

Corporate Governance Commitment

The Board knows well that maintaining a high level of corporate governance is valuable and can maximise profit return to the shareholders.

For the year ended 31 December 2006, the Company has strictly complied with the provisions of the 《Company Law of the People’s Republic of China》 (the “Company Law of the PRC”) and the 《Securities Law of the People’s Republic of China》. The Company has also been complying with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange Hong Kong Limited (the “Listing Rules”), and the relevant laws and regulations of CSRC and overseas securities regulatory bodies, and the Company has continued 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 the Directors. The Company has made enquiries with all the Directors and all the Directors confirmed that they have complied with the required standards throughout the year ended 31 December 2006.

The Board of Directors

The Board is responsible for the management of the Group, and its main responsibilities include formulating the overall strategies and management target for the Group. The management of the Company is responsible for the strategy implementation and administration related to daily operations.

For the year ended 31 December 2006, the Board comprised eight directors, and they were:

Executive Directors:	Mr. Guo Guangchang (Chairman of the Board) Mr. Fan Wei (President) Mr. Ding Guoqi
Non-executive Director:	Mr. Feng Xiekun
Independent non-executive Directors:	Mr. Chen Yingjie Mr. Zhang Hongming Mr. Charles Nicholas Brooke Ms. Wang Meijuan

Pursuant to Article 95 of the Company’s articles of association (the “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.

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

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

Members of the Board fully understand their responsibilities and obligations. During the year ended 31 December 2006, 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. The independent non-executive Directors have 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 is responsible for reviewing the annual account statements of the Company, and to assure that such account statements have truly and fairly reflected the Group's financial status, performance and cash flow. All non-executive Director and independent non-executive Directors possess the appropriate academic or professional expertise and management experience and have provided their professional and independent advice to the Board, and to protect the interests of the Company and shareholders.

Independency of Independent Non-Executive Directors

For the year ended 31 December 2006, all independent non-executive Directors had confirmed their independence to the Company in accordance with the Listing Rules.

Supervisory Committee

For the year ended 31 December 2006, the Supervisory Committee comprised five supervisors, and they were:

- Mr. Ma Suxiang (Chairman of the Supervisory Committee)
- Mr. Zhang Guozhang
- Mr. Sun Wenqiu
- Mr. Liu Zhangxi
- Mr. Shen Guoliang

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

For the year ended 31 December 2006, the Audit Committee of the Company comprised four members, and they were:

- Mr Chen Yingjie
- Mr. Zhang Hongming
- Mr. Charles Nicholas Brooke
- Ms. Wang Meijuan

All of the members of the Audit Committee were independent non-executive Directors.

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, so as to ensure the objectivity and trust-worthiness of the financial information of the Group, as well as providing suggestions and advice to the Board.

The Audit Committee convened two meetings for the year ended 31 December 2006 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

For the year ended 31 December 2006, the Directors' Remuneration Committee comprised four members, and they were:

- Mr. Guo Guangchang (Chairman of the Directors' Remuneration Committee)
- Mr. Charles Nicholas Brooke
- Mr. Chen Yingjie
- Mr. Zhang Hongming

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 by the Directors' Remuneration Committee to ensure that reasonable remuneration and benefits are in place.

For the year ended 31 December 2006, the Directors' Remuneration Committee held one meeting. All the members of the Directors' Remuneration 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 Directors' Remuneration Committee is of the view that the executive 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 appointment of a Director expires, the nomination of a Director to fill the vacancy will be determined by all members of the Board.

External Auditors

Ernst & Young and Ernst & Young Hua Ming are the external auditors of the Company. To preserve their independency, Ernst & Young and Ernst & Young Hua Ming were not retained in other non-audit work during the year ended 31 December 2006.

The Board has passed a resolution in appointing Ernst & Young as the Company's auditor, for a term till the next Shareholders' general meeting. Such appointment will only be effective upon the approval of the shareholders in the forthcoming shareholders' general meeting.

During year 2006, the remuneration paid to the external auditors was RMB3,009,000.

Internal Controls

The Board is fully responsible for the Company's internal control system, and to evaluate its effectiveness through the examination of the Audit Committee. Internal control system is a crucial element of the Company's risk management, which is very important as it will affect the ability of the Company to meet its performance target.

For the year ended 31 December 2006, the Company has established operation management system for the Group's entire project, and the management of the Group has been strengthened. The operation management system has covered a number of developing projects and yet to be developed land reserve projects. Such system can collect the data of finance, costs, progress, contracts and sales of each project and analysis such data, and is able to issue regular on-going operation management report, so as to discover any problem appears in the Company and the projects and to provide the solutions on a timely basis. The Company has implemented the "Core Business Management Manual of Forte" to enhance the efficiency of the Group's internal control system.

For the year ended 31 December 2006, the Company had an legal audit department, which was responsible for reviewing the Company's internal control, including the construction budget, the finances and expenses, and the control and management of risks. The legal audit department reported its findings to the management regularly. The legal audit department of was also responsible for reviewing all the contracts and legal documents. The Company also retained PRC and Hong Kong lawyers for compliance with the relevant laws and regulations in China and Hong Kong. Furthermore, the management implemented the policies and strategies formulated by the Board and ensures overall effective use of resources, in order to prevent waste of resources and assets.

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, 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. In addition, the Company's management held 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 Articles of Association

Pursuant to a share transfer agreement entered into between Fosun High Technology and Fosun Property Holdings Limited dated 16 March 2006, Fosun High Technology transferred 1,191,746,150 domestic shares it held in the Company to Fosun Property Holdings Limited. Fosun International Limited has obtained a waiver from the Hong Kong Securities and Futures Commission on 31 March 2006, pursuant to which Fosun International Limited and Fosun Property Holdings Limited were waived from their obligation to make a general offer for the shares of the Company. The Company has held an extraordinary general meeting on 26 May 2006 and conditional upon the approval of the Ministry of Commerce, Fosun High Technology would transfer 1,191,746,150 shares it held in the Company, accounting for 47.12% of the Company's share capital to Fosun Property Holding Limited.

The Company completed the placing of 175,922,000 H shares on 12 April 2006. As a result, amendments were made to Article 21 and Article 24 of the Articles of Association and were approved at the extraordinary general meeting of the Company held on 26 May 2006.

Annual general meeting

The annual general meeting was held on 15 June 2006 and its related polling results and details were announced on 15 June 2006.

The Company's 2006 annual general meeting (the "AGM") will be held on 28 June 2007 (Thursday). Notice of the AGM will be published and dispatched in accordance with the requirements under the Listing Rules.

Activities of Investor Relations

Month	Organizers	Name of Activities	Location
January	UBS Investment Bank	UBS Investment Bank Greater China Conference	Shanghai
January	Morgan Stanley	Morgan Stanley China Property Corporate Day	Hong Kong
March	Deutsche Bank	Deutsche Bank Access China Conference	Beijing
March	Forte	Shanghai Forte Global IR Roadshow (2005 Annual Results)	Hong Kong, Singapore, London, Amsterdam, New York
April	JPMorgan	JPMorgan Asia Pacific Equity China Conference 2006	Beijing
May	CLSA Limited	CLSA China Forum 2006	Shanghai
August	Forte	Shanghai Forte Global IR Roadshow (2006 Interim Results)	Hong Kong, Singapore, London, Edinburgh, Rotterdam, Amsterdam, Paris, New York, Boston, San Francisco
November	Goldman Sachs	The China Investment Frontier 2006, Goldman Sachs	Beijing
November	Morgan Stanley	Morgan Stanley Asia Pacific Summit 2006	Singapore