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FOSUN 复星

FOSUN INTERNATIONAL LIMITED

*(Incorporated in Hong Kong with limited liability
under the Companies Ordinance)*

(Stock Code: 00656)

FORTE 复地

復地（集團）股份有限公司

SHANGHAI FORTE LAND CO., LTD.*

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

(Stock Code: 02337)

JOINT ANNOUNCEMENT

**ACQUISITION OF A 25% EQUITY INTEREST IN
QUYANG PROJECT COMPANY**

CONNECTED TRANSACTION

CONNECTED TRANSACTION

AND

DISCLOSEABLE TRANSACTION

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



招商證券(香港)有限公司
CHINA MERCHANTS SECURITIES (HK) CO., LIMITED

As at the date of this announcement, the registered capital of the Quyang Project Company in the amount of RMB205,000,000 (equivalent to approximately HK\$232,579,247) was contributed by Forte and ING in the amount of RMB153,750,000 (equivalent to approximately HK\$174,434,435) and RMB51,250,000 (equivalent to approximately HK\$58,144,812), representing 75% and 25% of the registered capital of the Quyang Project Company, respectively.

According to a cooperative joint venture contract dated 30 August 2005 and entered into between Forte and ING in respect of the Quyang Project Company, Forte and ING are entitled to 85% and 15%, respectively, of the distributable profit and other distributions of the Quyang Project Company. On the above premise, 85% equity interest in the Quyang Project Company is accounted for in the consolidated financial statements of Forte.

In October 2008, the Quyang Project was completed comprising of properties for residential and commercial uses with an aggregate sellable gross floor area of approximately 140,578 square meters. As at 31 July 2009, 1,036 units with an aggregate sellable gross floor area of approximately 121,655.83 square meters were sold and 202 units with an aggregate sellable gross floor area of

approximately 18,922.51 square meters were unsold, representing approximately 87% and 13% of the aggregate sellable gross floor area of the Quyang Project, respectively.

Forte Investment, a wholly owned subsidiary of Forte, ING, Forte, and the Quyang Project Company entered into the Equity Transfer Agreement on 27 August 2009, whereby Forte Investment has agreed to acquire from ING a 25% equity interest in the Quyang Project Company for a consideration of approximately RMB165,000,000 (equivalent to approximately HK\$187,197,931).

Forte Investment is a subsidiary of Fosun (via Forte). ING is a substantial shareholder of the Quyang Project Company, a subsidiary of Fosun, and is therefore a connected person of Fosun. The Acquisition under the Equity Transfer Agreement constitutes a connected transaction of Fosun under the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.10 of the Hong Kong Listing Rules) in respect of the Acquisition under the Equity Transfer Agreement exceed 0.1% but less than 2.5% for Fosun, the Acquisition under the Equity Transfer Agreement is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Hong Kong Listing Rules and is exempt from the independent shareholders' approval requirement under Rule 14A.48 of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Hong Kong Listing Rules) in relation to the Acquisition under the Equity Transfer Agreement exceed 5% but below 25%, the Acquisition under the Equity Transfer Agreement constitutes a discloseable transaction of Forte under Chapter 14 of the Hong Kong Listing Rules.

Forte Investment is a wholly owned subsidiary of Forte. ING is a substantial shareholder of the Quyang Project Company, a non wholly owned subsidiary of Forte, and is therefore a connected person of Forte. The Acquisition under the Equity Transfer Agreement constitutes a connected transaction of Forte under the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.10 of the Hong Kong Listing Rules) in respect of the Acquisition under the Equity Transfer Agreement exceed 2.5% for Forte, the Acquisition under the Equity Transfer Agreement is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Hong Kong Listing Rules and the independent shareholders' approval requirement under Rule 14A.48 of the Hong Kong Listing Rules.

Forte obtained a written independent shareholders' approval dated 26 August 2009 in relation to the Acquisition under the Equity Transfer Agreement from Fosun, Fosun High Technology and Fosun Pharmaceutical Development, a closely allied group of Shareholders, which together hold more than 50% in nominal value of the shares of Forte giving the right to attend and vote at a general meeting of Forte. A waiver has been granted by the Hong Kong Stock Exchange pursuant to Rule 14A.43 of the Hong Kong Listing Rules that no general meeting is required to be held to consider and approve the Acquisition under the Equity Transfer Agreement.

An Independent Board Committee has been formed to advise the Independent Shareholders of Forte on the Acquisition and the Independent Board Committee has approved the appointment of China Merchants Securities (HK) Co., Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Acquisition in accordance with the Hong Kong Listing Rules.

A circular containing, among other things, further details of the Acquisition, the letter from the Independent Board Committee and the recommendation from the independent financial adviser on the terms of the Acquisition, will be despatched to the shareholders of Forte within 21 days after the publication of this announcement.

ACQUISITION OF A 25% EQUITY INTEREST IN QUYANG PROJECT COMPANY

Background

As at the date of this announcement, the registered capital of the Quyang Project Company in the amount of RMB205,000,000 (equivalent to approximately HK\$232,579,247) was contributed by Forte and ING in the amount of RMB153,750,000 (equivalent to approximately HK\$174,434,435) and RMB51,250,000 (equivalent to approximately HK\$58,144,812), representing 75% and 25% of the registered capital of the Quyang Project Company, respectively.

According to a cooperative joint venture contract dated 30 August 2005 and entered into between Forte and ING in respect of the Quyang Project Company, Forte and ING are entitled to 85% and 15%, respectively, of the distributable profit and other distributions of the Quyang Project Company. On the above premise, 85% equity interest in the Quyang Project Company is accounted for in the consolidated financial statements of Forte.

In October 2008, the Quyang Project was completed comprising of properties for residential and commercial uses with an aggregate sellable gross floor area of approximately 140,578 square meters. As at 31 July 2009, 1,036 units with an aggregate sellable gross floor area of approximately 121,655.83 square meters were sold and 202 units with an aggregate sellable gross floor area of approximately 18,922.51 square meters were unsold, representing approximately 87% and 13% of the aggregate sellable gross floor area of the Quyang Project, respectively.

Equity Transfer Agreement

Forte Investment, a wholly-owned subsidiary of Forte, ING, Forte, and the Quyang Project Company entered into the Equity Transfer Agreement on 27 August 2009, whereby Forte Investment has agreed to acquire from ING a 25% equity interest in the Quyang Project Company for a consideration of RMB165,000,000 (equivalent to approximately HK\$187,197,931).

Date

27 August 2009

Parties

- (i) Forte Investment
- (ii) ING
- (iii) Forte
- (iv) Quyang Project Company

Transaction

Pursuant to the Equity Transfer Agreement, Forte Investment has agreed to acquire from ING a 25% equity interest in the Quyang Project Company for a consideration in the amount of RMB165,000,000 (equivalent to approximately HK\$187,197,931), which shall be fully settled in cash by Forte Investment with its internal resources within 10 working days after the fulfilment of the conditions precedent as set out below.

Consideration

The consideration in the amount of RMB165,000,000 (equivalent to approximately HK\$187,197,931) has been arrived at after arm's length negotiations between the parties to the Equity Transfer Agreement with reference to (i) the audited consolidated net asset value of the Quyang Project Company in the amount of RMB613,970,517.73 (equivalent to approximately HK\$696,569,759.85) as at 31 December 2008 prepared in accordance with the generally accepted accounting principles in the PRC; and (ii) the appraised value of the unsold units of the Quyang Project Company in the amount of RMB627,000,000 (equivalent to approximately HK\$711,352,136.33) as of 30 June 2009 as set out under a valuation report prepared by Savills Hong Kong, a qualified property valuer in the PRC. The valuation report in respect of the unsold units of the Quyang Project Company was prepared based on the fair value of such properties with reference to the prevailing market price of other comparable properties with similar quality and location. There is no material change of valuation of the unsold units of the Quyang Project Company from 30 June 2009, the date of valuation, to the date of this announcement.

Conditions Precedent

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

- (i) a written independent shareholders' approval duly issued and signed by Fosun, Fosun High Technology and Fosun Pharmaceutical Development approving the Acquisition under the Equity Transfer Agreement in accordance with Rule 14A.43 of the Hong Kong Listing Rules;
- (ii) the relevant PRC government authorities approving the Acquisition under the Equity Transfer Agreement and rescinding the Certificate of Approval for Establishment of Enterprises with Foreign Investment in the PRC in respect of the Quyang Project Company;
- (iii) the issue of a new business licence to the Quyang Project Company by the relevant State Administration of Industry and Commerce upon the completion of the above condition precedent (ii);
- (iv) the State Administration of Foreign Exchange approving the payment and remittance of the consideration by Forte Investment to ING under the Equity Transfer Agreement;
- (v) the issue of a written confirmation by the Quyang Project Company to ING confirming that ING has no outstanding payment due to the Quyang Project Company and has duly fulfilled its contractual obligations under the Cooperation Documents; and
- (vi) the issue of a written confirmation by ING to the Quyang Project Company confirming that the Quyang Project Company has no outstanding payments due to ING and has duly fulfilled its contractual obligations under the Cooperation Documents.

Completion

The completion of the Acquisition under the Equity Transfer Agreement will take place on the next working day following the date of a notice issued by Forte Investment stating that all conditions precedent above have been duly fulfilled.

Financial Information

The audited net asset value of the Quyang Project Company attributable to equity holders as of 31 December 2008 was RMB613,970,517.73.

The audited consolidated net profit (loss) before and after taxation and extraordinary items of the Quyang Project Company for the two years ended 31 December 2007 and 2008, prepared in accordance with the generally accepted accounting principles in the PRC, were as follows:

	For the year ended 31 December 2007	For the year ended 31 December 2008
	<i>RMB</i>	<i>RMB</i>
Audited net profit before taxation and extraordinary items	(40,559,599.05)	681,046,686.98
Audited net profit after taxation and extraordinary items	(40,559,599.05)	457,635,766.78

Reasons for and benefits of the Acquisition

Fosun and Forte are of the view that the Acquisition under the Equity Transfer Agreement will enable Forte to increase its competitive strength in the real estate market in Shanghai on the basis that (i) there is a foreseeable growth potential in the real estate market in Shanghai, an important economic centre of the PRC; and (ii) the Quyang Project is in line with its group strategy and commercial criteria.

Hong Kong Listing Rules Implications

Fosun

Forte Investment is a subsidiary of Fosun (via Forte). ING is a substantial shareholder of the Quyang Project Company, a subsidiary of Fosun, and is therefore a connected person of Fosun. The Acquisition under the Equity Transfer Agreement constitutes a connected transaction of Fosun under the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.10 of the Hong Kong Listing Rules) in respect of the Acquisition under the Equity Transfer Agreement exceed 0.1% but less than 2.5% for Fosun, the Acquisition under the Equity Transfer Agreement is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Hong Kong Listing Rules and is exempt from the independent shareholders' approval requirement under Rule 14A.48 of the Hong Kong Listing Rules.

Forte

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Hong Kong Listing Rules) in relation to the Acquisition under the Equity Transfer Agreement exceed 5% but below 25%, the Acquisition under the Equity Transfer Agreement constitutes a discloseable transaction of Forte under Chapter 14 of the Hong Kong Listing Rules.

Forte Investment is a wholly owned subsidiary of Forte. ING is a substantial shareholder of the Quyang Project Company, a non wholly owned subsidiary of Forte, and is therefore a connected person of Forte. The Acquisition under the Equity Transfer Agreement constitutes a connected transaction of Forte under the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.10 of the Hong Kong Listing Rules) in respect of the Acquisition under the Equity Transfer Agreement exceed 2.5% for Forte, the Acquisition under the Equity Transfer Agreement is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Hong Kong Listing Rules and the independent shareholders' approval requirement under Rule 14A.48 of the Hong Kong Listing Rules.

Each of Fosun High Technology and Fosun Pharmaceutical Development is a subsidiary of Fosun. Fosun, Fosun High Technology and Fosun Pharmaceutical Development, a closely allied group of shareholders, hold 325,710,000 shares, 1,191,746,150 shares and 267,217,615 shares, representing approximately 12.88%, 48.12% and 9.56%, respectively, and together hold approximately 70.56% in nominal value of the shares of Forte giving the right to attend and vote at a general meeting of Forte as at the date of this announcement.

Forte obtained a written independent shareholders' approval dated 26 August 2009 in relation to the Acquisition under the Equity Transfer Agreement from Fosun, Fosun High Technology and Fosun Pharmaceutical Development, a closely allied group of shareholders, which together hold more than 50% in nominal value of the shares of Forte giving the right to attend and vote at a general meeting of Forte. A waiver has been granted by the Hong Kong Stock Exchange pursuant to Rule 14A.43 of the Hong Kong Listing Rules that no general meeting is required to be held to consider and approve the Acquisition under the Equity Transfer Agreement.

General

Fosun

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

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

Forte

The directors of Forte (excluding the independent non-executive directors who will express their views after receiving advice from the independent financial adviser) are of the view that the terms of the Equity Transfer Agreement (i) have been negotiated on an arm's length basis; (ii) are on normal commercial terms; and (iii) are fair and reasonable and in the interests of its shareholders as a whole.

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

GENERAL INFORMATION OF THE PARTIES TO THE TRANSACTION

Fosun

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

Forte

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

Forte Investment

Forte Investment is a limited liability company incorporated under the laws of the PRC and a wholly owned subsidiary of Forte. It is principally engaged in investment management and real estate investment.

ING

ING is a company incorporated under the laws of Mauritius with limited liability. It is principally engaged in the investment in the real estate development in the PRC.

Quyong Project Company

Quyong Project Company is a limited liability company incorporated under the laws of the PRC and a subsidiary of Forte. It is principally engaged in the development and sale of the Quyong Project.

GENERAL INFORMATION

An Independent Board Committee has been formed to advise the Independent Shareholders of Forte on the Acquisition and the Independent Board Committee has approved the appointment of China Merchants Securities (HK) Co., Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Acquisition in accordance with the Hong Kong Listing Rules.

A circular containing, among other things, further details of the Acquisition, the letter from the Independent Board Committee and the recommendation from the independent financial adviser on the terms of the Acquisition will be despatched to the shareholders of Forte within 21 days after the publication of this announcement.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of a 25% equity interest in the Quyang Project Company by Forte Investment from ING under the Equity Transfer Agreement
“Cooperation Documents”	the documents entered into between Forte and ING in respect of the development of the Quyang Project, namely, (i) a cooperative joint venture contract dated 30 August 2005 and entered into between Forte and ING; (ii) an articles of association adopted by the Quyang Project Company; (iii) a share transfer agreement dated 30 August 2005 and entered into between Forte, Shanghai Xinyuan Real Estate Development Co., Ltd. (上海新遠房地產開發有限公司), ING and the Quyang Project Company; and (iv) a consultancy service agreement dated 30 August 2005 and entered into between the Quyang Project Company and Heshang Real Estate Investment Management (Shanghai) Co., Ltd. (荷商房地產投資管理(上海)有限公司)
“Equity Transfer Agreement”	an equity transfer agreement dated 27 August 2009 and entered into between Forte Investment, ING, Forte and the Quyang Project Company in relation to the acquisition of a 25% equity interest in the Quyang Project Company by Forte Investment from ING
“Forte”	Shanghai Forte Land Co., Ltd. (復地(集團)股份有限公司), a sino-foreign joint stock company incorporated in the PRC with limited liability and whose H shares are listed and traded on the main board of the Hong Kong Stock Exchange
“Forte Group”	Forte and its subsidiaries
“Forte Investment”	Shanghai Forte Investment Management Co., Ltd. (上海復地投資管理有限公司), a limited liability company incorporated under the laws of the PRC

“Fosun”	Fosun International Limited (復星國際有限公司), a company incorporated under the laws of Hong Kong and whose shares are listed and traded on the main board of the Hong Kong Stock Exchange
“Fosun High Technology”	Shanghai Fosun High Technology (Group) Co., Ltd. (上海復星高科技(集團)有限公司), a limited liability company incorporated under the laws of the PRC
“Fosun Group”	Fosun and its subsidiaries
“Fosun Pharmaceutical Development”	Shanghai Fosun Pharmaceutical Development Company Limited (上海復星醫藥產業發展有限公司), a limited liability company incorporated under the laws of the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	an independent board committee of the board of directors of Forte, comprising all of its independent non-executive directors, namely, Mr. Charles Nicholas Brooke, Mr. Chen Yingjie, Mr. Zhang Hongming and Ms. Wang Meijuan
“Independent Shareholders”	shareholders of Forte who are not required under the Hong Kong Listing Rules to abstain from voting on the resolutions approving the Acquisition if an extraordinary general meeting of Forte were convened
“ING”	ING Shanghai Hong Kou Limited, a limited liability company incorporated under the laws of the Mauritius
“Quyong Project”	the property development project located in Shanghai and conducted by the Quyong Project Company

“Quyong Project Company”	Shanghai Forte Zhibao Real Estate Co., Ltd. (上海復地智寶房地產開發有限公司), a limited liability company incorporated under the laws of the PRC and the project company for the Quyong Project
“PRC”	the People’s Republic of China, which for the purposes of this announcement only (unless otherwise indicated) excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

By Order of the Board FOSUN INTERNATIONAL LIMITED Guo Guangchang <i>Chairman</i>	By Order of the Board SHANGHAI FORTE LAND CO., LTD. Fan Wei <i>Chairman</i>
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Shanghai, the PRC, 27 August 2009

As at the date of this announcement, the executive directors of Fosun are Mr. Guo Guangchang, Mr. Liang Xinjun, Mr. Wang Qunbin, Mr. Fan Wei, Mr. Ding Guoqi, Mr. Qin Xuetao and Mr. Wu Ping; the non-executive director is Mr. Liu Benren; and the independent non-executive directors are Dr. Chen Kaixian, Mr. Zhang Shengman and Mr. Andrew Y. Yan.

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

** For identification purpose only*