

Tianjin, Chongqing, Wuhan, Wuxi, Nanjing, Hangzhou



Forte Cui Wei New City, Wuhan



Forte Ronchamp Villa, Nanjing



Forte New City, Wuxi

Cities where Forte’s projects located, such as Tianjin, Chongqing, Wuhan, Wuxi, Nanjing, Hangzhou, etc. recorded varying performance.

	Tianjin		Chongqing		Wuhan		Wuxi		Nanjing		Hangzhou	
	value	Y-o-Y growth	value	Y-o-Y growth	value	Y-o-Y growth	value	Y-o-Y growth	value	Y-o-Y growth	value	Y-o-Y growth
Area of commodity housing sold (10,000 sq. m.)	1,332.5	5.6%	2,022.8	13.0%	906.7	8.7%	327.9	9.0%	932.4	4.5%	679.3	-38.7%
Floor area of newly constructed commodity housing (10,000 sq. m.)	1,534.8	18.5%	2,176.8	19.2%	968.1	-7.6%	423.1	-3.0%	—	—	712.4	-27.6%
Price index of urban housing in December 2006 ¹	1,189	21.0%	622	5.2%	655	14.8%	4,315 ²	4.2% ²	4,497 ³	1.5% ³	1,291	-2.0%

Notes:

- 1 Price index of urban housing reflect the price trend of residential properties in each city on a monthly basis. Source: China Index Academy
- 2 The average price level and growth rate of Wuxi’s residential properties in 2006. Source: House Administration Bureau of Wuxi City
- 3 The average price level and growth rate of Nanjing’s residential properties in 2006. Source: House Administration Bureau of Nanjing City



▲ Overlooking breathtaking scene of the golf course on the corridor of Forte Uptown clubhouse.

“locating right next to golf course, you can enjoy panoramic scenery and a healthy lifestyle”



Forte Uptown,
Chongqing

Business Review

In 2006, the Chinese government further enhanced its macro economic austerity measures. It was effective in stabilising the real estate market in China, and has provided a good foundation for the continuous and healthy development of the real estate market. Based on our positive view of China's long-term real estate market, we proactively expanded the Group's real estate business.

For the year ended 31 December 2006, the Group's business result had been increasing continuously and steadily. Our major achievements are reflected in the following aspects:

Project Developments

For the year ended 31 December 2006, there were 33 projects under development (including projects of joint ventures where the Group owns equity interest). Total gross floor area ("GFA") amounted to approximately 2,754,897 sq.m. (among which cities other than Shanghai accounted for approximately 58%), representing an increase of approximately 33.5% as compared to 2005. (2005: 2,063,391 sq.m.).

For the year ended 31 December 2006, nine projects with a total GFA of approximately 944,502 sq.m. had commenced construction, among which cities outside Shanghai accounted for approximately 70%, representing a decrease of approximately 18% as compared to 2005 (2005: 1,156,491 sq.m.).

Projects under development in 2006

No.	Region	Name of Projects	Location	Approximately Total GFA (sq.m.)	Interest Attributable to the Group (%)	Status
1	Shanghai	Forte Sunny City (Phase 2B-1)	No.8 Gulang Road, Putuo District, Shanghai	12,075	100.00	Completed
2		Forte Sunny City (Phase 2B-2)	No.8 Gulang Road, Putuo District, Shanghai	5,493	100.00	Construction in progress
3		Forte Time (Forte Fucheng)	No.910 Quyang Road, Hongkou District, Shanghai	151,818	75.00	Construction in progress
4		Forte Elegant Garden (Phase 1)	No.29 Fuxing East Road, Huangpu District, Shanghai	16,026	88.00	Completed
5		Forte Elegant Garden (Phase 2)	No.29 Fuxing East Road, Huangpu District, Shanghai	25,313	88.00	Construction in progress
6		Forte Allen Poem (Phase 2A)	Lane 599 Lai Ting South Road, Qingpu District, Shanghai	58,609	100.00	Completed
7		Forte Emerald Riverside	Lane 3688 Wenxiang Road, Songjiang District, Shanghai	44,126	100.00	Completed
8		Silver Spring Garden (Phase 1A)	Lane 399 Dushi Road, Minhang District, Shanghai	110,757	100.00	Completed
9		Silver Spring Garden (Phase 1B)	Lane 399 Dushi Road, Minhang District, Shanghai	83,016	100.00	Newly commenced
10		Villa Espana Estilo De Vida (Phase 1A)	Lane 6666, Waiqingsong Road, Qingpu District, Shanghai	38,224	55.00	Completed
11		Villa Espana Estilo De Vida (Phase 1B)	Lane 6666, Waiqingsong Road, Qingpu District, Shanghai	81,345	55.00	Construction in progress
12		GuBei New City (East Wing Phase 2)	Lane 511 Wuzhong Road, Minhang 399 District, Shanghai	60,612	50.00	Construction in progress
13		Graceful Oasis (Phase 4,5,7)	Lane 3336 Jinxiu Road, Pudong New District, Shanghai	176,119	40.00	Completed
14		Yi He Hua Cheng (Phase 3A,4)	No.479 East Wuwei Road, Putuo District, Shanghai	100,992	50.00	Construction in progress
15		Yi He Hua Cheng (Phase 3B-1)	No.479 East Wuwei Road, Putuo District, Shanghai	46,935	50.00	Newly commenced

No.	Region	Name of Projects	Location	Approximately Total GFA (sq.m.)	Interest Attributable to the Group (%)	Status
16		Forte Domo City (Phase 1 No.5 Building)	Lane 380 Xing Zhi Road, Baoshan District, Shanghai	3,905	60.00	Newly commenced
17		Steel Union (Phase 1) ^{*1}	No.1578 Youyi Road, Baoshan District, Shanghai	151,941	50.00	Newly commenced
18	Beijing	Peking House	No.21 Xidawang Road, Chaoyang District, Beijing	156,027	98.40	Construction in progress
19		Value Streamy (Phase 1)	Changxing Chuang, Xiaotangshan Town, Changping District, Beijing	49,909	100.00	Newly commenced
20		Forte Innateness (Phase 1)	F2 Area, South East Area, Xicheng District, Beijing	45,065	96.00	Newly commenced
21		Marriott Centre ^{*2}	Zhandong Road, Dongcheng District, Beijing	130,664	33.00	Newly commenced
22		Spring Town (Phase 1)	Yuquan Road, Shijingshan District, Beijing	112,271	30.00	Completed
23		Spring Town (Phase 2B)	Yuquan Road, Shijingshan District, Beijing	108,093	30.00	Completed
24	Wuhan	Forte Cui Wei New City (Phase 1C)	No.16 Cuiwei Heng Road, Hanyang District, Wuhan	85,794	60.00	Completed
25		Forte Cui Wei New City (Phase 2A)	No.18 Cuiwei Heng Road, Hanyang District, Wuhan	93,736	60.00	Completed
26		Forte Cui Wei New City (Phase 2B)	No.18 Cuiwei Heng Road, Hanyang District, Wuhan	27,340	60.00	Construction in progress
27	Nanjing	Forte Ronchamp Villa (Phase 3A)	No.138-158 Fucheng Xi Road, Nanjing	17,418	100.00	Construction in progress
28		Forte Ronchamp Villa (Phase 3C)	No.138-158 Fucheng Xi Road, Nanjing	8,123	100.00	Newly commenced
29		Nanjing Graceful Oasis (A Phase 1,2)	No.59 Puzhu North Road, Pukou District, Nanjing	89,638	38.00	Completed
30		Nanjing Graceful Oasis (A Phase 3,4,5; B C D)	No.59 Puzhu North Road, Pukou District, Nanjing	424,943	38.00	Newly commenced
31	Wuxi	Forte Park Town (Phase 1A)	No.99 Zhenghe Main Road, Huishan District, Wuxi	20,341	50.00	Completed
32		Forte Park Town (Phase 1B,1C)	No.99 Zhenghe Main Road, Huishan District, Wuxi	74,385	50.00	Construction in progress
33	Chongqing	Jinyuntiancheng (Wing A Phase 1)	No.81 Jinyu Main Road, Jingkai District, Chongqing	143,844	100.00	Completed
Total				2,754,897		

Note: Including projects of joint ventures in which the Group has an interest

Remarks: *1. As at 31 December 2006, procedure for the change in record with the Administration of Industry and Commerce regarding Shanghai Steel Union was still in process.

*2. As at 31 December 2006, the Company has entered into an agreement in respect of Beijing Marriott Centre for the transfer of ownership and commercial registration. The approval of such transfer and registration are still pending.

For the year ended 31 December 2006, 13 projects with a total GFA of approximately 1,109,653 sq.m. had been completed, representing an increase of approximately 202% as compared to 2005 (2005: 367,688 sq.m.). Total salable GFA amounted to 1,049,826 sq.m., in which 875,532 sq.m. were booked in 2006, representing an increase of 169% as compared to 2005 (2005: 325,320 sq.m.).

Projects Booked in 2006

No.	Region	Name of Project	Location	Approximate Total GFA (sq.m.)	Approximate Saleable GFA (sq.m.)	Approximate Booked GFA (sq.m.)	Interest Attributable to the Company (%)
1	Shanghai	Forte Sunny City (Phase 2B-1)	No.8 Gulang Road, Putuo District, Shanghai	12,075	12,075	11,374	100.00
2		Forte Elegant Garden (Phase 1)	No.29 Fuxing East Road, Huangpu District, Shanghai	16,026	15,039	14,896	88.00
3		Forte Allen Poem (Phase 2A)	Lane 599 Lai Ting South Road, Qingpu District, Shanghai	58,609	55,852	53,699	100.00
4		Forte Emerald Riverside	Lane 3688 Wenxiang Road, Songjiang District, Shanghai	44,126	43,432	31,659	100.00
5		Silver Spring Garden (Phase 1A)	Lane 399 Dushi Road, Minhang District, Shanghai	110,757	105,378	82,024	100.00
6		Villa Espana Estilo De Vida (Phase 1A)	Lane 6666, Waiqingsong Road, Qingpu District, Shanghai	38,224	38,224	29,057	55.00
7		Graceful Oasis (Phase 4,5,7)	Lane 3336 Jinxiu Road, Pudong New District, Shanghai	176,119	168,620	168,620	40.00
8	Beijing	Spring Town (Phase 1)	Yuquan Road, Shijingshan District, Beijing	112,271	103,122	96,265	30.00
9		Spring Town (Phase 2B)	Yuquan Road, Shijingshan District, Beijing	108,093	108,093	108,093	30.00
10	Wuhan	Forte Cui Wei New City (Phase 1C,2-1)	No.16 Cuiwei Heng Road, Hanyang District, Wuhan	179,530	176,124	150,349	60.00
11	Nanjing	Nanjing Graceful Oasis (A Phase 1,2))	No.59 Puzhu North Road, Pukou District, Nanjing	89,638	73,786	73,062	38.00
12	Wuxi	Forte Park Town (Phase 1A)	No.99 Zhenghe Main Road, Huishan District, Wuxi	20,341	20,341	19,833	50.00
13	Chongqing	Jinyuntiancheng (Wing A Phase 1)	No.81 Jinyu Main Road, Jingkai District, Chongqing	143,844	129,740	11,385	100.00
14		Other Completed Projects				25,216	
		Total		1,109,653	1,049,826	875,532	

Note: Including projects of joint ventures in which the Group has interests

Property Sales

For the year ended 31 December 2006, the Group achieved an aggregate GFA sales of approximately 728,544 sq.m. in 2006 (including projects of joint ventures where the Group owns equity interest), representing an increase of approximately 71% as compared to 2005 (2005: 425,536 sq.m.).

The Group proactively expanded its property development business in nine cities in the PRC. For the year ended 31 December 2006, six cities commenced property sales, namely Shanghai, Beijing, Chongqing, Nanjing and Wuxi in Jiangsu Province and Wuhan in Hubei Province. The total GFA sales amounted to approximately 346,704 sq. m., 136,141 sq.m., 11,385 sq.m., 122,449 sq.m., 15,944 sq.m. and 89,526 sq.m., respectively and other properties amounted to approximately 6,395 sq.m..

Total GFA Sold by Contract in 2006

City	Name of Projects	Contracted Sales (sq.m.)	Interest Attributable to the Company (%)
Shanghai	Forte Allen Poem (Phase 2)	8,870	100.00
	Forte Time (Forte Fucheng)	4,708	75.00
	Silver Spring Garden (Phase 1)	73,402	100.00
	Forte Emerald Riverside	10,286	100.00
	Graceful Oasis (Phase 4,5)	23,960	40.00
	Yi He Hua Cheng (Phase 3B-1,4)	47,986	50.00
	Forte Domo City (Phase 3)	11,337	60.00
	Forte Elegant Garden (Phase 2)	18,552	88.00
	Villa Espana Estilo De Vida (Phase 1A,1B)	65,832	55.00
	GuBei New City (East Wing Phase 2)	49,590	50.00
	Steel Union (Phase 1) *1	32,181	50.00
	Subtotal in Shanghai	346,704	47.6%

City	Name of Project	Contracted Sales (sq.m.)	Interest Attributable to the Company (%)
Beijing	Spring Town (Phase 1)	7,246	30.00
	Spring Town (Phase 2B) *2	108,093	30.00
	Peking House	20,802	98.40
	Subtotal in Beijing	136,141	18.7%
Nanjing	Forte Ronchamp Villa (Phase 2)	10,934	100.00
	Nanjing Graceful Oasis (A,B)	111,515	38.00
Wuxi	Forte Park Town (Phase 1)	15,944	50.00
Wuhan	Forte Cui Wei New City (North Wing Phase 3)	5,107	60.00
	Forte Cui Wei New City (South Wing Phase 1,2,Villa)	84,419	60.00
Chongqing	Jinyuntiancheng (Phase 1A)	11,385	100.00
	Other Projects	6,395	
Total		728,544	

Note: Including projects of joint ventures in which the Group has an interests

Remarks: *1. As at 31 December 2006, procedure for the change in record with the Administration of Industry and Commerce regarding Shanghai Steel Union was still in process.

*2. Beijing Spring Town (Phase 2B) was a Class I land development area.

Property Agency and Sales Planning Business

Shanghai Resources Property Consultancy Co., Ltd. ("Resource Consultancy") is a subsidiary of the Group. It has been accredited as Top Ten Contribution Enterprises in the 18th Anniversary of Fluidity Sector of Shanghai Real Estate and Top 10 China Real Estate Planning Agency Brand Values of 2006.

For the year ended 31 December 2006, the total GFA sold by Resource Consultancy which were not developed by the Group amounted to approximately 251,624 sq.m., representing an increase of 37% as compared to 2005 (2005: 183,900 sq.m.).

Land Bank

For the year ended 31 December 2006, the Group increased its land bank by actively participating in government tenders and auctions and acquisitions of equity interests in other project companies. The total GFA of the Group's land bank increased by approximately 0.85 million sq.m. During the Year, other than land bank for residential use, the Group also increased its land bank for offices, commercial and hotel uses. This measurement is pivotal to the Group's nationwide expansion and sustainable development strategy.

Land Bank Acquired in 2006

Name of project	Approximate Total GFA (sq.m.)	Interest Attributable to the Company (%)	Approximate Total GFA Attributable to the Company (sq.m.)
Shanghai Steel Union *1	262,815	50.00	131,408
Chongqing Jinshan International Business Building	37,500	100.00	37,500
Hangzhou Jiubao project	420,170	100.00	420,170
Beijing Marriott Centre *2	130,664	33.00	43,119
Total	851,149		632,197

Remarks: *1. As at 31 December 2006, procedure for the change in record with the Administration of Industry and Commerce regarding Shanghai Steel Union was still in process.

*2. As at 31 December 2006, the Company has entered into an agreement in respect of Beijing Marriott Centre. Approval for the Transfer of equity interest and procedure for the change in record with the Administration of Industry and Commerce are still in process.

Including the existing land bank of the Group, as at 31 December 2006, the total GFA of the Group's land bank amounted to approximately 5,590,000 sq.m., with locations in Shanghai, Nanjing, Wuxi, Wuhan, Chongqing, Beijing, Tianjin, Haikou and Hangzhou.

Land Bank and Projects Under Development as at 31 December 2006

Region	Estimated Total GFA (sq.m.)		Estimated Total GFA (sq.m.)			
	In total	Attributable to the Group	Under Construction		Planning	
			In total	Attributable to the Group	In total	Attributable to the Group
Shanghai	1,730,834	1,149,188	711,371	451,971	1,019,463	697,217
Nanjing	1,459,882	600,734	450,485	187,020	1,009,397	413,714
Wuxi	508,920	254,461	74,385	37,193	434,535	217,268
Wuhan	27,340	16,404	27,340	16,404	—	—
Chongqing	683,656	683,656	—	—	683,656	683,656
Beijing	469,391	376,003	381,665	289,821	87,726	86,182
Tianjin	151,600	113,700	—	—	151,600	113,700
Haikou	133,437	133,437	—	—	133,437	133,437
Hangzhou	420,170	420,170	—	—	420,170	420,170
Total	5,585,230	3,747,753	1,645,246	982,409	3,939,984	2,765,344

The current land bank of the Group is sufficient for development in the coming years, which provides a solid foundation for the Group's long-term development at a fast pace .

Future Prospects

- Propose to issue A shares to expand its fund raising channels.

Currently the Chinese government is encouraging the PRC companies which are listed overseas to issue A shares. Therefore, the Group proposed to issue A shares. The funds raised from the issue of A shares will strengthen the Company's financial position.

- The Group plans to add an aggregate GFA of 1,500,000-2,000,000 sq.m. to its land bank through acquisition and auctions in 2007.

The Group is optimistic about the future growth of the real estate market in the PRC. The Group plans to expedite the renewals of land reserves with an aim to ensure sufficient land for development in the next four to five years.

- Solidify the Group's position in the real estate markets in nine major cities.

The Group considers that through the nationwide expansion strategy in the past two years, the Group has now penetrated into the real estate market in nine major cities in the PRC. Such nationwide expansion strategy has been initially completed. In 2007, the Group will mainly focus on solidifying the existing markets and investing in new projects.

- Accelerate project development and capital turnover.

The Group should continue to maintain its "rapid turnover" and "scale expansion" operating model.

- Expand cooperation with investment funds, establish a new real estate development and management model.

The Group's cooperation with overseas investment funds will not only increase its revenue from such investment, but also accelerate its capital turnover.

- During the market consolidation process of the PRC real estate industry, the Group will focus on acquisitions and mergers opportunities.

The Chinese government continues to enhance its macro economic austerity measures and has accelerated the market integration of the real estate industry. As a result, the medium and small enterprises will gradually be forced out of the market and a lot of merger and acquisition will emerge. The Group will proactively identify investment opportunities with an aim to achieve faster growth.

Financial Analysis

1. Turnover and Operating Results

In 2006, the Group recorded turnover of approximately RMB2,532,733,000, representing an increase of 23.1% as compared to approximately RMB2,057,295,000 in 2005. The Group's gross profit in 2006 was approximately RMB966,136,000, representing an increase of 14.4% as compared to approximately RMB844,748,000 in 2005. The Group's gross profit margin during the period was 38.1%, a decrease of 3 percentage points as compared to 41.1% in 2005, which was mainly due to the lower gross profit margin of the projects on newly acquired land bank. In 2006, profit attributable to equity holders was approximately RMB481,361,000, representing a decrease of 14.1% as compared to approximately RMB560,553,000 in 2005, which was mainly due to the increase in profit of approximately RMB216,252,000 derived from the

increase in negative goodwill as result of the recognition of the acquisition of two subsidiaries in 2005, while there was no such gains in the Year. Secondly, apart from the LAT prepayments made in the provision as required by the tax authorities during the Year, an additional LAT provision has been provided for approximately RMB234,588,000. Excluding the effect of additional LAT provision which amounted to RMB117,746,000, the profit attributable to equity holders for the Year was approximately RMB599,107,000, representing an increase of 74.0% as compared to the profit attributable to equity holders amounted to RMB344,301,000 in 2005, excluding the effect of negative goodwill recognised as income.

In 2004, upon the reorganisation and the listing of the Company, the Company and Shanghai Fosun High Technology (Group) Co., Ltd. ("Fosun High Technology"), the holding company of the Company, 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 1% to 3% 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 2006, the indemnity of LAT from the holding company amounted to RMB117,746,000. The indemnity has been recorded into the Group's capital reserve.

Based on the total weighted number of Shares of the Group of 2,480,627,000 Shares in 2006, earnings per Share was RMB0.194.

Turnover breakdown for the principal operations of the Group during the year is as follows:

	2006
	RMB'000
Property sales	2,573,801
Property agency and commission fee	95,142
Planning and advertising cost for property sales	7,364
Property management fee	5,064
Supervisory and management fee for construction project	922
Rental incomes from investment properties	3,100
	2,685,393
Less: business tax and government surcharge	(152,660)
Turnover	2,532,733

2. 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 2006, the total assets of the Group amounted to approximately RMB11,755,555,000, in which current assets accounted for approximately RMB6,878,763,000. Total liabilities amounted to approximately RMB6,875,146,000. Current liabilities amounted to approximately RMB4,461,054,000, and non-current liabilities amounted to approximately RMB2,414,092,000. The equity attributable to equity holders of the Company amounted to approximately RMB4,520,923,000.

As at 31 December 2006, the Group's cash and bank deposits amounted to approximately RMB1,164,624,000. The Group has sufficient working capital for its operation, liquidity of assets and solvency is healthy.

3. Pledge of assets

As at 31 December 2006, properties under development with total book value of approximately RMB4,147,804,000, restricted bank deposit with total book value of RMB26,099,000 and investment properties with total book value of RMB446,000,000 were pledged to financial institutions for the guarantee of bank loans of the

Group. The corresponding bank loans from the financial institutions amounted to RMB2,143,230,000.

4. Contingent liabilities

The Group provided bank guarantees in favour of its customers in respects of the mortgage loans provided by the banks to such customers for purchases of the Group's properties until submission of the relevant property ownership certificates by the relevant customers to the banks. Such guarantees shall expire upon the submission of the relevant property ownership certificates to the mortgagee bank by the relevant customers. As at 31 December 2006, the remaining amount of the bank guarantees provided amounted to approximately RMB 1,325,788,000. In addition, the Group provided bank guarantee in favour of a joint venture company of the Group in respects of the loan provided by the bank to the joint venture company. As at 31 December 2006, the remaining amount of the bank guarantee provided amounted to approximately RMB37,500,000.

During the Year, the Company has provided guarantee to the Industrial and Commercial Bank of China Zhejiang Branch and Bank of Communications Hangzhou Branch Gaoxin Sub-branch in respect of the RMB228,000,000 loan

given to Hangzhou Dadi Environment Protection Co., Ltd. ("Hangzhou Dadi"). Pursuant to the land relocation compensation agreement between the Group and Hangzhou Dadi dated 30 August 2006, the Group will pay relocation compensation of RMB273,000,000 to Hangzhou Dadi before September 2007, in which RMB228,000,000 will be used to repay Hangzhou Dadi's loans and the remaining will be paid by cash. Such guarantee will be released when the Company has paid land relocation compensation to Hangzhou Dadi. As at 31 December 2006, a total of RMB6,500,000 has been released.

Save as disclosed above, the Group did not have any outstanding loan capital, bank overdrafts, and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase commitments, or guarantees or other material contingent liabilities outstanding as at 31 December 2006 apart from the intra-group liabilities.

5. Commitments

As at 31 December 2006, the Group has irrevocable operation leases of approximately RMB16,264,000, of which approximately RMB10,215,000 should be repaid within a year, approximately RMB3,349,000 should be repaid in two to five years (inclusive), and approximately RMB2,700,000 should be repaid after five years.

As at 31 December 2006, the Group has approximately RMB2,203,583,000 capital projects contracted but not provided for.

6. Foreign Currency Risk

The Group operates in the PRC and its activities are mainly transacted in RMB. The Group's financial assets and liabilities are not subject to foreign currency risk, except for certain loans that are denominated in United States dollars. Therefore, the fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations. The Group does not enter into any hedging transactions to manage the potential fluctuation in foreign currency as the directors consider the Group has no significant foreign currency risk.

Cooperation with International Partners

During 2006, the Group actively engaged in cooperation with foreign investors and four projects were jointly developed with these partners in Shanghai, Wuxi and Tianjin. The cooperation not only enhanced the Company's brand image, but also enabled the Company to explore new sources of financing. The Group also benefited in the area of international project management, development and corporate governance.

During 2006, the Group successfully cooperated with Cadim, a real estate investment unit of Caisse de dépôt et placement du Québec, a renowned Canadian investment fund to jointly develop the Forte Parktown project in Wuxi.

During 2006, the Group successfully cooperated with CB Richard Ellis Investors to develop Tianjin Center project in Tianjin.

Employees

As at 31 December 2006, the Group had a total of 1,569 employees (2005: 1,414 employees). The number of employees with education level of university or above was 622, representing approximately 39.6%. The number of employees aged below 40 was 1,304, representing approximately 83.1%. The number of technicians was 475, representing approximately 30.3%. The number of managerial grade staff was 409, representing approximately 26.0%.

Remuneration Policy

The Group's remuneration policy has been established with reference to the remunerations information on market provided by reputable consulting firms, as well as taking into account various factors such as the remuneration offered by counterparts in the market, the inflation level, corporate operation efficiency and the performance of staff, whereas for the welfare, the Group would give due consideration to the needs of staff. Based on the above, the Group offers competitive remuneration and benefits to its staff to fully drive their working enthusiasm, thus ensuring human resources for the sustained development of the Group.

Customer Service

During the reporting period, the Group refined and improved its customer service management system and continued to facilitate the establishment of the “Whole Staff (全員服務)” culture. Meanwhile, the Group had upgraded the customer relationship management system in a well-rounded manner, thus guaranteeing consistent service quality throughout the country.

During the reporting period, the activities of the Forte Club were as follows:

- March 2006 Forte Community Tree Planting Festival.
- April Photo shooting activity organized for owners at Forte Ronchamp Villa in Nanjing.
- May A nationwide programme to celebrate the fourth anniversary of the Forte Club.
- August A summer camp under the theme of “A Green Thanksgiving Tour (綠色感恩之旅)” was organized by Forte for parents and their children.
- September A happy gymnastic activity was organized by the Beijing Forte Club.



- October 2006 Forte Basketball Carnival
- November Celebration of the first anniversary of the Chongqing Forte Club since its establishment

“With the aim of serving customers, the Forte Club is committed to enhancing customers’ satisfaction”



2006 Forte Basketball Carnival



The 4th Anniversary of Forte Club



Forte Summer Camp – A Green Thanksgiving Tour