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)

Annual Results Announcement For the Year Ended 31 December 2010

HIGHLIGHTS

Annual Results for the year ended 31 December 2010	
Turnover	+66.9% to RMB8,652 million (2009: RMB5,185 million)
Gross profit margin	+7 percent to 36.5% (2009: 29.5%)
Net profit attributable to owner of the parent	+254.4% to RMB1,760 million (2009: RMB497 million)
Earnings per share	RMB0.696 (2009:RMB0.196)
Distributed interim dividend per share	Nil (2009: Nil)
Proposed final dividend per share	Nil (2009: RMB0.06 (pre-tax))

The Board of Directors (the "Board") of Shanghai Forte Land Co., Ltd. (the "Company" or "Forte") is pleased to announce its audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010 (the "Reporting Period").

Audited financial information of the Group for the Reporting Period in accordance with International Financial Reporting Standards and the related notes are as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	**2010** *RMB'000*	**2009** *RMB'000*
Revenue	3	8,651,806	5,184,804
Cost of sales		(5,493,887)	(3,655,761)
Gross profit		3,157,919	1,529,043
Other income and gains	3	1,350,204	157,959
Selling and distribution costs		(257,117)	(233,993)
Administrative expenses		(369,725)	(288,427)
Other expenses	4	(80,929)	(36,997)
Finance costs	5	(297,072)	(76,302)
Share of profits and losses of:			
Jointly-controlled entities		(25,775)	14,859
Associates		94,519	(5,433)
PROFIT BEFORE TAX		3,572,024	1,060,709
Tax	6	(1,717,575)	(451,854)
PROFIT FOR THE YEAR		1,854,449	608,855
Attributable to:			
Owners of the parent		1,760,162	496,648
Non-controlling interests		94,287	112,207
		1,854,449	608,855
Dividends			
Proposed final	7	—	151,758
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
- Basic (RMB)	8	0.696	0.196

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2010 *RMB'000*	2009 *RMB'000*
PROFIT FOR THE YEAR	1,854,449	608,855
OTHER COMPREHENSIVE INCOME		
Available-for-sale investments:		
Changes in fair value	7,161	145,770
Reversal of changes in fair value included in other comprehensive income	(152,931)	—
Income tax effect	—	—
	(145,770)	145,770
Share of other comprehensive income of jointly-controlled entities	3,741	2,515
Share of other comprehensive income of an associate	2,165	—
Exchange differences on translation of foreign operations	78,548	464
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	(61,316)	148,749
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,793,133	757,604
Attributable to:		
Owners of the parent	1,698,846	645,397
Non-controlling interests	94,287	112,207
	1,793,133	757,604

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2010 RMB'000	31 December 2009 RMB'000
NON-CURRENT ASSETS			
Property and equipment		366,497	291,533
Investment properties		2,551,167	2,057,400
Properties under development		5,186,952	5,167,352
Goodwill		70,526	65,867
Intangible assets		4,616	5,198
Investments in jointly-controlled entities		1,009,073	689,737
Investments in associates		1,780,355	598,892
Available-for-sale investments		55,503	298,110
Amount due from a related company		413,793	191,905
Loan receivables		110,000	220,000
Prepayments and other receivables		711,748	616,313
Deferred tax assets		567,150	427,359
Total non-current assets		12,827,380	10,629,666
CURRENT ASSETS			
Cash and cash equivalents		4,736,425	3,629,771
Pledged deposits		214,379	122,000
Income tax recoverable		268,523	141,028
Trade receivables	9	188,726	242,475
Prepayments, deposits and other receivables		1,199,579	1,531,989
Equity investments at fair value through profit or loss		84,595	—
Amounts due from related companies		1,351,628	724,667
Amount due from holding company		246,279	98,462
Loan receivables		220,000	—
Completed properties for sale		1,967,477	1,698,292
Properties under development		10,003,199	7,089,469
		20,480,810	15,278,153
Assets of disposal group classified as held for sale		—	1,548,894
Total current assets		20,480,810	16,827,047

	Note	31 December 2010	31 December 2009
		RMB'000	*RMB'000*
CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings		2,006,159	2,966,897
Loans from related companies		26,678	—
Trade and bills payables	10	2,139,506	1,491,922
Advances from customers		6,332,113	4,696,858
Accrued liabilities and other payables		1,392,162	1,541,972
Tax payable		2,192,702	1,316,669
Amounts due to related companies		675,281	270,985
		14,764,601	12,285,303
Liabilities directly associated with the assets of disposal group classified as held for sale		—	997,393
TOTAL CURRENT LIABILITIES		14,764,601	13,282,696
NET CURRENT ASSETS		5,716,209	3,544,351
TOTAL ASSETS LESS CURRENT LIABILITIES		18,543,589	14,174,017
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings		8,982,669	7,344,170
Loans from related companies		86,887	106,618
Deferred tax liabilities		792,025	217,514
TOTAL NON-CURRENT LIABILITIES		9,861,581	7,668,302
NET ASSETS		8,682,008	6,505,715
EQUITY			
Equity attributable to owners of the parent			
Issued capital		505,861	505,861
Reserves		7,123,263	5,254,927
Proposed final dividends		—	151,758
		7,629,124	5,912,546
Non-controlling interests		1,052,884	593,169
Total equity		8,682,008	6,505,715

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

1.1 These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") (which include all International Financial Reporting Standards, International Accounting Standards ("IAS") and Interpretations) issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial assets that have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000), except when otherwise indicated.

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

IFRS 1 (Revised)	*First-time Adoption of IFRS*
IFRS 1 Amendments	Amendments to IFRS 1 *Fist-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	*Distributions of Non-cash Assets to Owners*
IFRS 5 Amendments included in *Improvements to IFRSs* issued in May 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 2009	Amendments to a number of IFRSs issued in April 2009

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

IFRS 1 Amendment	Amendment to IFRS 1 *First - time Adoption of International Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* (Effective for financial years beginning on or after 1 July 2011)
IFRS 1 Amendment	Amendment to IFRS 1 *First - time Adoption of International Financial Reporting Standards — Limited Exemption from Comparative IFRS 7 Disclosures for First - time Adopters* (Effective for financial years beginning on or after 1 July 2010)
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures — Transfers of Financial Assets* (Effective for financial years beginning on or after 1 July 2011)
IFRS 9	*Financial Instruments* (Effective for financial years beginning on or after 1 January 2013)
IAS 24 (Revised)	*Related Party Disclosures* (Effective for financial years beginning on or after 1 January 2011)
IAS 32 Amendment	Amendment to IAS 32 *Financial Instruments: Presentation — Classification of Rights Issues* (Effective for financial years beginning on or after 1 February 2010)

IFRIC 14 Amendments	Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement* (Effective for financial years beginning on or after 1 January 2011)
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments* (Effective for financial years beginning on or after 1 July 2010)
IAS 12 Amendments	Amendment to IAS 12 *Income Taxes: Recovery of Underlying Assets* (Effective for financial years beginning on or after 1 January 2012)

Apart from the above, the IASB 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, whereas the amendments to IFRS 1, IFRS 7, IAS 1, IAS 34 and IFRIC 13 are effective for annual periods beginning on or after 1 July 2011 although there are separate transitional provisions for each standard.

2. OPERATING 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 and rental of residential and commercial properties;

(b) The "others" segment comprises, principally the Group's ancillary services relating to the 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 year.

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

Segment assets excluded goodwill and deferred tax assets.

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

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

Year ended 31 December 2010	Property development												
	Shanghai	Beijing	Tianjin	Hubei	Chongqing	Zhejiang	Sichuan	Jiangsu	Jilin	Shaanxi	Shanxi	Others	Total
	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	4,077,995	2,008,875	3,276	893,827	406,121	1,037,406	—	—	35,995	582,621	—	118,174	9,164,290
Intersegment sales	—	—	—	—	—	—	—	—	—	—	—	83,955	83,955
	4,077,995	2,008,875	3,276	893,827	406,121	1,037,406	—	—	35,995	582,621	—	202,129	9,248,245
Reconciliation:													
Elimination of intersegment sales													(83,955)
Offsetting sales tax													(512,484)
Revenue													8,651,806
Segment results	1,119,615	1,334,880	(44,622)	(64,121)	105,137	213,982	(19,810)	(45,245)	(3,656)	69,992	—	(119,157)	2,546,995
Reconciliation:													
Elimination and adjustment													1,025,029
Profit before tax													3,572,024
Segment assets	22,996,161	8,613,194	656,624	3,306,023	1,534,492	2,535,154	3,004,161	3,141,479	1,668,818	753,801	313,693	7,635,217	56,158,817
Reconciliation:													
Elimination and adjustment													(22,850,627)
Total assets													33,308,190
Segment liabilities	17,742,757	10,235,349	640,559	2,416,278	1,083,630	1,726,732	1,633,782	2,743,433	1,638,824	627,084	213,693	8,516,579	49,218,700
Reconciliation:													
Elimination and adjustment													(24,592,518)
Total liabilities													24,626,182
Other segment information:													
Impairment losses recognised in the income statement	35,055	21,631	—	—	—	—	—	—	—	—	—	14,797	71,483

Year ended 31 December 2009	Property development										Others	Total
	Shanghai	Beijing	Tianjin	Hubei	Chongqing	Zhejiang	Sichuan	Jiangsu	Jilin	Shaanxi		
	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	1,174,715	2,777,309	375,028	30,019	342,505	519,126	—	22,080	67,791	—	159,247	5,467,820
Intersegment sales	—	—	—	—	—	—	—	—	—	—	110,290	110,290
	1,174,715	2,777,309	375,028	30,019	342,505	519,126	—	22,080	67,791	—	269,537	5,578,110
Reconciliation:												
Elimination of intersegment sales												(110,290)
Offsetting sales tax												(283,016)
Revenue												5,184,804
Segment results	337,444	635,433	122,063	(19,883)	(9,754)	66,476	(10)	5,918	4,079	(9,084)	(34,771)	1,097,911
Reconciliation:												
Elimination and adjustment												(37,202)
Profit before tax												1,060,709
Segment assets	18,558,850	9,292,736	269,816	2,705,297	721,636	3,143,367	439,613	3,015,019	1,084,853	692,621	2,147,405	42,071,213
Reconciliation:												
Elimination and adjustment												(16,163,394)
Assets of disposal group classified as held for sale												1,548,894
Total assets												27,456,713
Segment liabilities	14,390,056	10,607,511	467,838	1,951,430	366,861	2,064,152	239,623	2,555,798	1,051,203	612,000	2,313,746	36,620,218
Reconciliation:												
Elimination and adjustment												(16,666,613)
Liabilities related to the assets of disposal group classified as held for sale												997,393
Total liabilities												20,950,998
Other segment information:												
Impairment losses recognised in the income statement	—	3,179	—	—	—	—	—	—	—	—	—	3,179
Impairment losses reversed in the income statement	—	(19,168)	—	—	—	—	—	—	—	—	—	(19,168)

3. REVENUE, OTHER INCOME AND GAINS

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

	2010 *RMB'000*	2009 *RMB'000*
Revenue		
Sale of properties	8,912,367	5,286,497
Rental income	153,762	26,529
Property agency income	28,805	86,209
Property sales planning and advertising income	1,140	6,998
Property management income	53,162	38,645
Construction supervisory and consulting income	4,071	12,884
Decoration and provision of construction materials	10,983	10,058
	9,164,290	5,467,820
Less: Business tax and government surcharges	(512,484)	(283,016)
Total revenue	8,651,806	5,184,804
Other income		
Government grants	6,407	32,112
Reversal of impairment of inventories	—	19,168
Bank interest income	15,861	1,649
Interest income for loan receivables	17,794	6,870
Miscellaneous rental income	11,930	10,424
Dividend from available-for-sale investments	253	—
Others	4,310	4,902
	56,555	75,125
Gains		
Fair value gain on investment properties	264,578	75,404
Gain on acquisition of non-controlling interests	—	4,057
Gain on disposal of available-for-sale investments	—	2,351
Gain on disposal of subsidiaries	1,009,764	—
Gain on disposal of an associate	19,307	—
Gain on disposal of items of property and equipment	—	1,022
	1,293,649	82,834
Other income and gains	1,350,204	157,959

4. OTHER EXPENSES

	2010	2009
	RMB'000	*RMB'000*
Impairment of goodwill	64,983	3,179
Impairment of property and equipment	6,500	—
Donation	3,310	3,015
Compensation for delay of delivery	—	28,182
Loss on disposal of items of property and equipment	1,274	—
Loss on disposal of an investment property	—	790
Loss on fair value changes in equity investments at fair value through profit or loss	1,929	—
Others	2,933	1,831
	80,929	36,997

5. FINANCE COSTS

	2010	2009
	RMB'000	*RMB'000*
Interest on bank loans, other borrowings and bonds:		
-wholly repayable within five years	695,996	619,224
-not wholly repayable within five years	55,239	7,161
Notional interest	12,499	11,132
Total interest	763,734	637,517
Less: Interest capitalised, in respect of:		
-bank loans, other borrowings and bonds	(469,968)	(558,068)
-notional interest	—	(5,840)
Total interest capitalised	(469,968)	(563,908)
	293,766	73,609
Other finance costs:		
-exchange losses	1,346	1,665
-bank charges and others	1,960	1,028
Total finance costs	297,072	76,302

6. 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 year. 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% (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% (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 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 amortisation of land use rights, borrowing costs, business taxes and all property development expenditures. The tax is incurred upon transfer of property ownership.

Major components of income tax expense for the years ended 31 December 2010 and 2009 are as follows:

	2010	**2009**
	RMB'000	*RMB'000*
Current taxation		
-Income tax in the PRC for the year	869,356	351,251
-LAT in the PRC for the year	708,366	205,422
Deferred tax		
-Income tax in the PRC for the year	(74,611)	(104,819)
-LAT in the PRC for the year	214,464	—
Total tax charge for the year	1,717,575	451,854

For the year ended 31 December 2010, based on the latest understanding of LAT regulations from tax authorities, an additional LAT in the amount of RMB443,540,000 (2009: RMB112,768,000) was provided by the Group.

In 2004, upon the reorganisation and the listing of the Company, the Company and Shanghai Fosun High Technology (Group) Co. Ltd. ("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 5% of sales proceeds, after netting off potential income tax savings, in consequence of the disposal of the properties owned by the Group as at 30 November 2003. As at 31 December 2010, the indemnity of LAT from the holding company after netting off potential income tax savings amounted to RMB 246,279,000 (2009: RMB98,462,000).

7. DIVIDENDS

	2010	**2009**
	RMB'000	*RMB'000*
Proposed final — Nil (2009: RMB0.06) per ordinary share	—	151,758

No final dividend has been proposed for the year ended 31 December 2010 pursuant to the director's resolution of the Company dated 24 March 2011.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent of approximately RMB1,760,162,000 (2009: RMB496,648,000) and the weighted average number of ordinary shares of 2,529,306,000 (2009: 2,529,306,000) in issue during the year.

Diluted earnings per share amounts for the two years ended 31 December 2010 and 2009 have not been disclosed as no diluting events existed during those years.

9. TRADE RECEIVABLES

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

	2010	2009
	RMB'000	*RMB'000*
Undue	182,072	230,606
Overdue, within six months	6,654	11,869
	188,726	242,475

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

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

	2010	2009
	RMB'000	*RMB'000*
Neither past due nor impaired	182,072	230,606
Less than six months past due	6,654	11,869
	188,726	242,475

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

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

10. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the Reporting Period is as follows:

	2010	2009
	RMB'000	*RMB'000*
Within six months	1,565,907	1,029,176
More than six months, but within one year	144,854	137,250
Over one year	428,745	325,496
	2,139,506	1,491,922

BUSINESS REVIEW

During the Reporting Period, major achievements of the Group are reflected in the following:

Project Developments

During the Reporting Period, there were 52 projects under development (including the projects of joint ventures in which the Group owns equity interests and associate companies, excluding the development projects of Shanghai Zendai Property Limited ("Shanghai Zendai"), an associated company). Total gross floor area ("GFA") of these projects was approximately 4,976,566 sq.m., of which a total GFA of approximately 3,675,477 sq.m. was attributable to the Company, representing an increase of approximately 39.75% compared to the same period last year (2009: GFA attributable to the Company of 2,630,038 sq.m.).

Project Developments During the Reporting Period

City	Approximate Total GFA (sq.m.)	Approximate GFA Attributable to the Company (sq.m.)
Shanghai	878,373	599,247
Beijing	210,080	127,761
Tianjin	153,470	107,429
Nanjing	702,525	375,741
Hangzhou	723,848	506,968
Wuxi	171,918	85,959
Chongqing	407,828	407,828
Wuhan	306,991	214,894
Chengdu	636,457	574,511
Xi'an	429,033	319,096
Changchun	356,043	356,043
Total:	**4,976,566**	**3,675,477**

Of the aforementioned 52 projects, 19 projects with a total GFA of approximately 2,151,110 sq.m were new, of which an total GFA of approximately 1,629,328 sq.m. was attributable to the Company, representing a increase of 91.10% compared to the same period last year (2009: GFA attributable to the Company of 852,585 sq.m.).

Of the aforementioned 52 projects, 17 projects with a total GFA of approximately 1,318,229 sq.m were completed, of which a total GFA of approximately 964,389 sq.m. was attributable to the Company, representing an increase of 58.27% compared to the same period last year (2009: GFA attributable to the Company of 609,324 sq.m.).

Projects Reserved

During the Reporting Period, in accordance with the Group's development strategy and real estate industry policies, the Group adopted cautious approach in acquiring additional projects primarily by participating in government tenders and auctions and acquiring equity interests of other companies. The Group secured a total of 9 projects with a total GFA of approximately 3,790,000 sq.m., of which a total GFA of approximately 2,160,000 sq.m. was attributable to the Company, representing an increase of 78.51% compared to the same period last year (2009: GFA attributable to the Company of 1,210,000 sq.m.).

Newly Acquired Projects During the Reporting Period

City	Project Name	Approximate Total GFA (sq.m.)	Interest Attributable to the Company	Approximate Attributable Total GFA (sq.m.)	Usage
Shanghai	Garden Plaza	97,227	100.00%	97,227	Residential
	Glorious Time (Equity Increase)	120,195	Increased 40% Equity	48,078	Residential
	Xintiandi 107 Hotel Project	47,988	20%	9,598	Complex
Chengdu	Shuangliu Project	410,126	100.00%	410,126	Residential
	Huanglong Project	555,733	50.00%	277,867	Commercial and Residential
	Yintai Project	654,620	20.00%	130,924	Commercial and Residential
Taiyuan	Banshan Project	861,209	80.00%	688,967	Residential
Wuxi	Wuaibei Project	246,089	40.00%	98,436	Residential
Chongqing	Nanshan Huangjiaoya Project	794,458	50.00%	397,229	Residential
Total		**3,787,646**		**2,158,452**	

Note:

1) Shanghai Glorious Times' s equity interests increased from 60% to 100% by acquiring 40% equity interests of the project

2) Information was updated based on the most recent project planning documents

During the Reporting Period, the Group had projects reserves with aggregate planned GFA of approximately 14,140,000 sq.m., of which a total GFA of approximately 9,050,000 sq.m. was attributable to the Company, representing an increase of 23.13% compared to the same period last year (2009: GFA attributable to the Company of 7,350,000 sq.m.). The projects reserves are located in 12 cities, namely Shanghai, Beijing, Tianjin, Taiyuan, Nanjing, Hangzhou, Wuxi, Chongqing, Wuhan, Chengdu, Xi'an and Changchun. The nationwide scale and sustainable development strategy will contribute to the stable growth of the Group's core business and profits in the coming years.

Reserved Projects For the Year Ended 31 December 2010 (Sq.m.)

	Total		Under Construction		To Be Developed	
City	**In Total**	**Attributable to the Company**	**In Total**	**Attributable to the Company**	**In Total**	**Attributable to the Company**
Shanghai	1,671,927	1,018,283	443,039	276,402	1,228,888	741,880
Beijing	5,148	5,148	5,148	5,148	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	1,400,924	802,364	602,819	334,911	798,105	467,453
Hangzhou	689,362	481,104	533,070	363,885	156,292	117,219
Wuxi	1,012,209	481,495	171,918	85,959	840,291	395,536
Chongqing	1,282,515	885,287	310,448	310,448	972,067	574,838
Wuhan	1,208,519	845,963	155,165	108,616	1,053,354	737,348
Chengdu	2,256,937	1,393,428	636,457	574,511	1,620,480	818,917
Xi'an	2,452,179	1,268,446	290,759	187,736	2,161,420	1,080,710
Changchun	893,679	893,679	356,043	356,043	537,635	537,635
Total	**14,139,842**	**9,047,827**	**3,658,338**	**2,711,088**	**10,481,504**	**6,336,738**

Note:

1. Reserved projects include projects under development and projects to be developed (including the projects of joint ventures in which the Group owns equity interests and associate companies);

2. Of the reserved projects to be developed with a total GFA of 10,481,504 sq.m. (which include projects without land use right certificates but with executed land grant contracts or approved by the PRC government), the Gross GFA of the projects with land use right certificates is approximately 6,220,911 sq.m.

The current reserved projects of the Group are sufficient for the Group's development over the next three to five years, and this will provide a solid foundation for the Group's long-term growth.

Property Sales

During the Reporting Period, the Group achieved aggregate sales of approximately 1,333,364 sq.m. and RMB 17,362,953,000 (including joint ventures in which the Group owns equity interests and associate companies, excluding the development projects of Shanghai Zendai, an associated company, including the sale of the equity interest of Forte Tianjin Center). Total sales attributable to the Company was approximately 1,070,389 sq.m. and RMB 13,809,610,000, representing an increase of approximately 19.98% and 62.15%, compared to the same period last year (2009: Aggregate sales attributable to the Company of 892,179 sq.m. and RMB 8,516,545,000).

The Group actively expanded its property development business into 12 cities in the PRC. During the Reporting Period, property sale had commenced in 11 cities.

Total Contracted GFA and Amount During the Reporting Period

			Sales GFA (sq.m.)		**Sales Revenue (RMB'000)**	
No.	**City**	**Name of Project**	**In Toal**	**Attributable to the Company**	**In Total**	**Attributable to the Company**
1	Shanghai	Glorious Time	55,257	55,257	2,141,599	2,141,599
2		Villa Espana	27,004	14,852	353,505	194,428
3		Parktown	81,047	81,047	1,113,668	1,113,668
4		Fashion Block	15,657	15,657	268,417	268,417
5		Forte Times	8,198	8,198	167,671	167,671
6		Golden City	57,436	22,974	1,644,034	657,613
7		Yi He Hua Cheng	15,238	7,619	330,924	165,462
8		Jinshan Chempark	3,338	3,338	19,383	19,383
9		Other Projects	21,520	19,422	92,445	84,172
10	Beijing	Xirongxian 26	12,647	12,647	654,989	654,989
11		Value Stream	11,243	11,243	184,010	184,010
12		Peking House	24,175	24,175	790,477	790,477
13		Spring Town	1,924	577	9,717	2,915
14	Nanjing	Graceful Oasis	85,106	34,851	661,698	270,965
15		Ronchamp Villa	16,195	16,195	257,422	257,422
16		Glorious Times	31,405	28,265	520,638	468,574
17	Hangzhou	Invaluable City	37,493	28,120	388,877	291,658
18		Forte Times	59,550	29,775	677,213	338,606
19		Northern City Center	314	314	2,865	2,865
20	Wuxi	Australian Garden	45,443	22,722	316,460	158,231
21	Chongqing	Uptown	152,050	152,050	793,900	793,900
22	Wuhan	Forte International East Lake	108,643	76,050	1,092,476	764,734
23		Cui Wei New City	49	29	234	141
24	Xi'an	Yotown	120,232	114,221	658,441	625,519
26	Chengdu	Gorgeous lakeside	88,921	71,137	812,180	649,744
27	Changchun	Natural City	118,778	118,778	740,657	740,657
	Total		**1,198,863**	**969,513**	**14,693,900**	**11,807,820**
28	Tianjin	Tianjin Centre Equity Transfer	134,501	100,876	2,669,053	2,001,790
	Total		**1,333,364**	**1,070,389**	**17,362,953**	**13,809,610**

Note: including saleable parking spaces.

Property Booked

During the Reporting Period, booked GFA and revenue amounted to 1,110,781 sq.m. and RMB 12,988,103,000 (including joint ventures in which the Group owns equity interests and associate companies, excluding the development projects of Shanghai Zendai, an associated company, including the sale of the equity interest of Forte Tianjin Center). Booked GFA and revenue attributable to the Company amounted to 869,201 sq.m. and RMB 10,455,828,000, representing an increase of approximately 50.58% and 84.08%, compared to the same period last year (2009: Booked GFA and revenue attributable to the Company of 577,237 sq.m. and RMB 5,679,967,000).

Project Booked and Booked Revenue During the Reporting Period

			Booked GFA (sq.m.)		Booked Revenue (RMB'000)	
No.	**City**	**Name of Project**	**In Total**	**Attributable to the Company**	**In Total**	**Attributable to the Company**
1	Shanghai	Allen Poem	7,344	7,344	112,984	112,984
2		Parktown	146,490	146,490	2,099,127	2,099,127
3		Villa Espana	58,903	32,397	657,979	361,889
4		Forte Sunny City	175	175	2,163	2,163
5		Fashion Block	45,518	45,518	599,861	599,861
6		All New Shanghai	32	32	182	182
7		Glorious Times	658	658	3,994	3,994
8		Forte Elegant Garden	142	125	3,451	3,037
9		Yi He Hua Cheng	27,513	13,757	348,466	174,233
10		Forte Times	10,284	10,284	177,385	177,385
11		Golden City	58,049	23,220	982,045	392,818
12		Gubei New City	298	149	1,095	548
13	Beijing	Value Stream	8,700	8,700	137,340	137,340
14		Xirongxian 26	31,115	31,115	1,278,280	1,278,280
15		Peking House	16,474	16,474	546,552	546,552
16		Spring Town	1,924	577	9,717	2,915
17	Nanjing	Graceful Oasis	94,343	38,633	408,538	167,296
18	Hangzhou	Invaluable City	127,542	95,657	1,026,039	769,529
19	Wuxi	Australian Garden	1,041	521	5,289	2,644
20	Chongqing	Uptown	87,756	87,756	406,121	406,121
21	Wuhan	Forte International East Lake	124,189	86,932	893,592	625,515
22		Cui Wei New City	49	29	234	140
23	Xi'an	Yotown	119,179	113,220	582,621	553,490
24	Changchun	Natural City	8,562	8,562	35,995	35,995
	Total		**976,280**	**768,325**	**10,319,050**	**8,454,038**

No.	City	Name of Project	Booked GFA (sq.m.) In Total	Booked GFA (sq.m.) Attributable to the Company	Booked Revenue (RMB'000) In Total	Booked Revenue (RMB'000) Attributable to the Company
25	Tianjin	Tianjin Centre Equity Transfer	134,501	100,876	2,669,053	2,001,790
	Total		**1,110,781**	**869,201**	**12,988,103**	**10,455,828**

Note: including saleable parking spaces

During the Reporting Period, GFA sold but not yet booked and unbooked revenue amounted to 989,848 sq.m. and RMB11,874,220,000. GFA sold but not yet booked and unbooked revenue attributable to the Company amounted to 748,008 sq.m. and RMB8,804,555,000, representing an increase of approximately 37.11% and 62.06% as compared to the same period last year (2009: GFA sold but not yet booked and unbooked revenue attributable to the Company of 545,537 sq.m. and RMB5,432,886,000).

Investment Property

In order to acquire stable and operating income, two investment properties of the Group, namely Fosun International Center and Northern City Center were used for leasing purpose. As of 31 December 2010, the fair value of these two investment properties amounted to RMB2,551,167,000.

Corporate Social Responsibility Report

During the Reporting Period, the Company has implemented the social responsibility of corporate citizenship in all aspects including: carrying out its responsibilities to the country, being responsible to the shareholders, protecting the rights of the employees, committing to the promises to customers, caring about the environment and resources, having a win-win relationship with partners and involving in social welfare events. At the end of the Reporting Period, Forte published its first report of the "Forte Corporate Social Responsibility Report".

Major Events

Major Events After the Reporting Period

In accordance with the announcement on 20 January 2011 and composite documents on 25 February 2011, which were released together by the Group and Fosun International Co., Ltd. ("Fosun International"), an voluntary conditional offer by Standard Chartered Bank (Hong Kong) Limited on behalf of Fosun International for all the issued H shares in the Company (other than those already held by Fosun International and Parties acting in concert with it), an voluntary Conditional Offer by Fosun International for all the issued domestic shares in the Company (other than those already held by Fosun International and Parties acting in concert with it). Please refer to the announcement and circulars for detailed information.

Future Prospects

Operating Environment

In 2010, the Chinese economy has gradually moved on from the negative impact of the global financial crisis and returned to normal growth track. During the year, the central government continued to maintain a moderate monetary policy, the property market continued its upward trend which started from the end of 2009. Despite the government has released multiple tightening measures since the 1st quarter, the transaction volume still remained at a relatively higher level, and transaction price has shown steady appreciation due to the strong demand from urbanization, global capital inflow and the anticipation of Renminbi appreciation.

In the past two years, the overly rapid property price appreciation has caused speculative capital entering the market thereby causing concerns of irrational prosperity for the industry. In 2011, the year which begins the "12th 5 years plan", the growth of Chinese economy will face two major goals: adjusting economic structure and curbing inflation.

In 2011, the Chinese government may still continue and intensify the tightening measures for real estate. The deepening effect and expansion of the policy of "limited purchase" has already caused certain short term impact to the market.

However, we believe that the key factors, which support the growth of the Chinese property market, did not change. Instead, these are reasonable market adjustments for some regions which had overly rapid price appreciations in the past. Under the backdrop of changing economy, the cooperative development between regions and the trend of urbanization will propel the growth of the property market in the new emerging cities. The healthy steady economic growth will bring bright prospects for the industry.

We believe the government tightening will promote the healthy development of the property market, and create a more rational and healthy market, as well as a business environment that enables more sustainable development.

Business Strategy

Deepening and Put in Practice of Development Strategy, Initiate "Boutique Product" Strategy

On the basis of Forte's《Group 10 Year Development Strategy》, the Group will more clearly set out the strategy of "mainly in residential, fast turnover, further develop in the existing region, initiate boutique product". To clearly set out the next 5 years' development goal and strategy for 4 major regions include Shanghai, Northern Region, JiangZhe Region and Midwestern Region. To initiate "Boutique Product" strategy in 2011 and increase the overall product competitiveness in all dimensions.

Ensure Achievement of Sales Target

Continue to be alert to the market due to ongoing tightening measures and fully evaluate the current market condition. On the basis of balancing profit anticipation and cash flow safety, utilize flexible sales strategy to cope with market change. By setting a system of acceptable pricing for customers and adopting creative sales measures, realize speedy sales and cash returns.

Ensure Adequate Investment and Projects Reserved

Consolidate parent company's resource and initiate M&A activities. Better utilize the long term opportunities of Chinese urbanization and different timing of each city's development for the property industry. Use "Industrial Concept" to widen experiment. To further implement investment evaluation system.

Promote the development of the business of fund management

Increase investments in the business of fund management, practically implement the investment in the strategic business of the Group, further broaden the financing channels of the business development, enable the "Dual Core Strategy" to become a virtuous cycle.

Increase Hiring and Training of Elite Talent

The Group's strategy requires the support of elite talent who possesses global visions. Continue the hiring system for high end elite professionals, and cultivate the experts and management talents with entrepreneurial spirit. Perfect the establishment of Forte Academy, and promote the implementation of new performance incentive system.

Business outlook

Under the backdrop of the continuing and deepening effect of the property control policies, the property market's overall transaction level maybe constrained. The government will use much stricter policies, especially for those cities which showed relatively greater price appreciations during the last two years. The Group has fully estimated the possible fluctuation that may occur and the challenges that it may face in 2011.

The Group will continue to improve the speed of project turnover, maintain reasonable project reserve sizes and stable financial structure, at the same time to promote "boutique products" strategy and increase competitiveness of products. While developing residential properties, the Group will, under the guidance of new development strategies, increase resources dedicated to the research and effort in the property industry, in order to counter the effect of short term volatility.

The Group keeps a cautious stance toward its business operation and will work hard to achieve this year's financial goal.

Financial Analysis

1. **Turnover and Operating Results**

   In 2010, the Group recorded a total turnover of approximately RMB8,651,806,000, an increase of 66.9% as compared to that of RMB5,184,804,000 in 2009. The increase in turnover was mainly due to an increase of the booked GFA attributable to the Group of approximately 820,000 sq.m., representing an increase of approximately 67.3% as compared to that of 490,000 sq.m. in 2009.

   The Group's gross profit in 2010 was approximately RMB3,157,919,000, representing an increase of 106.5% as compared to approximately RMB1,529,043,000 in 2009. The Group's gross profit margin during the year was 36.5%, an increase of 7 percent as compared to 29.5% in 2009, which was mainly attributed to the facts that i) major projects booked during the year were low-density residentials in the 1st tier cities, and the selling price was higher than the local average; ii) the sales of the projects booked were mainly in year 2009 and 2010 when the market price was relatively high.

In 2010, profit attributable to owners of the parent was approximately RMB1,760,162,000, representing an increase of 254.4% as compared to approximately RMB496,648,000 in 2009, which was mainly due to the following facts: i) the turnover in 2010 increased by 66.9% as compared to that in year 2009; ii) the gross profit margin growth further increased the Group's gross profit during the year; iii) the sale of the equity interest of 75% in Tianjin Forte Pu He Co., Ltd. (Tianjin Center) which was a subsidiary of the Group was confirmed as equity disposal gain.

Based on the total weighted number of Shares of the Group of 2,529,306,000 Shares in current year, earnings per share was RMB0.696.

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

	2010
	RMB'000
Sale of properties	8,912,367
Rental income	153,762
Property agency income	28,805
Property sales planning and advertising income	1,140
Property management income	53,162
Construction supervisory and consultancy income	4,071
Decoration and construction materials income	10,983
Less:business tax and government surcharges	(512,484)
Revenue	8,651,806

2. **LAT prepayments and provisions**

In 2010, pursuant to tax notices issued by the relevant local tax authorities, the Group made a LAT prepayment at rates ranging from 0.5% to 5% on proceeds of the sale and pre-sale of properties. Meanwhile, in 2010, the Group made additional LAT provision in the amount of approximately RMB443,540,000 in respect of the properties sold in accordance with the requirements set forth in the relevant LAT laws and regulations issued by the State Administration of Taxation, representing an increase of 293.3% as compared to RMB112,768,000 in 2009. Pursuant to the deed of tax indemnity entered into by the Group and Fosun High Technology, the indemnity of LAT from Fosun High Technology in respect of the additional LAT provision made by the Group in 2010 was approximately RMB147,817,000.

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

During the year, the Group's liquidity maintained at a healthy level. Its financial resources were allocated in a reasonable manner. As at 31 December 2010, the total assets of the Group amounted to approximately RMB33,308,190,000, in which current assets accounted for approximately RMB20,480,810,000. Total liabilities amounted to approximately RMB24,626,182,000. Current liabilities amounted to approximately RMB14,764,601,000 and non-current liabilities amounted to approximately RMB9,861,581,000. The equity attributable to owners of the parent amounted to approximately RMB7,629,124,000. As at 31 December 2010, the Group's cash and bank deposits amounted to approximately RMB4,736,425,000. The Group has sufficient working capital for its operation, liquidity of assets and solvency is healthy.

4. **Pledge of assets**

As at 31 December 2010, properties under development with total book value of approximately RMB5,778,577,000, completed properties for sale with total book value of approximately RMB315,519,000, self-owned properties with total book value of approximately RMB45,092,000, investment properties with total book value of approximately RMB2,551,167,000, pledged deposits with total book value of approximately RMB179,091,000, investment to subsidiary companies with total book value of approximately RMB632,619,000 and investment to associated companies with total book value of approximately RMB 865,487,000 are set as pledges by the Group for acquiring credit from financial institutions. The corresponding bank loans and other borrowings from the financial institutions amounted to approximately RMB6,656,586,000.

5. **Contingent liabilities**

The Group provided bank guarantees for their customers in favour of the banks in respect of its customers in respect of mortgage loans provided by the banks to such customers for their purchases of the Group's properties. These guarantees will expire upon the submission of the relevant property ownership certificates to the mortgagee bank by the relevant customers. As at 31 December 2010, the remaining amount of bank guarantees provided amounted to approximately RMB3,013,599,000.

As at 31 December 2010, the Group and Shanghai Home Value Holding (Group) Co., Ltd. provided guarantees for Beijing Hehua, an associate of the Group in respect of a loan amounted to RMB900,000,000 with a term of eight years, of which, the guarantees provided by the Company was RMB441,000,000.

As at 31 December 2010, Huarong International Trust Co., Ltd. provided guarantees for Beijing Yuquan, an associate of the Group in respect of a trust loan of RMB400,000,000 with a term of eighteen months, of which, the guarantees provided by the Company was RMB100,000,000.

Save as disclosed above and apart from intra-group liabilities, the Group did not have any outstanding loan capital, bank overdrafts, and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans, acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities outstanding as at 31 December 2010.

6. **Commitments**

As at 31 December 2010, the Group has irrevocable operational leases of approximately RMB552,732,000, of which approximately RMB42,655,000 must be repaid within one year, approximately RMB160,388,000 should be repaid within two to five years (inclusive) and approximately RMB349,689,000 should be repaid after five years.

As at 31 December 2010, the Group has approximately RMB4,226,205,000 capital projects contracted but not provided for. In addition, the Group's share of its jointly-controlled entities' own capital projects contracted but not provided for approximated to RMB199,999,000.

DIVIDENDS

The Directors proposed that final dividends of 2010 shall not be distributed (2009: RMB 0.06 (pre-tax)).

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2010, the Group had a total of 1,477 employees, representing an decrease of approximately 26.8% as compared to last year (2009: 2,019 employees) (The decrease of employees in the Reporting Period was due to the reduction caused by the completion of equity interests transfer of Shanghai Resource, which was originally affiliated to Forte, in March 2010).

The Group determines its remuneration policy and incentive system based on information provided by well-known consultancy firms, prevailing industry practices, inflation, operational efficiencies and the performance of individual staff members. The Group provides management and staff with continuing education and training to improve their technical skills and knowledge with the objective to guarantee a continuing pool of human talents for the achievement of the Group's strategic and annual operation goals on the basis of management system and allocation of human resources.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CODE OF CORPORATE GOVERNANCE PRACTICES

The Directors are of the opinion that the Company has strictly 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. Having made specific enquiry with the Company, all Directors have confirmed that they have complied with the required standard set out in the code of conduct throughout the Reporting Period.

AUDIT COMMITTEE

During the Reporting Period, the audit committee consisted of four members, all of whom were independent non-executive Directors of the Company.

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

The audit committee of the Company has reviewed the Group's annual results for year 2010.

ANNUAL GENERAL MEETING

The Company will hold the forthcoming Annual General Meeting on 15 June, 2011. Notice of the Annual General Meeting will be published and dispatched in accordance with the requirements of the Listing Rules.

PUBLICATION OF RESULTS ANNOUNCEMENTS AND ANNUAL REPORTS

This results announcement is currently published on the website of The Stock Exchange of Hong Kong Ltd (www.hkex.com.hk) and the Company's website (www.forte.com.cn). The annual report of the Company will be dispatched to Shareholders and published on the above-mentioned websites in due course.

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.

OTHER

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 are Mr. Guo Guang Chang, 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.

By order of the Board of Directors
Zhang Hua
Chairman

Shanghai, the PRC
24 March 2011

* *For identification purposes only*