



Chairman

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Dear shareholders:

On behalf of the board, I am pleased to present the annual results of Shanghai Forte Land Co., Ltd. for the year ended 31 December 2006 for review by shareholders.

In 2006, in order to rationalize the surging property prices, the PRC government promulgated some control measures. Although some cities such as Shanghai then calmed down, the market still observed continuing rapid increase of property prices in other major cities such as Beijing and Shenzhen.

Forte believes that, as the demographic structure in its optimal stage, together with further accelerated urbanization and rapid increase of labour production efficiency, economy in the PRC will maintain rapid growth. Therefore, real estate market will continue to grow in the long-run. Current austerity measures implemented by the government, although having short-term impact on the market, can promote a sustainable and steady growth of the real estate industry.

Pursuant to the above views, in 2006, Forte continued to implement its nation-wide strategic plan. Forte completed its organization structure adjustment during the year, thereby enhancing the efficiency of projects launched by its business entities. This action in turn established the foundation for further business expansion. Also, Forte actively cooperated with foreign real estate investment institutions to explore new financing channel and business development model. Meanwhile, Forte has also continued to improve its brand and customer relationship management, attaining a leading position in the industry.

With respect to the business sector, Forte recorded an

audited turnover and net profit attributable to shareholders of RMB2,532,733,000 and RMB481,361,000, respectively in 2006, representing an increase of 23.1% and a decrease of 14.1% from the previous year. Net profit attributable to shareholders after eliminating the impact of negative goodwill and the additional provision of Land Appreciation Tax ("LAT"), amounted to RMB599,107,000, up by approximately 74.0% over the previous year.

Based on the above, Forte foresees greater development in 2007. The management will consolidate and expand business development in cities that Forte has entered, accelerate the pace of project development and asset turnover, deepen cooperation with foreign real-estate investment funds and improve management models of real-estate development. Meanwhile, Forte will also pay closer attention to the increasing acquisition and merger opportunities emerging from the current market integration, and, more important, the planned issuance of A Shares will further expand Forte's financing channels. And therefore, Forte will enhance its plan for new land acquisition in 2007.

Finally, on behalf of the board, I would like to thank all shareholders and investors, business partners and customers for their trust and support, and express my gratitude to Forte's colleagues for their hard work over the past year.

Guo Guangchang
Chairman

Shanghai, the PRC
10 April 2007