

Report of Corporate Governance

公司管治報告

The Company has been committed to enhancing its governance structure since its establishment. By strictly complying with the PRC Company Law and the PRC Securities Law, the Listing Rules and relevant laws and regulations of both domestic and overseas securities regulatory bodies, the Company continued to improve its corporate governance and its management.

The Board of Directors

As of 1 January 2003, the Company had a total of seven directors, namely, Mr. Guo Guangchang, Mr. Fan Wei, Mr. Ding Guoqi, Mr. Liang Xinjun, Mr. Feng Xiekun, Mr. Chen Yingjie and Mr. Zhang Hongming, of whom two were independent non-executive directors. The Company appointed Mr. Charles Nicholas Brooke as an independent non-executive director during the extraordinary general meeting held on 10 February 2003, and the number of directors was subsequently increased to eight. On 16 May 2003, the Board of Directors accepted the resignation of Mr. Liang Xinjun and Mr. Charles Nicholas Brooke from their offices as non-executive director and independent non-executive director of the Company respectively for their respective personal reasons. As of 31 December 2003, the Company had six directors including two independent non-executive directors. At the Company's general meeting held on 8 January 2004, Mr. Charles Nicholas Brooke was re-appointed as independent non-executive director of the Company.

Independence of Independent Non-Executive Directors

In 2003, all independent non-executive directors of the Company had affirmed their independence to the Company in accordance with the guidelines of the listing rules.

Board of Directors Meeting

Members of the Board fully understand their responsibilities and obligations. During the Year, nine meetings of the Board were held. All independent non-executive directors had discharged their duties as required by the relevant laws and regulations and attended all nine Board meetings in order to protect the rights of the Company and shareholders.

本公司自成立以來，一直積極完善本公司治理結構，嚴格按照《中華人民共和國公司法》、《中華人民共和國證券法》、《上市規則》、及其它境內外證券監管機構的相關法律、法規的要求，不斷完善公司治理，提高公司管治水平。

董事會

於二零零三年一月一日，公司共有董事七名，其中包括兩名獨立非執行董事，成員包括郭廣昌先生、范偉先生、丁國其先生、梁信軍先生、馮燮堃先生、陳穎杰先生及張泓銘先生。公司於二零零三年二月十日召開的臨時股東大會中委任蒲祿祺先生為公司之獨立非執行董事，使董事數目增加至八名。於二零零三年五月十六日，董事會同意梁信軍先生及蒲祿祺先生基於其各自的個人理由，辭退董事職務。截至二零零三年十二月三十一日，公司共有董事六名，其中包括兩名獨立非執行董事。公司於二零零四年一月八日的股東大會中，重新委任蒲祿祺先生為公司之獨立非執行董事。

獨立非執行董事的獨立性

公司年內所有獨立非執行董事均已按照上市規則的指引，向公司確認其獨立性。

董事會會議

董事會成員深知自己的責任和義務，年內共召開董事會九次，均有獨立董事參加會議，獨立董事按照有關法律法規的要求履行職責，維護了本公司及所有股東的權力。

Supervisory Committee

As of 1 January, 2003, the Company had a total of five supervisors, namely, Mr. Ma Suxiang, Mr. Zhang Guozheng, Mr. Sun Wenqiu, Mr. Liu Zhangxi and Mr. Shen Guoliang of whom two were independent supervisors. The Company appointed Mr. Shen Guoliang as supervisor on 16 May 2003.

The Company's Supervisors effectively supervised the Company's finance, the legality and the performance of the Company's directors and senior management staff in performing their duties.

Audit Committee

The Company established the Audit Committee on 11 February 2003, which comprised three independent non-executive directors of the Company. With Mr. Charles Nicholas Brooke resigning from his office for personal reasons on 16 May 2003, the Audit Committee had two members, namely, Mr. Chen Yingjie and Mr. Zhang Hongming, as of 31 December 2003. Mr. Charles Nicholas Brooke was re-appointed as independent non-executive director on 8 January, 2004 and became a member of the Audit Committee.

The Audit Committee is mainly responsible for the examination and supervision of the reporting procedure of the Company's finance and the internal controlling system as well as providing suggestions and advices to the Board.

Board Remuneration Committee

On 11 February 2003, the Company established the Board Remuneration Committee, which comprised three independent non-executive directors and Mr. Guo Guangchang, Chairman of the Board. As Mr. Charles Nicholas Brooke resigned from his office as Director for personal reasons on 16 May 2003, the Board Remuneration Committee only had three members as of 31 December 2003. Mr. Charles Nicholas Brooke was re-appointed as independent non-executive director of the Company on 8 January 2004 and became a member of the Remuneration Committee under the Board.

監事會

於二零零三年一月一日，公司共有監事五名，其中包括兩名獨立監事，成員包括馬蘇翔先生、章國政先生、孫文秋先生、劉章喜先生及沈國樑先生。於二零零三年五月十六日，公司委任沈國樑先生為公司監事。

公司監事勤勉盡職，對公司財務和董事及高級管理人員應履行責任的合法性、合規性進行有效的監督。

審核委員會

公司於二零零三年二月十一日成立審核委員會，其成員共有三名，均為公司獨立非執行董事。鑒於蒲祿祺先生基於其個人理由於二零零三年五月十六日辭退董事職務，因此，於二零零三年十二月三十一日，審核委員會成員共兩名，分別為陳穎杰先生及張泓銘先生。蒲祿祺先生於二零零四年一月八日被重新委任為公司獨立非執行董事，同時擔任審核委員會成員。

審核委員會的主要職責將為審核及監管公司的財務呈報程序及內部控制系統，並向董事會提供建議及意見。

董事會薪酬委員會

公司於二零零三年二月十一日成立董事會薪酬委員會，其成員共有四名，包括本公司當時的三名獨立非執行董事及董事長郭廣昌先生。鑒於蒲祿祺先生基於其個人理由於二零零三年五月十六日辭退董事職務，因此，於二零零三年十二月三十一日，董事會薪酬委員會成員只有三名。蒲祿祺先生於二零零四年一月八日被從新委任為公司獨立非執行董事，同時擔任董事會薪酬委員會成員。

The Board Remuneration Committee provides suggestions in relation to the payment of Directors' remuneration and other benefits. The remuneration of all Directors is regularly reviewed to ensure reasonable remuneration and benefits are maintained.

Disclosure of Information

The Company endeavours to maintain amicable relationship and communication with its shareholders and investors as well as to enhance the Company's transparency. Upon the successful listing of its H Shares the Company will continue to disclose information in a faithful manner. The Company will disclose information concerning its business development and strategies to the investors through various channels and methods. Any legally required announcement, annual reports and interim reports are published on the corporate website www.forte.com.cn, in which a News Centre and an investors' column were established to regularly publish press release and answer investors' FAQs. In addition, the Company's management will hold regular meetings with securities analysts and investors. The Company is confident that the abovementioned methods are able to provide investors with clear and instant understanding about the Company's business developments and the property market in China and Shanghai.

By order of the Board
Guo Guangchang
Chairman

Shanghai, the PRC
12 April 2004

董事會薪酬委員會考慮公司支付予董事的酬金及其它福利，並給予董事會建議。全體董事的酬金受董事會薪酬委員會定期監察，確保酬金及福利水平適當。

信息披露工作

公司十分注重與股東及投資者保持良好的溝通，並注重提高公司透明度；本公司H股成功上市後公司繼續其一貫的實事求是的信息披露方式，透過不同渠道和方式向投資界傳達企業業務發展與策略的資訊，公司網站 www.forte.com.cn 均定期刊載公司的法定公告年報、中報，並在其中建立公司新聞中心和投資者天地欄目，以定期發放新聞稿，及為投資者解答常見問題，公司管理層也將定期與證券分析員和投資界會面。通過以上方式，公司相信這將有助於投資界可及時瞭解本公司業務發展情況及對中國與上海等地物業市場的認知。

承董事會命
郭廣昌
董事長

中國·上海
二零零四年四月十二日