

Corporate Governance Commitment

The Board considers that the Company has been dedicated to enhancing the level of corporate governance, and has been complying with the PRC Company Law and the PRC Securities Law for the year ended 31 December 2005.

The Company has been complying with the code provisions of the Code of Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules"), and the relevant laws and regulations of CSRC and overseas securities regulatory bodies, and the Company continues to improve its corporate governance and its management. The Company believes that a good corporate governance system will bring long-term benefits to the Company and its shareholders.

Compliance with the "Model Code" for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the standards for securities transactions by directors. The Company has made enquiries of all the directors and all the directors confirmed that they have complied with the required standards throughout the year ended 31 December 2005.

The Board of Directors

The Board comprises eight directors, of whom three are executive directors, namely Mr. Guo Guangchang, Mr. Fan Wei and Mr. Ding Guoqi; one non-executive director, Feng Xiekun; and four independent non-executive directors, namely, Mr. Chen Yingjie, Mr. Zhang Hongming, Mr. Brooke and Ms Wang Meijuan.

Independent Non-executive Directors

There are 4 independent non-executive directors, representing half of the Board.

All non-executive directors and independent non-executive directors possess appropriate academic or professional expertise and management experience and have provided their professional advice to the Board. The Board considers that the current ratio of executive directors to non-executive directors is reasonable and sufficient. The Board also considers that directors can provide independent advice on the Company's business strategy, results and management so that all interests of shareholders can be taken into account, and the interests of the Company and its shareholders can be protected.

For year 2005, all independent non-executive directors of the Company had confirmed their independence to the Company in accordance with the Listing Rules.

Directors' Term of Office

Pursuant to Article 95 of the Company's articles of association, directors are appointed for a term of three years. All directors must retire upon expiry of the term and are subject to re-election at the next general meeting.

Chairman of the Board and Chief Executive Officer of the Company

The chairman of the Board is Mr. Guo Guangchang who is mainly responsible for leading the Board, ensuring effective operation of all functions and formulating important strategies in a timely manner.

The Chief Executive Officer of the Company is Mr. Fan Wei who is mainly responsible for implementing the business operation targets and plans formulated by the Board.

There is no relationship between members of the Board.

Board Meetings

Members of the Board fully understand their responsibilities and obligations. During year 2005, the Board held 4 regular meetings. Individual attendance rates are as follows:

Guo Guangchang	Fan Wei	Ding Guoqi	Feng Xiekun	Chen Yingjie	Zhang Hongming	Wang Meijuan	Charles Nicholas Brooke
100%	100%	100%	100%	100%	100%	100%	100%

Major issues such as corporate governance system, financial monitoring system, internal control system and interim and final results of the Company were discussed and determined at the meetings. All directors attended all board meetings. All directors had discharged their duties as required by the relevant laws and regulations in order to protect the rights of the Company and its shareholders.

The Board and the Management

The Board is primarily responsible for formulating long term strategies and policies for the Group.

The management of the Company is responsible for strategy implementation and administration related to daily operations.

Supervisory Committee

The Supervisory Committee comprises five supervisors, namely Mr. Ma Suxiang, Mr. Zhang Guozheng, Mr. Sun Wenqiu, Mr. Liu Zhangxi and Mr. Shen Guoliang, of whom two are independent supervisors. The Company's supervisors effectively supervised the Company's financial operation, the legality and the performance of the Company's directors and its senior management staff in performing their duties.

Audit Committee

The Audit Committee of the Company comprises four members, namely Mr. Chen Yingjie, Mr. Zhang Hongming, Mr. Brooke and Ms Wang Meijuan who are all independent non-executive directors of the Company.

The Audit Committee is mainly responsible for the examination and supervision of the reporting procedures of the Company's financial information and the internal control system as well as providing suggestions and advice to the Board.

The Audit Committee convened two meetings in 2005 and all members of the Audit Committee attended the meetings. At the meetings, the Audit Committee discussed the interim and final results of the Company and reviewed and discussed with the auditors the financial position of the Company.

Directors' Remuneration Committee

The Directors' Remuneration Committee comprises four members, including three independent non-executive directors (Mr. Charles Nicholas Brooke, Mr. Chen Yingjie and Mr. Zhang Hongming) and Mr. Guo Guangchang, Chairman of the Board.

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

The Directors Remuneration Committee held one meeting during year 2005. All the members of the Committee attended the meeting. The Committee reviewed the remuneration policy, the terms of the directors' service contracts and the performance of each executive director. The Committee is of the view that the directors' remuneration was made in accordance with the terms of the service contracts, was reasonable and did not add burden to the Company's finances.

Directors' Nomination Committee

The Company has not established a nomination committee. When the term of the current Board expires, the composition of the next Board and the nomination of directorship will be determined by all members of the current Board. The selection is mainly based on the candidate's professional qualification, relevant work experience and resume. The candidate's independence and the kind of contribution he/she could bring to the Company will also be taken into consideration.

The term of the first session of the Board expired on 21 September 2004. However, the term was extended until the following general meeting. In accordance with the Company's articles of association, the Board should be elected at the general meeting. On 29 March 2005, the then Board unanimously nominated Mr Guo Guangchang, Mr Fan Wei, Mr Ding Guoqi, Mr Feng Xiekun, Mr Chen Yingjie, Mr Zhang Hongming, Mr Charles Nicholas Brooke and Ms Wang Meijuan as the members for the second session of the Board. The appointment of those eight directors had been considered and approved at the general meeting held on 15 June 2005.

Auditors' Remuneration

Ernst & Young and Ernst & Young Hua Ming are the external auditors of the Company. During year 2005, the remuneration paid to the external auditors was RMB2,848,000. To preserve their independence, Ernst & Young and Ernst & Young Hua Ming were not retained in other non-audit work during the year.

Internal Controls

The Board is responsible for preparing the accounts. The Board is also responsible for reviewing and maintaining the Company's internal control system in order to safeguard the Company's assets and protect the interests of the shareholders. The Board reviews the effectiveness of the internal control system regularly.

The Company has an audit department which is responsible for reviewing all the procedures of the Company's operation and the internal control system, including the construction budget, the finances and expenses, and the control and management of risks. The audit department reports its findings to the management regularly. The Company has a legal department which is responsible for reviewing all the contracts and legal documents. The Company also retained Chinese and Hong Kong lawyers for compliance with the relevant laws and regulations in China and Hong Kong. Furthermore, the management implements the policies and strategies formulated by the Board and ensures effective use of resources overall, in order to prevent waste of resources and assets.

The Board has reviewed the effectiveness of the Company's internal control system, including the financial, operational and compliance controls and risk management functions.

Disclosure of Information

The Company has endeavoured to maintain amicable relationship and communication with its shareholders and investors as well as to enhance the Company's transparency. All legally required announcements, annual reports and interim reports were regularly 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 a clear and direct understanding of the Company's business developments.

Investor Relations

Amendment of the Company's Articles of Association

The Company completed the placing of 146,602,687 H shares on 4 March 2005. The acquisition of Shanghai Fosun High New Technology Development Company Limited, Shanghai Fosun Information Technology Development Company Limited and Shanghai Guangxin Technology Development Company Limited by the Company's domestic shareholders Shanghai Fosun High Technology (Group) Company Limited was completed on 30 May 2005. The three companies hold 614,378,450 domestic shares of the Company. As a result of the two above events, amendments were made to Article 21 and Article 24 of the Company's Articles of Association and were approved at the Annual General Meeting of the Company held on 15 June 2005.

<p>Public float as at 31 December 2005</p> <p>Number of shares with nominal value RMB 0.20 each listed on The Stock Exchange of Hong Kong Limited as at 31 December 2005</p>	<p>879,616,122 shares</p>
<p>Share information in 2005</p> <ul style="list-style-type: none"> • Highest share price: • Lowest share price: • Market Capitalization as at the end of the year: 	<p>HK\$3.1 HK\$1.86 Approx. HK\$2.3 billion</p>
<p>Details of shareholders by type and aggregate shareholding</p>	<p>Please refer to page 64 to 65 of this annual report.</p>
<p>Shareholders' calendar</p>	<p>Please refer to page 5 of this annual report.</p>

Annual general meeting

2004 annual general meeting was held on 15 June 2005 and its related polling results and details were announced on 16 June 2005. The Company's 2005 annual general meeting will be held on (Thursday) 15 June 2006.

Activities of Investor Relations

Month	Organizers	Name of Activities	Location
March	The Company	Forte Global Investor Relation Roadshow (2004 Annual Results Roadshow)	Hong Kong, Singapore, London, Edinburgh, New York, Boston, San Francisco, Philadelphia
May	HSBC	HSBC China Conference - Value and Growth	New York
May	Deutsche Bank	Deutsche Bank Asian and Australian Real Estate Conference	Hong Kong
May	CLSA	Tenth China Investment Forum of CLSA	Beijing
May	Goldman Sachs Gaohua	Goldman Sachs Gaohua China Investment Front	Kunming
July	CLSA	Promotion Date of Real Estate and Emerging Enterprises in the PRC	Singapore
August	The Company	Forte Global Investor Relation Roadshow (Interim Results 2005 Roadshow)	London, Edinburg, New York, Boston, San Francisco
November	Morgan Stanley	The "Fourth Asia-Pacific Senior Conference" of Morgan Stanley	Singapore

Customer Services

The Company's customer service department has established a comprehensive customer service management system. The system is targeted at customers' demands, provides comprehensive high quality customer service, is aimed at satisfying the customers and establishing a primary communication channel between the Group and the customers.

January 2005	Forte Club jointly held a charity donation activity with the Forte Community for the victims of Tsunami in Indonesia and other locations
May 2005	Establishment of Beijing Forte Club
June 2005	The 2005 First Youth Festival of Forte Community
August 2005	Forte was accredited with "2005 Top Ten Computerised Real Estate Enterprise in the PRC" award and "The Best Enterprise Website System Application Award" in the appraisal of "2005 Top Ten Computerised Real Estate Enterprises in the PRC" Sports Festival of 14 Community of Forte First "Harmonious Sports"
September 2005	Establishment of Chongqing Forte Club
November 2005	"Forte Harmony" Autumn Festival for the elderly

Employment, Training and Development

Employees

As at 31 December 2005, the Group had 1,414 employees. The number of employees with education level of university or above was 550, accounting for approximately 38.9% of the total number of employees. The number of employees aged below 40 was 1,203, accounting for approximately 85.1%. The number of technicians was 376, accounting for approximately 26.6%. The number of managerial grade staff was 343, accounting for approximately 24.3%.

Management Structure

At present, the Company has 3 executive Directors and 7 senior managers. The average age of mid-ranking to senior managers is less than 40 years old.

Employees Remuneration and Appraisal System

The Group takes into consideration factors such as the overall remuneration standard in the industry, inflation level, the economic efficiency of the Group and performance of employees when establishing its remuneration system. The Group also refers to the market information about the remuneration provided by reputable consultants. The Group provides competitive salaries and benefits to the employees to fully mobilize the enthusiasm of the employees and thereby ensures the Group's continuing development.

Continual education for employees and professional training strategy

The Group is also committed to creating learning and promotion opportunities for the employees. By creating a learning environment within the Group, the Group enhances the value of its staff who, in turn, would provide the Group with a competitive edge in respect of human resources.

Internal communications with employees

The Company has established diversified and multiple communication channels. Employees can express their views and personal opinions on Forte's intranet. The Company holds discussions with employees every now and then to share their views and suggestions, and the Company will make timely improvements accordingly. The "star of advice" is awarded to an employee who provides the best and the most constructive advice or suggestions to the Group. The Company is able to learn the employees' views immediately through multiple communication channels, and can therefore creating a democratic and harmonious corporate environment.