[4] Effective for financial years beginning on or after 1 January 2013

2.4 **IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)**

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

Other than as explained above regarding the impact of IFRS 9, the Group anticipates the adoption of these new and revised IFRSs is unlikely to have a significant impact on the Group's results of operation and financial position upon initial application.

3. OPERATION SEGMENT INFORMATION

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

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

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

Shanxi segment is newly identified as a reportable segment by management based on the Group's products and geographies during the Period.

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

Segment assets exclude goodwill and deferred tax assets.

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

Six months ended	**Property development**												
30 June 2010	**Shanghai**	**Beijing**	**Tianjin**	**Hubei**	**Chongqing**	**Zhejiang**	**Sichuan**	**Jiangsu**	**Jilin**	**Shaanxi**	**Shanxi**	**Others**	**Total**
(Unaudited)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue:													
Sales to external customers	1,404,704	1,482,808	3,276	223,903	10,565	441,228	–	–	2,285	–	–	69,048	3,637,817
Intersegment sales	–	–	–	–	–	–	–	–	–	–	–	51,086	51,086
	1,404,704	1,482,808	3,276	223,903	10,565	441,228	–	–	2,285	–	–	120,134	3,688,903
Reconciliation:													
Elimination of intersegment sales													(51,086)
Offsetting sales tax													(206,954)
Revenue													3,430,863
Segment results	1,303,823	365,958	(40,691)	(25,803)	(12,623)	69,525	(2,588)	(4,467)	(5,605)	(6,462)	–	(17,729)	1,623,338
Reconciliation:													
Elimination and adjustment													642,209
Profit before tax													2,265,547

3. OPERATION SEGMENT INFORMATION (continued)

Six months ended	Property development												
30 June 2010	**Shanghai**	**Beijing**	**Tianjin**	**Hubei**	**Chongqing**	**Zhejiang**	**Sichuan**	**Jiangsu**	**Jilin**	**Shaanxi**	**Shanxi**	**Others**	**Total**
(Unaudited)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	22,056,702	11,367,057	229,948	3,007,598	1,016,527	2,708,711	1,366,816	2,870,900	1,310,062	1,056,144	382,800	3,937,328	51,310,593
Reconciliation:													
Elimination and adjustment													(18,295,257)
Assets of disposal group classified as held for sale													163,187
Total assets													33,178,523

Six months ended	Property development											
30 June 2009	**Shanghai**	**Beijing**	**Tianjin**	**Hubei**	**Chongqing**	**Zhejiang**	**Sichuan**	**Jiangsu**	**Jilin**	**Shaanxi**	**Others**	**Total**
(Unaudited)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue:												
Sales to external customers	589,282	1,053,536	322,449	7,011	64,490	—	—	22,080	—	—	46,512	2,105,360
Intersegment sales	—	—	—	—	—	—	—	—	—	—	35,857	35,857
	589,282	1,053,536	322,449	7,011	64,490	—	—	22,080	—	—	82,369	2,141,217
Reconciliation:												
Elimination of intersegment sales												(35,857)
Offsetting sales tax												(101,786)
Revenue												2,003,574
Segment results	208,373	280,435	75,269	(18,937)	(6,435)	(16,054)	(10)	5,216	(440)	(5,402)	(45,027)	476,988
Reconciliation:												
Elimination and adjustment												82,548
Profit before tax												559,536

	Property development											
31 December 2009	**Shanghai**	**Beijing**	**Tianjin**	**Hubei**	**Chongqing**	**Zhejiang**	**Sichuan**	**Jiangsu**	**Jilin**	**Shaanxi**	**Others**	**Total**
(Audited)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	18,558,850	9,292,736	269,816	2,705,297	721,636	3,143,367	439,613	3,015,019	1,084,853	692,621	2,147,405	42,071,213
Reconciliation:												
Elimination and adjustment												(16,163,394)
Assets of disposal group classified as held for sale												1,548,894
Total assets												27,456,713

4. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2010	**2009**
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Revenue		
Sale of properties	3,536,808	2,050,895
Rental income	38,145	7,801
Property agency income	28,805	21,825
Property sales planning and advertising income	1,140	2,559
Property management income	22,546	16,402
Construction supervisory and consulting income	5,811	3,239
Decoration and provision of construction materials	4,562	2,639
	3,637,817	2,105,360
Less: Business tax and government surcharges	(206,954)	(101,786)
Total revenue	3,430,863	2,003,574
Other income		
Government grants	1,081	13,104
Reversal of impairment of inventories	—	26,813
Bank interest income	6,112	3,832
Interest income for receivables	7,531	3,566
Miscellaneous rental income	8,211	7,608
Others	945	3,702
	23,880	58,625
Gains		
Fair value gain on investment properties	169,504	55,670
Gain on disposal of subsidiaries	1,017,986	—
Others	254	—
	1,187,744	55,670
Other income and gains	1,211,624	114,295

5. OTHER EXPENSES

	For the six months ended 30 June 2010 *RMB'000* *(Unaudited)*	2009 *RMB'000* *(Unaudited)*
Rental cost	—	4,830
Impairment of goodwill	33,327	—
Donation	3,150	1,411
Loss on fair value changes of equity investments at fair value through profit or loss	890	—
Loss on disposal of an investment property	—	1,820
Loss on disposal of fixed assets	285	46
Others	416	1,564
	38,068	9,671

6. FINANCE COSTS

	For the six months ended 30 June 2010 *RMB'000* *(Unaudited)*	2009 *RMB'000* *(Unaudited)*
Interest on bank loans, other borrowings and bonds:		
- wholly repayable within five years	348,327	315,232
- not wholly repayable within five years	28,719	2,932
Notional interest	8,988	5,443
Total interest	386,034	323,607
Less: Interest capitalised, in respect of:		
- bank loans, other borrowings and bonds	253,915	293,216
- notional interest	—	2,861
Total interest capitalised	253,915	296,077
	132,119	27,530
Other finance costs:		
- exchange loss	46	—
- bank charges and others	954	1,947
Total finance costs	133,119	29,477

7. PROFIT BEFORE TAX

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

	Notes	For the six months ended 30 June 2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
Cost of sales		2,035,521	1,302,308
Staff costs		81,755	83,225
Depreciation		11,705	9,331
Amortisation of intangible assets		291	291
Reversal of impairment of inventories		—	(26,813)
Impairment of goodwill	5	33,327	—
Fair value gain on investment properties	4	(169,504)	(55,670)
Gain on disposal of subsidiaries	4	(1,017,986)	—
Finance costs	6	133,119	29,477
Auditors' remuneration		1,100	1,730
Direct operating expense arising on rental-earning investment properties		7,328	—
Loss on disposal of items of property and equipment	5	285	46

8. TAX

A subsidiary incorporated in the British Virgin Islands is not subject to any income tax. A subsidiary incorporated in Barbados had no assessable profits arising in Barbados during the Period. Therefore no provision for Barbados profits tax has been made. Certain subsidiaries incorporated in Hong Kong are subject to income tax at the rate of 16.5% (six months ended 30 June 2009: 16.5%). The Company and all the other subsidiaries of the Group are subject to PRC income tax.

Provision for PRC income tax has been provided at the applicable income tax rate of 25% (six months ended 30 June 2009: 25%) on the assessable profits of the Group in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in the PRC, which are taxed at preferential rates of 22%.

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

8. TAX (continued)

The major components of tax expense for the six months ended 30 June 2010 and 2009 are as follows:

	For the six months ended 30 June	
	2010	**2009**
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Current tax		
- Income tax in the PRC for the Period	531,391	195,066
- LAT in the PRC for the Period	427,597	129,912
Deferred tax	(71,742)	(67,409)
Total tax charge	887,246	257,569

According to tax notice issued by the relevant local tax authorities, the Group commenced to pay LAT at rates ranging from 0.5% to 3% on proceeds of the sale and pre-sale of properties from 2004. Prior to the year end of 2006, except for this amount paid to the local tax authorities, no further provision for LAT had been made. The directors considered that the relevant tax authorities would unlikely impose additional LAT levies other than the amount already paid based on the relevant percentages of the proceeds from the sale and pre-sale of the Group's properties.

From year 2006 onward, the Group provided additional LAT in respect of the properties sold in accordance with the requirements as set forth in the relevant PRC tax laws and regulation. For six months ended 30 June 2010, based on the latest understanding of LAT regulations from tax authorities, an additional LAT in the amount of RMB384,684,000 (six months ended 30 June 2009: RMB112,659,000) was provided by the Group in respect of properties sold during the Period.

In 2004, upon the reorganisation and the listing of the Company, the Company and Fosun High Technology entered into a deed of tax indemnity whereby Fosun High Technology has undertaken to indemnify the Company in respect of the LAT payable attributable to the Group in excess of the prepaid LAT based on 0.5% to 3% of sales proceeds, after netting off potential income tax savings, in consequence of the disposal of the properties owned by the Group as at 30 November 2003. As at 30 June 2010, the indemnity of LAT receivable from the holding company after netting off potential income tax saving amounted to RMB234,375,000 (31 December 2009: RMB98,462,000), and the deferred tax liability arising thereon amounted to RMB106,295,000 (31 December 2009: RMB72,317,000). This LAT indemnity after netting off the corresponding tax liability was credited to capital reserve directly.

The share of tax attributable to jointly-controlled entities and associates amounting to RMB2,569,000 (six months ended 30 June 2009: RMB999,200) and RMB72,731,000 (six months ended 30 June 2009: RMB1,352,000), respectively, is included in "Share of profits and losses of jointly-controlled entities and associates" on the face of the interim consolidated income statement.

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

The calculation of basic earnings per share is based on the profit for the Period attributable to ordinary equity holders of the parent of approximately RMB1,387,304,000 (six months ended 30 June 2009: RMB286,700,000) and the weighted average number of ordinary shares of 2,529,306,000 (six months ended 30 June 2009: 2,529,306,000) in issue during the Period.

Diluted earnings per share amounts for the six months ended 30 June 2010 and 2009 have not been disclosed as no diluting events existed during these periods.

10. DIVIDENDS

Pursuant to the Annual General Meeting's resolution of the Company dated 8 June 2010, the Company declared final 2009 dividend of RMB0.06 per share, aggregately amounting to RMB145,821,000, after netting off withholding tax.

11. INVESTMENT PROPERTY

	Note	**30 June 2010** *RMB'000* *(Unaudited)*	**31 December 2009** *RMB'000* *(Audited)*
Carrying amount at beginning of period		2,057,400	429,000
Addition from acquisition	18	2,400,000	—
Additional development cost		152,096	—
Transfer from properties under development		—	1,981,996
Gain from a fair value adjustment		169,504	75,404
Disposal		—	(429,000)
Carrying amount at end of period		4,779,000	2,057,400

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

The Group's investment properties were revalued on 30 June 2010 at RMB4,779,000,000 by DTZ International Property Advisers(Shanghai) Co., Ltd. and Jones Lang LaSalle Sallmanns Limited, independent professionally qualified valuers, on an open market. The valuation was made on the estimated market value for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion. The investment properties are leased to third parties under operating leases.

12. PROPERTIES UNDER DEVELOPMENT

	30 June 2010 *RMB'000* *(Unaudited)*	31 December 2009 *RMB'000* *(Audited)*
Land costs	10,047,171	8,869,790
Construction costs	2,743,233	2,605,321
Financial costs	748,005	781,710
	13,538,409	12,256,821
Portion classified as current assets	(7,217,411)	(7,089,469)
	6,320,998	5,167,352

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

13. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2010 *RMB'000* *(Unaudited)*	31 December 2009 *RMB'000* *(Audited)*
Unlisted equity investments, at cost	100,633	57,420
Listed equity investment, at fair value	—	240,690
	100,633	298,110

On 7 January 2010, the Group entered into a subscription agreement with Shanghai Zendai Property Limited ("Shanghai Zendai") to subscribe for 1,550,000,000 new shares issued by Shanghai Zendai at the subscription price of HK$0.31 per share with a total cash consideration of HK$480,500,000. Immediately after the completion of the subscription on 26 January 2010, the Group increased its equity interest in Shanghai Zendai from 8.47% to 19.47% and Shanghai Zendai was accounted for as an associate instead of available-for-sale investment of the Group. Therefore, the changes in fair value of RMB152,931,000 in respect of the previously held equity interest in Shanghai Zendai were reversed against other comprehensive income in current period and the impairment loss of RMB190,226,000 provided in prior year was reversed against retained earnings as opening adjustment.

As at 30 June 2010, certain unlisted equity investment with a carrying amount of RMB100,633,000 (31 December 2009: RMB57,420,000) were stated at cost because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair values cannot be measured reliably. The Group does not intend to dispose of these investments in the near future.

14. TRADE RECEIVABLES

An aged analysis of the trade receivables as at 30 June 2010, based on the payment due date, is as follows:

	30 June 2010	**31 December 2009**
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Undue	109,634	230,606
Overdue, within six months	13,797	11,869
	123,431	242,475

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

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

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

15. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 18 May 2010, the disposal of 75% equity interest in Tianjin Forte Puhe Development Co., Ltd. which was classified as held for sale in 2009 was completed upon the completion of the business re-registration and the settlement of most of the consideration.

On 17 March 2010, Shanghai Forte Investment Management Co., Ltd. ("Forte Investment"), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement to dispose of its 21% equity interest in an associate, Chengdu Boland Real Estate Development Co., Ltd. ("Chengdu Boland"), at a consideration of RMB182,494,000 (the "Disposal").

As at 30 June 2010, the Disposal is still subject to the settlement of the consideration as well as the approval of business administrative authorities which are expected to be completed before the end of 2010. Therefore, investment in Chengdu Boland was reclassified as held for sale.

16. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	Notes	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Bank loans, secured	(1)	6,212,464	4,710,043
Bank loans, unsecured		1,751,500	1,509,750
		7,963,964	6,219,793
Other borrowings, unsecured	(2)	2,609,029	2,221,970
Corporate bonds, unsecured	(3)	1,871,757	1,869,304
Total bank loans and other borrowings		12,444,750	10,311,067
Portion classified as current liabilities		(3,155,248)	(2,966,897)
Non-current portion		9,289,502	7,344,170

Notes:

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

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Pledged deposits	40,065	91,158
Investment in a subsidiary	9	—
Investment in an associate	835,196	—
Available-for-sale investment	—	163,769
Investment properties	4,779,000	2,057,400
Property and equipment	72,405	94,718
Properties under development	3,325,969	4,639,332
Completed properties held for sale	870,702	309,490
	9,923,346	7,355,867
The bank loans bear interest at rates per annum in the range of	2.179% to 6.750%	2.179% to 6.750%

(2) Other borrowings

The other borrowings bear interest at rates per annum in the range of	2.945% to 12.180%	3.179% to 12.180%

(3) On 25 September 2009, the Company issued five-year domestic corporate bonds at an aggregate principal amount of RMB1,900,000,000. The bonds that are guaranteed by Fosun High Technology, bear a fixed coupon rate of 7.3% per annum payable annually in arrears on 22 September, and the maturity date is 22 September 2014.

17. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at 30 June 2010 is as follows:

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Within six months	1,358,517	1,029,176
More than six months, but within one year	449,792	137,250
Over one year	238,356	325,496
	2,046,665	1,491,922

18. BUSINESS COMBINATION

On 31 May 2010, the Group acquired 100% interest in Garden Plaza SRL ("SRL"), a society with restricted liability organized and existing under the laws of Barbados. SRL is engaged in property investments in Shanghai. The Group acquired SRL in order to increase the Group's competitive strength in the property market in Shanghai. The acquisition has been accounted for using the acquisition method. The interim condensed consolidated financial statements include the results of SRL for the one month period from the acquisition date. The purchase consideration for the acquisition was in the form of cash and amounted to RMB731,051,000, of which RMB13,138,000 remained unpaid as at 30 June 2010.

The fair value of the identifiable assets and liabilities of SRL as at the date of acquisition was as follows:

	Fair value recognised on acquisition RMB'000
Property and equipment	19,584
Investment property	2,400,000
Cash and bank balances	90,728
Trade receivables	135
Prepayments, deposits and other receivables	52,015
Trade payables	(266)
Advances from customers	(6,816)
Tax payables	(2,553)
Accrued liabilities and other payables	(32,815)
Amount due to shareholders	(867,514)
Interest-bearing bank loans	(742,500)
Deferred tax liabilities	(248,589)
	661,409
Goodwill on acquisition	69,642
	731,051
Satisfied by cash	731,051

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

	RMB'000
Cash consideration paid	(717,913)
Cash and bank balance acquired	90,728
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	(627,185)

The carrying amounts of trade receivables and other receivables approximate to their fair values. None of the receivables have been impaired and it is expected that the full amount can be collected.

From the date of acquisition, SRL's results have no significant impact on the Group's consolidated turnover or net profit for the six months ended 30 June 2010. If the combination had taken place at the beginning of the Period, the loss for the Period would have been RMB26,966,000 and the revenue would have been RMB61,519,000.

The goodwill recognised above is attributed to the substantial potential in value increase in the acquired property. None of the recognized goodwill is expected to be deductible for income tax purposes.

19. DISPOSAL OF SUBSIDIARIES

19.1 Disposal of Shanghai Yizhou Investment Management Co., Ltd. ("Shanghai Yizhou")

On 3 March 2010, the Group entered into an equity transfer agreement to dispose of its 100% equity interest in Shanghai Yizhou and its subsidiary at a total consideration of RMB906,687,000. The disposal was completed on 18 May 2010.

	18 May 2010
	RMB'000
Net assests disposed of:	
Property and equipment	4,986
Deferred tax assets	7,081
Cash and bank balances	29,666
Trade receivables	741
Prepayments, deposits and other receivables	92,288
Completed properties held for sale	1,437,174
Trade payables	(135,635)
Advances from customers	(486)
Tax payables	(53,427)
Accruals and other payables	(1,277,092)
	105,296
Non-controlling interests	(75,006)
Professional fee directly attributable to the disposal	40,036
Gain on disposal of subsidiaries	836,361
	906,687
Satisfied by cash	906,687

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	RMB'000
Cash consideration received	831,687
Cash and bank balances disposed of	(29,666)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	802,021

19. DISPOSAL OF SUBSIDIARIES (continued)

19.2 Disposal of Shanghai Resource Property Consultancy Co., Ltd. ("Shanghai Resource")

On 1 December 2009, the Group entered into an equity transfer agreement to dispose of its 67.1% equity interest in Shanghai Resource and its subsidiaries at a total consideration of RMB91,440,000. Subsequent to the completion of the equity transfer on 28 February 2010, the remaining 9.9% equity investments in Shanghai Resource were accounted for as financial assets under the caption of available-for-sale investments.

	28 February 2010
	RMB'000
Net assests disposed of:	
Property plant and equipment	6,189
Deferred tax assets	9,324
Cash and bank balances	51,423
Trade receivables	31,438
Prepayments, deposits and other receivables	562,569
Completed properties held for sale	80,012
Interest-bearing bank loans	(210,000)
Trade payables	(1,586)
Tax payables	(3,061)
Accruals and other payables	(429,169)
	97,139
Non-controlling interests	(38,698)
Retained interests in subsidiaries disposed of	(12,592)
Gain on disposal of subsidiaries	45,591
	91,440
Satisfied by cash	91,440

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	RMB'000
Cash consideration received	91,440
Cash and bank balances disposed of	(51,423)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	40,017

19. DISPOSAL OF SUBSIDIARIES (continued)

19.3 Disposal of Shiner Way Limited ("Shiner Way")

On 8 June 2010, the Group entered into an equity transfer agreement to dispose of its 50% equity interest in Shiner Way and its subsidiary at a total consideration of RMB64,117,000. Subsequent to the completion of the equity transfer on 30 June 2010, the remaining 50% equity investments in Shiner Way were accounted for investments in jointly-controlled entities.

	30 June 2010
	RMB'000
Net assests disposed of:	
Property and equipment	1,697
Cash and bank balances	192,623
Prepayments, deposits and other receivables	76,287
Properties under development	434,966
Interest-bearing bank loans	(150,000)
Trade payables	(43,564)
Advances from customers	(148,376)
Tax payables	(11,567)
Accruals and other payables	(355,241)
	(3,175)
Retained interests in subsidiaries disposed of	(68,742)
Gain on disposal of subsidiaries	136,034
	64,117
Satisfied by cash	64,117

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	RMB'000
Cash consideration received	26,683
Cash and bank balances disposed of	(192,623)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(165,940)

20. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to seventeen years.

At 30 June 2010, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2010	**31 December 2009**
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Within one year	112,054	32,333
In the second to fifth years, inclusive	92,696	71,463
After five years	24,941	25,244
	229,691	129,040

20. OPERATING LEASE ARRANGEMENTS (continued)

(b) As lessee

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

At 30 June 2010, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2010	**31 December 2009**
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Within one year	40,012	37,340
In the second to fifth years, inclusive	152,459	150,103
After five years	349,245	368,141
	541,716	555,584

21. COMMITMENTS

In addition to the operating lease commitments detailed in note 20(b), the Group had the following capital commitments at 30 June 2010:

	30 June 2010	**31 December 2009**
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Contracted, but not provided for:		
Investment	445,266	460,013
Property and equipment	44,234	44,253
Properties under development	4,716,152	4,531,525
	5,205,652	5,035,791

22. CONTINGENT LIABILITIES

The Group had the following contingent liabilities:

		30 June 2010	**31 December 2009**
		RMB'000	*RMB'000*
	Notes	*(Unaudited)*	*(Audited)*
Guarantees given to banks in connection with banking facilities granted to:			
— associates		541,000	541,000
— an entity controlled by the ultimate holding company of the Group	(1)	100,000	—
Guarantees given to banks in connection with banking facilities granted to its customers	(2)	3,044,081	2,762,666
		3,685,081	3,303,666

(1) On 24 September 2009, Shanghai Resource Property Brokage Co., Ltd. ("Resource Brokage") entered into a bank loan agreement ("Loan Agreement") with Agriculture Bank of China to obtain a short-term bank loan amounting to RMB100,000,000 ("Loan"). Pusuant to the Loan Agreement: (i) this Loan bears an interest rate of 5.31% per annum and is repayable on 23 September 2010; and (ii) the maximum guarantees provided by the Company is RMB100,000,000.

22. CONTINGENT LIABILITIES (continued)

(1) On 28 February 2010, Resource Brokage became an entity controlled by the ultimate holding company of the Group upon the completion of the disposal of 67.1% equity interest in Resource Brokage to an entity controlled by FIL.

(2) As at 30 June 2010, the Group provided guarantees of approximately RMB3,044,081,000 (31 December 2009: RMB2,762,666,000), for their customers in favour of the banks in respect of mortgage loans provided by banks to such customers for their purchases of the Group's developed properties.

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

23. RELATED PARTY TRANSACTIONS

(a) During the Period, the Group had the following material transactions with related parties:

	Six months ended 30 June	
	2010	**2009**
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Recurring transactions		
Holding company:		
LAT indemnity	135,913	11,027
Interest expenses on entrusted bank loans	35,472	32,822
Property management income	895	—
Associates:		
Property management fee	4,529	6,108
Interest income	5,310	—
Notional interest expense	677	—
Jointly-controlled entities:		
Interest income of entrusted bank loans	8,797	7,132
Entrusted bank loans provided	70,000	220,000
Shareholder loans provided	225,446	—
Notional interest expense	2,758	2,582
Project consulting service income	994	—
Sales agency service income	—	33
Property management service income	164	297
Other related parties:		
Entrusted bank loans received	1,373,271	—
Interest expenses of entrusted bank loans	24,334	32,966
Operating lease fee	2,509	2,509
Property management fee	2,728	1,890
Decoration fee	489	—
Advertising fee	10,217	—
Sales commission fee	7,516	—
Consulting fee	550	—
Notional interest expense	5,553	2,861
Non-recurring transactions		
Other related parties:		
Disposal of subsidiaries	91,440	—

23. RELATED PARTY TRANSACTIONS (continued)

(b) Guarantees provided by related parties of the Group

On 13 April 2010, the Group and FIL entered into a financial assistance supplemental agreement, pursuant to which, Fosun High Technology and FIL agreed to increase its bank guarantees provided to the Group from RMB1,300,000,000 to the aggregate amount not excluding RMB5,300,000,000, free of charges.

According to the financial assistance agreement and its supplemental agreements, as at 30 June 2010, (i) the Group's short-term bank loans amounting to HK$206,850,000 (equivalent to RMB180,454,000), long-term bank loans amounting to HK$700,000,000 (equivalent to RMB610,673,000) and US$150,000,000 (equivalent to RMB1,018,635,000) were guaranteed by FIL; (ii) the Group's short-term bank loans amounting to RMB340,000,000 and short-term other borrowings amounting to RMB270,000,000 were guaranteed by Fosun High Technology; and (iii) the Group's corporate bonds amounting to RMB1,900,000,000 were guaranteed by Fosun High Technology.

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

	Six months ended 30 June	
	2010	**2009**
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Short-term employee benefits	9,488	6,674
Pension scheme contributions	134	122
Total compensation paid to key management personnel	9,622	6,796

24. EVENTS AFTER THE REPORTING PERIOD

On 19 August 2010, Forte Investment, a wholly-owned subsidiary of the Company, entered into a cooperation agreement with Chongqing Yukaifa Company Limited ("Chongqing Yukaifa") and Chongqing LangFu Property Company Limited ("Chongqing Langfu"), pursuant to which, Chongqing Yukaifa will transfer its 50% equity interest in Chongqing Langfu and the shareholder loan of RMB200,000,000 to Forte Investment at a total consideration of RMB663,000,000.

25. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 21 August 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Major achievements of the Group during the Reporting Period are reflected in the following aspects:

PROJECT DEVELOPMENTS

During the Reporting Period, there were 40 projects (including projects of JV companies and associated companies in which the Group has equity interests, excluding the development projects of Shanghai Zendai Property Limited ("Shanghai Zendai"), an associated company) under development with a total gross floor area ("**GFA**") of approximately 3,515,974 square meters, of which a total GFA of 2,589,853 square meters was attributable to the Company, representing an increase of approximately 23.84% as compared to the same period last year (2009 interim: a total GFA of 2,091,285 square meters was attributable to the Company).

Development Projects in the first half of 2010

Region	Approximate Total GFA (square meters) In total	Attributable to the Company
Shanghai	651,361	482,366
Beijing	210,080	127,761
Tianjin	153,470	107,429
Nanjing	656,519	330,158
Hangzhou	524,443	407,266
Wuxi	107,796	53,898
Chongqing	279,051	279,051
Wuhan	301,450	211,015
Chengdu	146,372	117,097
Xi'an	232,399	220,779
Changchun	253,033	253,033
Total:	3,515,974	2,589,853

During the Reporting Period, there were 8 newly developed projects with a total GFA of approximately 744,045 square meters, of which a GFA of 557,179 square meters was attributable to the Company, representing an increase of approximately 117.86% as compared to the same period last year (2009 interim: a total GFA of 255,756 square meters was attributable to the Company).

During the Reporting Period, there were 8 completed projects with a total GFA of approximately 619,188 square meters, of which a GFA of 391,906 square meters was attributable to the Company, representing an increase of approximately 333.64% as compared to the same period last year (2009 interim: a total GFA of 90,375 square meters was attributable to the Company).

PROJECT RESERVES

During the Reporting Period, the Group increased its project reserves in various ways such as participating in tenders and acquisitions pursuant to the Group's business development strategies. During the Reporting Period, the Group acquired 4 projects with a total saleable GFA of approximately 1,490,000 square meters, of which a GFA of approximately 1,240,000 square meters was attributable to the Company, representing an increase of approximately 188.37% as compared to the same period last year (2009 interim: a total GFA of 430,000 square meters was attributable to the Company).

Project reserves acquired in the first half of 2010

No.	City	Project Name	Approximate Total GFA (square meters)	Interest Attributable to the Company	Approximate Total GFA (square meters) Attributabl to the Company	Usage
1	Shanghai	Garden Plaza	97,227	100.00%	97,227	Residential
2	Shanghai	Glorious Times*	120,195	(Increase) 40.00%	48,078	Residential
3	Chengdu	Chengdu Shuangliu Project	410,126	100.00%	410,126	Residential
4	Taiyuan	Taiyuan Project	861,209	80.00%	688,967	Residential
	Total		**1,488,757**		**1,244,398**	

**Note:* The Group acquired 40% of equity interest of Shanghai Glorious Time, thereafter increased its interest in the project from 60% to 100%.

To include the existing project reserves of the Group (including projects of JV companies and associated companies in which the Group has equity interests, excluding the development projects of Shanghai Zendai, an associated company), the total planned GFA of the Group's project reserves, attributable to the Company, amounted to approximately 8,490,000 square meters, as at 30 June 2010.

Project reserves (as at 30 June 2010)

	Total		**Under construction**		**Planning**	
Region	**In total**	**Attributable to the Company**	**In total**	**Attributable to the Company**	**In total**	**Attributable to the Company**
Shanghai	1,885,285	1,201,286	489,403	362,284	1,395,882	839,002
Beijing	16,690	16,690	16,690	16,690	0	0
Tianjin	405,233	283,663	153,470	107,429	251,763	176,234
Taiyuan	861,209	688,967	0	0	861,209	688,967
Nanjing	1,399,194	800,634	556,813	289,328	842,381	511,306
Hangzhou	730,044	523,994	423,862	331,830	306,182	192,164
Wuxi	701,997	350,999	107,796	53,898	594,201	297,101
Chongqing	568,929	568,929	279,051	279,051	289,878	289,878
Wuhan	1,291,250	903,875	237,896	166,527	1,053,354	737,348
Xi'an	2,590,453	1,399,806	232,399	220,779	2,358,054	1,179,027
Chengdu	921,309	859,072	146,372	117,097	774,937	741,975
Changchun	893,679	893,679	253,033	253,033	640,646	640,646
Total	**12,265,272**	**8,491,594**	**2,896,785**	**2,197,946**	**9,368,487**	**6,293,648**

Remarks: 1. Project reserves include projects under development and land not yet developed;

2. Of the 9,368,487 square meters land bank under planning, approximately 5,814,984 square meters have all or some of the land use right certificates (in total).

The current project reserves of the Group are sufficient to satisfy its development needs for the next three to five years, and thereby provide a solid foundation for the Group's long-term rapid development.

Property Sales

During the Reporting Period, the Group's total GFA sold and sales revenue were approximately 542,059 square meters and RMB7,576,787,000 respectively (including projects of JV companies and associated companies in which the Group has equity interests, excluding the development projects of Shanghai Zendai, an associated company, including the sale of the equity interest of Forte Tianjin Centre), in which the total GFA sold and sales revenue attributable to the Company were approximately 429,239 square meters and RMB5,968,640,000 respectively, representing a decrease of approximately 0.17% and an increase of 72% respectively, as compared to the same period last year (2009 interim: total GFA sold and sales revenue attributable to the Company were 429,966 square meters and RMB3,470,216,000 respectively).

Total GFA sold by contract and Sales Revenue in the first half of 2010

No.	Region	Project	Saled GFA (square meters) In total	Saled GFA (square meters) Attributable to the Company	Sales Revenue (RMB) In total	Sales Revenue (RMB) Attributable to the Company
1	Shanghai	Glorious Times	5,905	5,905	228,227,000	228,227,000
2		Villa Espana	13,235	7,279	180,634,000	99,349,000
3		Parktown	54,150	54,150	741,239,000	741,239,000
4		Fashion Block	10,923	10,923	195,274,000	195,274,000
5		Forte Times	8,942	8,942	171,778,000	171,778,000
6		Golden City	16,928	6,771	451,397,000	180,559,000
7		Yi He Hua Cheng	5,641	2,821	125,472,000	62,736,000
8	Beijing	Xirongxian 26	4,114	4,114	211,400,000	211,400,000
9		Value Stream	5,987	5,987	93,420,000	93,420,000
10		Peking House	15,542	15,542	533,789,000	533,789,000
11	Changchun	Natural City	46,950	46,950	274,136,000	274,136,000
12	Hangzhou	Invaluable City	12,255	9,191	153,603,000	115,202,000
13		Forte Times	22,877	11,439	243,887,000	121,944,000
14		Northern City Center	314	314	2,865,000	2,865,000
15	Nanjing	Graceful Oasis	39,048	15,990	305,829,000	125,237,000
16		Ronchamp Villa	2,218	2,218	32,258,000	32,258,000
17	Wuxi	Australian Garden	22,594	11,297	133,926,000	66,963,000
18	Chongqing	Uptown	40,909	40,909	211,353,000	211,353,000
19	Wuhan	Cui Wei Xin Cheng	49	30	234,000	141,000
20		Forte International East Lake	26,843	18,790	336,612,000	235,628,000
21	Xi'an	Yotown	50,951	48,404	273,921,000	260,225,000
22	Other		1,183	397	6,480,000	3,127,000
	Total:		**407,558**	**328,363**	**4,907,734,000**	**3,966,850,000**
23	Tianjin	Tianjin Centre Equity Transfer	134,501	100,876	2,669,053,000	2,001,790,000
	Total:		**542,059**	**429,239**	**7,576,787,000**	**5,968,640,000**

Note: including saleable parking spaces.

Property booked

During the Reporting Period, the Group's GFA booked and booked revenue amounted to approximately 430,091 square meters and RMB6,520,792,000 (including projects of JV companies and associated companies in which the Group has equity interests, excluding the development projects of Shanghai Zendai, an associated company, including the sale of the equity interest of Forte Tianjin Centre), of which the GFA booked and booked revenue attributable to the Company amounted to 323,570 square meters and RMB5,480,433,000 respectively representing an increase of approximately 30.23% and 131.94% as compared to the same period last year (2009 interim: GFA booked and booked revenue attributable to the Company was 248,457 square meters and RMB2,362,891,000 respectively).

Projects booked and booked revenue in the first half of 2010

Region	Booked GFA (square meters) In Total	Booked GFA (square meters) Attributable to the Company	Booked Revenue (RMB) In Total	Booked Revenue (RMB) Attributable to the Company
Shanghai	79,758	78,800	1,394,193,000	1,384,636,000
Beijing	39,820	39,116	1,469,023,000	1,465,971,000
Hangzhou	65,456	49,092	440,962,000	330,722,000
Nanjing	76,256	31,227	305,518,000	125,110,000
Wuxi	1,041	521	5,289,000	2,644,000
Wuhan	31,051	21,730	223,903,000	156,709,000
Chongqing	1,920	1,920	10,566,000	10,566,000
Changchun	288	288	2,285,000	2,285,000
Total	**295,590**	**222,694**	**3,851,739,000**	**3,478,643,000**
Tianjin(Tianjin Centre Equity Transfer)	134,501	100,876	2,669,053,000	2,001,790,000
Total	**430,091**	**323,570**	**6,520,792,000**	**5,480,433,000**

As of 30 June 2010, the Group's GFA carried forward and booked revenue amounted to 880,768 square meters and RMB 8,553,071,934 respectively, of which the GFA carried forward and booked revenue attributable to the Company amounted to 654,050 square meters and RMB 5,939,199,061 respectively, (including projects of JV companies and associated companies in which the Group has equity interests, excluding the development projects of Shanghai Zendai, an associated company), representing an increase of approximately 58.71% and 60.62% as compared to the same period last year (2009 interim: GFA carried forward and booked revenue attributable to the Company were 412,101 square meters and RMB 3,697,560,000 respectively).

Review and Outlook

During the first half of 2010, the property market was in a constant changing state. From January to April, China's property market continued its great sales momentum from 2009, but since the State Council announced the "Notification in relation to resolute measures to restrain the overly rapid increases of some property prices in the metropolitan area" on 17 April, the market has responded quickly, and the transaction volume in the major markets fell significantly and rapidly. In June, the GFA and the value of commercial residential property transaction nationwide decreased 5.9% and 11.1% respectively, as compared to the same period last year. Currently, speculative activities have been curbed and overly rapid price appreciation trends in some cities have started to be controlled. Property prices started to show signs of loosening, and the level of land bank premium also has visible decreases. The market mentality has returned rational, and there is also visible strengthening in the construction of government subsidised housing projects.

Pursuant to the Company's overall development strategies, the Company established Forte Capital and its professional teams and also started development plans in regional business. Under the industry adjustment and tightening measures, the company adhered to its business strategies as determined at the beginning of the year, maintained alertness to the market movements and used flexible market strategies to meet the market conditions. During the first half of 2010, the Company achieved better than expected sales results, with the total sales amount increased significantly as compared to the same period last year. At the same time, the Company continued to lower its net gearing ratio by optimizing its asset structures through methods including the sale of the entire Tianjin Centre, transfer of the equity interest in the Zendai project etc. While focusing on maintaining a solid cash position as the top priority, the Company actively sought potential project opportunities. The Company's newly added project reserves in the first half of the year already exceeds the level of new project reserves in the entire last year, and such has built a solid foundation for the continuous development of the Company in the next 3 years.

In 2010, China's macro environment is gradually free from the influences of the global financial crisis and shows signs of strong recovery. Despite the recovery trend of the global economy remains complex, the possibilities of a second economic plunge are not great, the annual growth rate of the Chinese economy will be kept at a relative high rate.

In the long run, China's real estate market still has relatively large scope for future growth, rapid urbanization brings solid demand, there will still be high demand for improvement in the middle class as a result of its rapid wealth concentration, the market scale of the 2nd tier cities have also reached its fast growth phase.

The Group has clarified its strategic goal in the next 10 years, and strived to become a world class real estate developer and investor. In order to achieve this grand goal, the group has used a "Dual Core" business model. The Group's future business growth will be dually driven by the platforms of the real estate development business and the real estate investing/financing business.

The Group's business development platform will continue to devote to projects which focus on residential properties, providing customers with products of higher quality, maintaining fast turnovers, and continuously achieving greater market shares.

The Group can better discover various investment opportunities in the real estate industry through establishing and developing the investing/financing platform, and it retains the philosophy of value investing; through the assistance of the development capability in the real estate business development platform and its brand influence, it continuously promotes the real estate private equity fund management business growth, and it becomes a fund management brand which is well-known in the industry and has outstanding performance.

Forte is cautiously optimistic about the growth outlook in 2010. While having faith and confidence, we will cope with government policies effectively in a timely manner in order to enhance the firm's steady growth.

Actively cope with the market, one project/one tactic, use flexible sales strategy to realize sales target

Despite the company has successfully completed the sales target in the first half of the year, and transaction volumes in some segments of the market have become more active since July, there are still relatively high level of uncertainties in the market in the second half of the year. Forte will continue to employ its strategies by not holding back inventories and prices, and advance its "one project/one tactic" overall strategies, especially for newly launched projects, Forte will design flexible sales strategies, based on the different market structure, operating environment and customer segments, in order to ensure it can achieve its sales target.

Continue to fasten current project development, especially for the projects in the 2nd tier cities

Based on the Company's overall view of the property market in each city, along with the Company's required target to reach continued and steady growth, the Company will continue to move forward its existing project reserves in the second half of the year, especially fastening the development pace for projects in the 2nd tier cities, in order to ensure sufficient supplies and secure sales target for the whole year, and prepare sufficient supplies for sales in the next year.

Keep optimistic attitude, appropriately increase high quality project reserves

Through the current episode of tightening measures, the property market will become more rational and stable and at the same time, there will be more opportunities in the market. In the second half of the year, we will utilize the industry consolidation opportunities to increase project reserves at reasonable prices, with the focus on strengthening the development of cities where there are existing Forte business; the company will pay close attention to the business opportunities in the 1st tier cities such as Beijing, Shanghai, etc., and at the same time, focus on the development of the 2nd tier cities, in order to build a solid foundation for faster growth in the next few years.

Fully commence and ensure the implementation of regional development strategy plans, lay down action plans to enhance product and customer royalty

Forte has specified its overall growth strategy for the next 10 years: moving forward its investment and development business together with searching for high growth opportunities under proper risk management. Pursuant to the overall growth strategy, the company will fully commence the implementation of regional development strategy plans, optimize its business control model and at the same time, lay down action plans to enhance product and customer royalty.

Actively promote investment business, focus on the development of private real estate fund, and search for opportunities in equity interest investment

Investment business will emphasize on investment value discovery, and improvement on the post-investment management. Based on the foundation of the establishment of Forte Capital and professional investment teams in the first half of the year, the Company will further clarify its growth and business strategies, actively promote discovery of investment business, focus on advancing the development of private real estate fund, and grasp value investing opportunities in the real estate domain.

FINANCIAL ANALYSIS

1. Revenue and Operating Results

During the interim period of 2010, the Group recorded a total turnover of approximately RMB 3,430,863,000, representing an increase of 71.2% as compared to RMB2,003,574,000 for the same period in 2009. The increase in turnover was mainly due to higher average unit selling price during current period, representing an increase of approximately 97.6% as compared to the same period in 2009 .

The Group's gross profit during the interim period of 2010 was approximately RMB1,395,342,000, representing an increase of 99.0% as compared to RMB701,266,000 for the same period in 2009. Gross profit margin (net of business tax and government surcharges) during current period was 40.7%, representing an increase of 5.67 percentage points compared to the gross profit margin of 35% for the same period in 2009. The increase of gross profit margin was mainly due to the fact that (i) the major booked projects during current period were low density properties in the 1st tier cities with higher selling price over the average price in these regions; and (ii) booked projects during current period were mostly sold in 2009 when the market price was at a high level.

During the interim period of 2010, profit attributable to owners of the parent was approximately RMB1,387,304,000, representing an increase of 383.9% as compared to approximately RMB286,700,000 for the same period in 2009.

The increase in profit attributable to owners of the parent was mainly due to the facts that (i) the gross profit of the Group's core businesses increased by approximately 99%; and (ii) the gain on disposal of 75% equity interest in a subsidiary, Tianjin Forte Puhe Development Co., Ltd. ("Tianjin Centre") of the Group recognised during current period.

Based on the total weighted number of shares of the Group of 2,529,306,000 shares during the Period, earnings per share was RMB0.548.

1. **Revenue and Operating Results (continued)**

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

	Six months ended 30 June 2010 *RMB'000*
Sale of properties	3,536,808
Rental income	38,145
Property agency income	28,805
Property sales planning and advertising income	1,140
Property management income	22,546
Construction supervisory and consulting income	5,811
Decoration and provision of construction income	4,562
Less：Business tax and government surcharges	(206,954)
Total revenue	3,430,863

2. **LAT prepayments and provisions**

During the interim period of 2010, pursuant to tax notice issued by the relevant local tax authorities, the Group made LAT prepayments at rates ranging from 0.5% to 3% on proceeds of the sale and pre-sale of properties. Meanwhile, during the interim period of 2010, the Group made an additional LAT provision in the amount of approximately RMB384,684,000 in respect of the relevant properties in accordance with the requirements set forth in the relevant LAT laws and regulations issued by the State Administration of Taxation, representing an increase of 241.46% as compared to RMB112,659,000 for the same period in 2009. Pursuant to the deed of tax indemnity entered into between the Group and Fosun High Technology, the indemnity of LAT from Fosun High Technology in respect of the additional LAT provisions made by the Group during the interim period of 2010 was approximately RMB135,913,000.

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

During the Period, the Group's liquidity maintained at a healthy level and its financial resources were allocated in a reasonable manner. As at 30 June 2010, the total assets of the Group amounted to approximately RMB33,178,523,000, in which current assets accounted for approximately RMB17,078,192,000 and total liabilities amounted to approximately RMB25,478,270,000 of which, current liabilities amounted to approximately RMB15,530,807,000 and non-current liabilities amounted to approximately RMB9,947,463,000. The equity attributable to equity holders of the company amounted to approximately RMB7,179,589,000. As at 30 June 2010, the Group's cash and bank deposits amounted to approximately RMB3,903,746,000. The Group has sufficient working capital for its operation, with sound liquidity of assets and solvency.

4. **Pledge of assets**

As at 30 June 2010, properties under development with total book value of approximately RMB3,325,969,000, completed properties for sale with total book value of approximately RMB870,702,000, self-owned properties with total book value of approximately RMB72,405,000, investment properties with total book value of approximately RMB4,779,000,000, pledged deposits with total book value of approximately RMB40,065,000 and long term investment with total book value of approximately RMB835,205,000 were pledged to financial institutions for the guarantee of bank loans to the Group. The corresponding bank loans from the financial institutions amounted to approximately RMB6,212,464,000.

5. Contingent liabilities

The Group provided bank guarantees to their customers in respect of mortgage loans provided by the banks to such customers for their purchases of the Group's properties. These guarantees will expire upon the submission of the relevant property ownership certificates to the mortgagee bank by the relevant customers. As at 30 June 2010, the remaining amount of bank guarantees provided amounted to approximately RMB3,044,081,000.

As at 30 June 2010, each of the Group and Shanghai Home Value Holding (Group) Co., Ltd. provided joint liability guarantees for Beijing Hehua, an associate of the Group in respect of a loan amounting to RMB900,000,000 from Beijing Asian Games Branch, Shanghai Pudong Development Bank Co., Ltd. with a term of eight years, of which, the guarantees provided by the Group was RMB441,000,000.

As at 30 June 2010, each of the Group and Beijing Urban Construction Real Estate Co., Ltd. provided joint liability guarantees for Beijing Yuquan, an associate of the Group in respect of a trust loan of RMB400,000,000 from Huarong International Trust Co., Ltd with a term of eighteen months, of which, the guarantees provided by the Company was RMB100,000,000.

As at 30 June 2010, the Group provided joint liability guarantees for Resource Brokage, a former subsidiary of the Group which is now controlled by the ultimate holding company of the Group in respect of a loan of RMB100,000,000 from Agricultural Bank of China Limited obtained in 2009, with a term of one year.

Save as disclosed above and apart from intra-group liabilities, the Group did not have any outstanding loan capital, bank overdrafts, and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans, acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities outstanding as at 30 June 2010.

6. Commitments

As at 30 June 2010, the Group has irrevocable operational leases of approximately RMB541,716,000, of which approximately RMB40,012,000 must be repaid within one year, approximately RMB152,459,000 should be repaid within two to five years (inclusive) and approximately RMB349,245,000 should be repaid after five years.

As at 30 June 2010, the Group has approximately RMB5,205,652,000 capital projects contracted but not provided for.

Other Information

DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2010. (2009 interim: Nil).

EMPLOYEES

As at 30 June 2010, the Group has a total of 1,435 employees, representing a decrease of 26.71% compared to the same period of last year (2009 interim: 1,958 employees) (due to the completion of the disposition of Shanghai Resource Property Consultancy Co., Ltd and its affiliate companies in March, 2010) . The number of employees with university education or above was 673, representing approximately 46.9% of the Group's total employees. The number of employees aged below 40 was 991, representing approximately 69.1% of the Group's total employees. The number of engineers and technicians was 605, representing approximately 42.2% of the Group's total employees. The number of operational management staff was 398, representing approximately 27.7% of the Group's total employees.

PURCHASE, REDEMPTION , SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

CODE OF CORPORATE GOVERNANCE PRACTICES

The directors of the Company are of the opinion that the Company has complied with the provisions set out in the Code of Corporate Governance Practices in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors. After specific enquiries have been made by the Company, all directors have confirmed that they have complied with the required standards set out in such code of conduct throughout the Reporting Period.

AUDIT COMMITTEE

During the Reporting Period, the Audit Committee consisted of four members. All of them were independent non-executive directors of the Company.

The major duties of the Audit Committee were to audit and supervise the financial reporting procedures and internal control system of the Company. It also provides advice and suggestions to the Board.

The Interim Results are unaudited, but have been reviewed by Ernst & Young. The Audit Committee has reviewed this Interim Results.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This Interim Results announcement is published on the website of The Stock Exchange of Hong Kong Limited (http://www.hkex.com.hk) and the Company's website (http://www.forte.com.cn). The interim report of the Company will be despatched to shareholders of the Company and will be available at the aforementioned websites.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to extend my sincere gratitude to our Shareholders, business partners and staff for their commitment, support and trust. I would also like to thank my fellow Directors for their guidance and advice.

By order of the Board
SHANGHAI FORTE LAND CO., LTD.
Fan Wei
Chairman

21 August 2010, Shanghai, the PRC

As at the date of this announcement, 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. Cheng 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.

* *For identification purpose only*