

INDUSTRY OVERVIEW

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This section sets out an overview of the property market in China and in individual cities where our existing and planned property projects are located, namely, Changzhou, Shanghai, Nanjing, Kunshan, Wuxi, Suzhou, Jintan, Changsha, Wuhan and Zhenjiang, and comprise the following:

- Overview of the PRC economy;
- Overview of the PRC property market;
- Overview of the Yangtze River Delta; and
- Overview of the selected key cities in which we operate.

OVERVIEW OF THE PRC ECONOMY

China experienced a substantial CAGR of approximately 11.0% in its real GDP from 2003 to 2007, making it one of the fastest growing major economies in the world. Amid the global financial crisis in the second half of 2008, China's economy continued to expand and maintained an annual real GDP growth of 9.6% in 2008. In 2009, PRC government further strengthened its economy with the launch of its RMB4 trillion stimulus package. China was among the first economies in the world to rebound from the global financial crisis and maintain positive economic growth throughout the crisis. In February 2011, it overtook Japan to become the world's second largest economy.

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Overall Economic Growth

In the past decade, China's nominal GDP has increased from RMB10,966 billion in 2001 to RMB47,288 billion in 2011, representing a CAGR of approximately 15.7%. Over the same period, China's nominal GDP per capita increased at a CAGR of 15.1% from RMB8,622 in 2001 to RMB35,181 in 2011, demonstrating a significant increase in the purchasing power of the PRC population. The table below sets out selected economic statistics of China for the periods indicated.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-2011 CAGR
Nominal GDP												
(RMB billion)	10,966	12,033	13,582	15,988	18,494	21,631	26,581	31,405	34,090	39,798	47,288	15.7%
Real GDP growth rate (%) . .	8.3%	9.1%	10.0%	10.1%	11.3%	12.7%	14.2%	9.6%	9.2%	10.4%	9.3%	N/A
Nominal GDP per capita												
(RMB)	8,622	9,398	10,542	12,336	14,185	16,500	20,169	23,708	25,608	30,015	35,181	15.1%
Fixed asset investment												
(RMB billion)	3,721	4,350	5,557	7,048	8,877	11,000	13,732	17,283	22,460	27,812	31,149	23.7%
Fixed asset investment												
growth (%)	13.0%	16.9%	27.7%	26.8%	26.0%	23.9%	24.8%	25.9%	30.0%	23.8%	12.0%	N/A
Foreign direct investment												
(US\$ billion)	46.9	52.7	53.5	60.6	72.4	72.7	74.8	92.4	90.0	105.7	116.0	9.5%

Source: National Bureau of Statistics

Urbanisation

Strong economic growth has encouraged the rapid expansion of selected cities in China and an acceleration in rural-to-urban migration. As a result, the urbanisation rate in China has increased tremendously from 37.7% in 2001 to 51.3% in 2011. The table below describes China's urbanisation rate for the periods indicated.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-2011 CAGR
Urban population (million) . .	481	502	524	543	562	577	594	607	622	666	691	3.7%
Total population (million) . .	1,276	1,285	1,292	1,300	1,308	1,314	1,321	1,328	1,335	1,371	1,347	0.5%
Urbanisation rate (%)	37.7%	39.1%	40.5%	41.8%	43.0%	43.9%	44.9%	45.7%	46.6%	49.7%	51.3%	N/A

Source: National Bureau of Statistics

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Disposable Income

The robust growth of the PRC economy, as evidenced by the strong increases in nominal GDP and nominal GDP per capita, has contributed to the rise in disposable income among the PRC population. Per capita disposable income of urban households experienced steady growth between 2001 and 2011 at a CAGR of 12.3%, increasing from RMB6,860 in 2001 to RMB21,810 in 2011. The table below sets out the per capita disposable income of urban households over the periods indicated.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-2011 CAGR
Per capita disposable income of urban households (RMB) . . .	6,860	7,703	8,472	9,422	10,493	11,759	13,786	15,781	17,175	19,109	21,810	12.3%

Source: National Bureau of Statistics

The cities in which our existing and planned property developments and investments are situated also experienced significant GDP growth. The tables below illustrate the nominal GDP, nominal GDP per capita and per capita disposable income of urban households in these cities for the periods indicated.

	2006		2007		2008		2009		2010		2011	
	Nominal GDP	Nominal growth rate	Nominal GDP	Nominal growth rate	Nominal GDP	Nominal growth rate	Nominal GDP	Nominal growth rate	Nominal GDP	Nominal growth rate	Nominal GDP	Nominal growth rate
	RMB bn		RMB bn		RMB bn		RMB bn		RMB bn		RMB bn	
China	21,631	17.0%	26,581	22.9%	31,405	18.1%	34,090	8.6%	39,798	16.9%	47,288	17.8%
Changzhou	159	21.2%	191	20.7%	227	18.4%	252	11.2%	304	20.8%	358	17.6%
Shanghai	1,057	14.3%	1,249	18.2%	1,407	12.6%	1,505	6.9%	1,717	14.1%	1,920	11.8%
Nanjing	282	15.1%	334	18.3%	381	14.2%	423	10.9%	501	18.4%	615	22.6%
Kunshan	93	27.7%	115	23.5%	150	30.3%	175	16.7%	210	20.0%	243	15.8%
Wuxi	331	17.9%	388	17.2%	446	15.0%	499	11.9%	579	16.1%	688	18.8%
Suzhou	490	18.4%	585	19.4%	708	21.0%	774	9.4%	923	19.2%	1,050	13.8%
Changsha	212	18.9%	258	21.8%	330	27.9%	374	13.5%	455	21.4%	562	23.6%
Wuhan	259	15.8%	314	21.3%	396	26.0%	462	16.7%	557	20.5%	676	21.4%
Zhenjiang	104	19.3%	126	21.2%	149	18.3%	167	12.2%	199	18.9%	231	16.2%

Source: National Bureau of Statistics

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	2006		2007		2008		2009		2010		2011	
	Nominal GDP per capita	Nominal growth rate	Nominal GDP per capita	Nominal growth rate	Nominal GDP per capita	Nominal growth rate	Nominal GDP per capita	Nominal growth rate	Nominal GDP per capita	Nominal growth rate	Nominal GDP per capita	Nominal growth rate
	RMB		RMB		RMB		RMB		RMB		RMB	
China	16,500	16.3%	20,169	22.2%	23,708	17.5%	25,608	7.9%	30,015	16.0%	35,181	17.2%
Changzhou	37,809	18.2%	44,452	17.6%	51,746	16.4%	56,890	9.9%	67,327	18.3%	77,473	15.1%
Shanghai	54,858	10.5%	62,041	13.1%	66,932	7.9%	69,164	3.3%	76,074	10.0%	82,560	8.5%
Nanjing	39,376	10.9%	44,972	14.2%	50,855	13.1%	55,290	8.7%	79,390	17.7%	N/A	N/A
Kunshan	91,589	16.6%	100,969	10.2%	120,882	19.7%	135,361	12.0%	142,185	5%	147,200	3.5%
Wuxi	57,899	13.5%	65,570	13.2%	73,733	12.4%	81,146	10.1%	92,166	13.6%	107,400	16.5%
Suzhou	61,500	13.5%	67,387	9.6%	74,670	10.8%	83,696	12.1%	93,043	11.2%	N/A	N/A
Changsha	32,983	17.2%	39,727	20.4%	50,336	26.7%	56,620	12.5%	66,443	17.3%	79,530	19.7%
Wuhan	29,899	14.0%	35,582	19.0%	44,290	24.5%	51,144	15.5%	58,961	15.3%	N/A	N/A
Zhenjiang	35,076	18.8%	41,848	19.3%	49,235	17.7%	54,732	11.2%	64,281	17.4%	73,947	15.0%

Source: National Bureau of Statistics

	Per capita disposable income of urban households (RMB)					
	2006	2007	2008	2009	2010	2011
China	11,759	13,786	15,781	17,175	19,109	21,810
Changzhou	16,649	19,089	21,592	23,751	26,269	29,829
Shanghai	20,668	23,623	26,675	28,838	31,838	36,230
Nanjing	17,538	20,317	23,123	25,504	28,312	32,200
Kunshan	19,016	21,927	24,808	27,609	30,923	35,190
Wuxi	18,189	20,898	23,605	25,027	27,750	31,638
Suzhou	18,532	21,260	23,867	26,320	29,219	33,070
Changsha	13,924	16,153	18,282	20,864	23,347	26,451
Wuhan	12,360	14,358	16,712	18,385	20,806	23,738
Zhenjiang	14,291	16,775	19,044	20,949	23,075	26,637

Source: National Bureau of Statistics

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OVERVIEW OF THE PRC PROPERTY MARKET

Between 2006 and 2011

Favourable economic conditions in the PRC have contributed to the strong growth of the PRC property market. From 2006 to 2011, investments in real estate development in China increased at a CAGR of 26.0%, increasing from RMB1,942 billion in 2006 to RMB6,180 billion in 2011. A total GFA of approximately 1,094 million sq.m. of commodity properties was sold in 2011, as compared to the 619 million sq.m. sold in 2006, representing an increase at a CAGR of 12.1%. The table below illustrates the growth in real estate investment over the periods indicated.

	2006	2007	2008	2009	2010	2011	2006-2011 CAGR
<u>Commodity properties</u>							
Total real estate investment (RMB billion)	1,942	2,529	3,120	3,624	4,826	6,180	26.0%
Total GFA completed (million sq.m.)	558	606	665	727	787	926	10.7%
Total GFA under construction (million sq.m.)	1,948	2,363	2,833	3,204	4,054	5,068	21.1%
Total GFA sold (million sq.m.)	619	774	660	948	1,048	1,094	12.1%
<u>Residential properties</u>							
Total real estate investment (RMB billion)	1,364	1,801	2,244	2,561	3,404	4,432	26.6%
Total GFA completed (million sq.m.)	455	498	543	596	634	743	10.3%
Total GFA under construction (million sq.m.)	1,517	1,868	2,229	2,153	3,148	3,877	20.6%
Total GFA sold (million sq.m.)	554	701	593	862	934	965	11.7%

Source: National Bureau of Statistics

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Prices for real estate in the PRC experienced steady growth between 2006 and 2011, with average price of commodity properties growing at a CAGR of 9.7% over the same period, increasing from RMB3,367 per sq.m. in 2006 to RMB5,357 per sq.m. in 2011. The table below sets out average property prices in the PRC over the periods indicated.

	2006	2007	2008	2009	2010	2011	2006-2011 CAGR
Average price of commodity properties (RMB per sq.m.)	3,367	3,864	3,800	4,681	5,032	5,357	9.7%
Average price of residential properties (RMB per sq.m.)	3,119	3,645	3,576	4,459	4,725	4,993	9.9%

Source: National Bureau of Statistics

Recent Development of the PRC Property Market

The PRC property market experienced downward pricing pressures in the second half of 2011, as a result of the various “cool-off” policies and measures introduced by the PRC government. Transaction volumes remained low in the first half of 2012. According to a report issued by the National Bureau of Statistics, the total GFA sold and total property sales in China in the six months ended June 30, 2012 decreased by 10.0% and 5.2%, respectively, as compared with those in the six months ended June 30, 2011. However, as the PRC government had not introduced further major tightening policies or measures since January 2012, the PRC property market began to show signs of recovery towards the end of the first half of 2012. According to the 70-city property price index released by the National Bureau of Statistics, among these 70 medium to large cities, 25, 50 and 36 cities showed increases in property prices with an increase percentage ranging from 0.1% to 0.6%, 0.1% to 0.7% and 0.1% to 0.6%, 24, 11 and 14 cities’ property prices remained relatively stable, and 21, 9 and 20 cities showed decreases in property prices with decrease percentage ranging from 0.1% to 0.6%, 0.1% to 0.8% and 0.1% to 1.0%, as compared with those in the previous month in June, July and August of 2012, respectively.

In particular, out of these 70 medium to large cities, Shanghai, Nanjing and Wuxi, cities in which some of our properties are located, had shown an overall increase in property prices as compared with those in the previous months in June, July and August 2012. In Shanghai, property prices showed an increase percentage of 0.2%, 0.1% and 0.0%, in Nanjing, property prices showed an increase percentage of 0.3%, 0.5% and 0.3%, in Wuxi, property prices showed an increase percentage of 0.0%, 0.4% and 0.6%, as compared with those in the previous month in June, July and August of 2012, respectively.

REGULATORY MILESTONES OF THE PRC PROPERTY INDUSTRY

Since 2004, the PRC government has at various times taken actions to tighten its control over the property market. In particular, the PRC government has taken measures to discourage speculation in the residential property market and to increase the supply of affordable housing. The table below sets out the key regulatory milestones of the PRC property industry, including major polices and measures implemented by the PRC government since 2004:

2004	The Ministry of Construction amended Administrative Measures on the Pre-sale of Commodity Housing in Cities (《城市商品房預售管理辦法》) to implement more stringent requirements on the pre-sale of commodity housing in cities.
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The CBRC issued the Guideline for Commercial Banks on Risks of Real Estate Loans (《商業銀行房地產貸款風險管理指引》) to further strengthen the ability of commercial banks to manage risks on real estate loans.

2005 The State Council issued Opinion on the Stabilisation of Residential Property Prices to require provincial governments and relevant authorities to curb rapid increases in selling prices in an effort to sustain the healthy development of the property market.

2006 The PRC government implemented additional land supply, bank financing and other measures to curb fast increases in property prices, to encourage the development of middle- to low-end housing and to promote the healthy development of the PRC property industry.

2007 The PRC government issued regulations to increase the annual land use tax and to impose such land use tax on foreign-invested enterprises.

The Ministry of Land and Resources issued provisions prohibiting the issuance of land use rights certificates before settlement of the entire land premium with respect to the whole parcel of land under a land grant contract, effectively stopping the practice of issuing land use rights certificates in installments.

The National People's Congress of PRC issued the Property Right Law (《中華人民共和國物權法》), which provided the mechanism for property rights protection at state law level.

The PRC government revised the Catalog of Industries for Guiding Foreign Investment (《外商投資產業指導目錄(2007年修訂)》). Under the revised catalog, "development and construction of ordinary residential houses" was re-categorised as a permitted industry, and "real estate exchanges in the secondary market; real estate agency and brokerage" were categorised as restricted industries.

2008 The State Council issued Notice on Promoting the Land Saving and Intensive Use (《國務院關於促進節約集約用地的通知》) on January 3, 2008, which provided for stricter supervision on land development and regulation of idle land.

In October 2008, the PBOC reduced the minimum down payment requirement to 20% of the purchase price of the underlying property and the minimum mortgage loan interest rate to 70% of the PBOC benchmark interest rate for the purchase of a principal residence with a total GFA less than 90 sq.m.

On October 22, 2008, the State Council, the Ministry of Finance and the State Administration of Taxation jointly announced the decision to reduce the tax expenses of property transactions.

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In October 2008, the CBRC issued regulatory notices to restrict trust financing companies from providing trust loans, in form or in nature, to (i) property projects that have not obtained the requisite land use rights certificates, construction land planning permits, construction works planning permits and construction work commencement permits; (ii) property developers that had not been issued with Class 2 qualification certificates by the relevant competent construction authorities; (iii) property projects of which less than 30% of the total investments are funded by the property developers' own capital (except for affordable housing and commodity apartments, of which 20% of the total investment shall be funded by the developer's own capital); and (iv) property developers for payment of land premium or for working capital purposes.

2009 The State Council issued a Notice on Adjusting the Capital Ratio of Fixed Assets Investment Project (國務院關於調整固定資產投資項目資本金比例的通知). The Notice provides that the minimum capital requirements for affordable housing and ordinary commodity apartments are 20%, and the minimum capital requirement for other real estate development projects is 30%. These regulations apply to both domestic and foreign investment projects.

2010 On March 8, 2010, the Ministry of Land and Resources instituted measures aimed at ensuring sufficient land supply for government-subsidized residential property.

On April 17, 2010, the State Council announced its decision to implement diverse credit policies for different types of purchases.

On September 21, 2010, the Ministry of Land and Resources and the MOHURD instituted measures to require relevant governmental authorities to (i) strengthen the management of the annual plan for land supply and residential property construction; (ii) accelerate the approval process for land supply and construction for residential properties; (iii) strengthen the management of land grants for residential properties; (iv) strengthen the supervision on land supply and construction of residential properties; and (v) strengthen the supervision and investigation of illegal conduct.

On September 29, 2010, the PBOC and the CBRC issued the Notice on the Improvement of Diversified Residential Credit Policies (《中國人民銀行、中國銀行業監督管理委員會關於完善差別化住房信貸政策有關問題的通知》) to require, among other things, all commercial banks to suspend (i) the extension of loans to individuals for purchase of third or subsequent residences and (ii) the extension of loans to non-local residents who cannot provide certificates evidencing payment of local taxes or social insurance for more than one year. For the purchase of a primary residence, the minimum down payment was increased to 30% of the purchase price of the underlying property.

On September 29, 2010, the Ministry of Finance, State Administration of Taxation Bureau and the MOHURD issued the Notice on Adjustment of Preferential Policies for Deed Tax and Individual Income Tax for Real Estate Transactions (《財政部、國家稅務總局關於住房和城鄉建設部關於調整房地產交易環節契稅個人所得稅優惠政策的通知》) to curb transfers by individuals of residential properties purchased within one year through the levying of individual income tax.

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On December 19, 2010, the Ministry of Land and Resources promulgated the Circular on Issues Pertaining to the Strengthened Implementation of Real Estate Land Use Regulatory Policies and the Healthy Development of the Property Market (《關於嚴格落實房地產用地調控政策促進土地市場健康發展有關問題的通知》) to further regulate the granting of land use rights for real estate development and tighten regulation of idle land.

On November 4, 2010, the MOHURD and SAFE issued the Notice on Further Standardization of the Administration of Housing Purchase by Foreign Entities and Individuals (《關於進一步規範境外機構和個人購房管理的通知》) to further restrict foreign individuals from purchasing property in the PRC.

2011

On January 27, 2011, the Ministry of Finance and the State Administration of Taxation jointly issued the Notice on Business Tax Imposed on Individuals Transferring Houses (《財政部、國家稅務總局關於調整個人住房轉讓營業稅政策的通知》) to curb transfers of properties by individuals within five years of purchase.

In January 2011, the State Council issued a notice to further restrict property purchases and strengthen regulations on land transfers, property development projects and idle land. Among other things, the notice (i) increased the minimum down payment for the purchase of a second home from 50% to 60%; (ii) required local governmental authorities to take steps to expand the coverage of low-income housing by increasing supply of low-income housing through construction, redevelopment, purchases and long-term leases and to build 10 million units of low-income housing in 2011; (iii) increased the minimum down payment from 20% to 30% for the purchase of the first residential property of a family if the underlying property has a unit GFA of 90 sq.m. or more; (iv) required that if a property developer failed to obtain the relevant construction permits and failed to commence construction within two years from the designation of land for property development, the relevant land use rights granted be forfeited and an idle land penalty be imposed; (v) prohibited the transfers of land or a property development project if the amount of property development investment (excluding the land premium) incurred is less than 25% of the total investment amount in respect of the project; and (vi) prohibited families holding local residency and owning two or more residential properties and families holding non-local residency and owning at least one residential property or who cannot provide a local tax payment certificate or a social security certificate from purchasing additional residential properties in their local district.

In March 2011, the MOHURD released the Notice on Inspection in respect of Standardised Management of Low-Income Housing Security Policy, requesting all local government authorities to fully understand the importance and long-term nature of the standardised management of low-income housing security policy, continue adopting effective measures, implement management accountability, improve management standards, and set up a comprehensive scientific, orderly, efficient, open and transparent management system.

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In July 2011, MOHURD issued the Notice on Relevant Issues Relating to Enhanced Implementation of Real Estate Control Policies (《關於進一步落實房地產調控政策有關問題的函》) to enhance the implementation of purchase restrictions in second-tier and third-tier cities and to increase the number of cities subject to property purchase restrictions. This notice set out five criteria and encouraged local governments to, subject to local market conditions, implement property purchase restrictions if three or more of the following criteria are met: (i) prices of new residential units in the relevant city recorded year-on-year increase or recorded month-on-month increase during the six months ended June 30, 2011 according to information provided by the National Bureau of Statistics; (ii) the average price of new residential units in the relevant city in June 2011 had been higher than or closed to the maximum average price of residential units pre-determined by the relevant authorities; (iii) the sales volume of new commodity properties in the relevant city increased significantly from January 2011 to June 2011, as compared with the same period in past year; (iv) the relevant city is located close to major city(ies) with property purchase restrictions implemented and the proportion of non-local purchasers of properties in such city remained high; and (v) state-wide restrictive policies in real estate market had not been fully implemented in the relevant city which resulted in continued and significant increase in property prices and dissatisfaction of local residents.

In addition, the PRC government plans to build 36 million units of low-income housing during its “Twelfth Five-year” period. Through large-scale and nationwide development of low-income housing, it is expected that by the end of the “Twelfth Five-year” period, the coverage of low-income housing in urban cities and counties will reach 20% or above nationwide.

2012

On June 1, 2012, the Ministry of Land and Resources promulgated the revised Measures on the Disposal of Idle Land (閒置土地處置辦法), which became effective on July 1, 2012. Under these measures, if any land parcel constitutes “idle land” due to government-related acts, the holder of the relevant land use rights are required to explain to the relevant municipality or county-level land administrative department(s) the reasons for the land becoming idle, consult the relevant government authorities and rectify the situation accordingly (“**rectification procedures**”). The means of rectification include but are not limited to the extension of the period permitted for commencing development, the adjustment of the land use and planning conditions or the substitution of the relevant idle land parcels with other land parcels.

Property development operations are affected by land and construction costs. Land and construction costs constitute the most important items in our cost of sales. Over the years, land premiums have generally been on the rise in China. It is widely expected that land premiums will continue to rise as the PRC economy continues to develop and demolition and resettlement costs continue to increase. For further information, please refer to the section headed “Risk Factors – We may not be able to acquire land reserves in desirable locations that are suitable for development at commercially acceptable prices in the future”.

Under standard construction contracts, property developers are responsible for key construction materials such as steel, which is subject to market fluctuation and volatility. For instance, the average market price of steel per ton was RMB3,679, RMB4,216, RMB4,797 and RMB4,280 for 2009, 2010, 2011 and the six months ended June 30, 2012, respectively, which represented a year-on-year increase of 15% and 14% in 2010 and 2011, respectively, and a

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decrease of 11% in the first six months of 2012⁽¹⁾. For further information, please refer to the section headed “Risk Factors – Fluctuations in the price of construction materials and contractors’ labour costs could adversely affect our business and financial performance”.

MARKET POSITION

National Ranking

We were ranked among the top 25 property developers in China in term of contracted GFA and contracted sales, for the year ended December 31, 2011 and the six months ended June 30, 2012, by China Real Estate Appraisal Centre (中國房地產測評中心) and China Real Estate Information Corporation (中國房產信息集團).

Top 25 PRC Real Estate Developers by Contracted Sales

Ranking	2011	Six months ended June 30, 2012
1.	China Vanke Co., Ltd.	China Vanke Co., Ltd.
2.	Evergrande Real Estate Group Limited	China Overseas Land & Investment Ltd.
3.	A private company	Poly Real Estate Group Co., Ltd.
4.	Poly Real Estate Group Co., Ltd.	A private company
5.	China Overseas Land & Investment Ltd.	Evergrande Real Estate Group Limited
6.	A private company	A private company
7.	Country Garden Holdings Company Limited	Shimao Property Holdings Limited
8.	Longfor Properties Co., Ltd.	China Resources Land Limited
9.	China Resources Land Limited	Greentown China Holdings Limited
10.	Shimao Property Holdings Limited	Longfor Properties Co., Ltd.
11.	Agile Property Holdings Limited	Country Garden Holdings Company Limited
12.	Greentown China Holdings Limited	Guangzhou R&F Properties Co., Ltd.
13.	Gemdale Corporation	Agile Property Holdings Limited
14.	Guangzhou R&F Properties Co., Ltd.	Gemdale Corporation
15.	Sino-Ocean Land Holdings Limited	Sunac China Holdings Limited
16.	A private company	China Merchants Property Development Co., Ltd.
17.	China Merchants Property Development Co., Ltd.	Sino-Ocean Land Holdings Limited
18.	Sunac China Holdings Limited	A private company
19.	A private company	Poly (Hong Kong) Investments Limited
20.	Overseas Chinese Town Enterprises Co.	A private company
21.	Poly (Hong Kong) Investments Limited	China Railway Group Limited
22.	Beijing Capital Development Co., Ltd.	Future Land Development Holdings Limited
23.	Kaisa Group Holdings Ltd.	Yuexiu Property Company Limited

(1) Information extracted from the publicly available reports published by Standard Commodity Trade Centre (西本新幹 綫電子商務有限公司), an independent third party.

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Ranking	2011	Six months ended June 30, 2012
24.	Future Land Development Holdings Limited	Beijing Capital Development Co., Ltd.
25.	Jinke Property Group Co Ltd.	Risesun Real Estate Development Co., Ltd

Source: China Real Estate Appraisal Centre and China Real Estate Information Corporation

Top 25 PRC Real Estate Developers by Contracted GFA

Ranking	2011	Six months ended June 30, 2012
1.	Evergrande Real Estate Group Limited	Evergrande Real Estate Group Limited
2.	China Vanke Co., Ltd.	China Vanke Co., Ltd.
3.	A private company	A private company
4.	Country Garden Holdings Company Limited	Poly Real Estate Group Co., Ltd.
5.	Poly Real Estate Group Co., Ltd.	China Overseas Land & Investment Ltd.
6.	China Overseas Land & Investment Ltd.	A private company
7.	A private company	Country Garden Holdings Company Limited
8.	Longfor Properties Co., Ltd.	Shimao Property Holdings Limited
9.	Agile Property Holdings Limited	China Resources Land Limited
10.	China Resources Land Limited	Longfor Properties Co., Ltd.
11.	Shimao Property Holdings Limited	A private company
12.	Kaisa Group Holdings Ltd.	Agile Property Holdings Limited
13.	Poly (Hong Kong) Investments Limited	Guangzhou R&F Properties Co., Ltd.
14.	Guangzhou R&F Properties Co., Ltd.	Risesun Real Estate Development Co., Ltd.
15.	Gemdale Corporation	China Railway Construction Group Co., Ltd.
16.	Risesun Real Estate Development Co., Ltd	Kaisa Group Holdings Ltd.
17.	Sino-Ocean Land Holdings Limited	Gemdale Corporation
18.	A private company	Sino-Ocean Land Holdings Limited
19.	Jinke Property Group Co Ltd.	A private company
20.	Future Land Development Holdings Limited	Greentown China Holdings Limited
21.	China Railway Construction Corporation Limited	Poly (Hong Kong) Investments Limited
22.	Greentown China Holdings Limited	China Merchants Property Development Co., Ltd.
23.	China Railway Group Limited	Future Land Development Holdings Limited
24.	A private company	Sunac China Holdings Limited
25.	A private company	Central China Real Estate Limited

Source: China Real Estate Appraisal Centre and China Real Estate Information Corporation

INDUSTRY OVERVIEW

China Real Estate Appraisal Centre and China Real Estate Information Corporation

Each of China Real Estate Information Corporation and Real Estate Information Corporation are independent institutions providing real estate related research and/or information services in China. These two institutions conduct surveys on a quarterly and nationwide basis with respect to various aspects of the property industry. Its evaluation results are published for public consumption and available at no cost on its website: <http://dichan.sina.com.cn/zt/2011phb/>. Contents available at such website do not constitute a part of this prospectus.

Regional Rankings

Jiangsu Province

According to a report by the China Index Academy, we ranked first in Jiangsu Province in 2009 and 2010 and second in 2011 in terms of contracted sales.

Top Five PRC Real Estate Developers by Contracted Sales in Jiangsu Province⁽¹⁾

Ranking	2009	2010	2011
1.	Future Land Development Holdings Limited	Future Land Development Holdings Limited	China Vanke Co., Ltd.
2.	China Vanke Co., Ltd.	China Vanke Co., Ltd.	Future Land Development Holdings Limited
3.	China Overseas Land & Investment Ltd.	China Overseas Land & Investment Ltd.	China Overseas Land & Investment Ltd.
4.	Chixia Development Co., Ltd.	Shimao Property Holdings Limited	China Resources Land Limited
5.	Shimao Property Holdings Limited	Jiangsu Zhongnan Construction Group	Jiangsu Zhongnan Construction Group

Source: China Index Academy

(1) Data for contracted sales in Jiangsu Province include data of us and listed real estate companies.

INDUSTRY OVERVIEW

Changzhou

According to a report by the China Index Academy, we ranked first in Changzhou in 2009, 2010 and 2011 in terms of contracted sales and GFA sold of commodity properties.

Top Five PRC Real Estate Developers by Contracted Sales in Changzhou

Ranking	2009	2010	2011
1.	Future Land Development Holdings Limited	Future Land Development Holdings Limited	Future Land Development Holdings Limited
2.	Jiangsu Jiuzhou Investment Group	Longfor Properties Co., Ltd.	Longfor Properties Co., Ltd.
3.	Jiangsu Huaguang Real Estate Group	Top Spring International Holdings Limited	Dalian Wanda Group Co., Ltd.
4.	Road King Properties Holdings Limited	Jiangsu Huaguang Real Estate Group	Greenland Group
5.	Shimao Property Holdings Limited	Century Golden Resources Group	Top Spring International Holdings Limited

Source: China Index Academy

Top Five PRC Real Estate Developers by GFA Sold of Commodity Properties in Changzhou

Ranking	2009	2010	2011
1.	Future Land Development Holdings Limited	Future Land Development Holdings Limited	Future Land Development Holdings Limited
2.	Road King Properties Holdings Limited	Top Spring International Holdings Limited	Longfor Properties Co., Ltd.
3.	Jiangsu Jiuzhou Investment Group	Longfor Properties Co., Ltd.	Greenland Group
4.	Jiangsu Huaguang Real Estate Group	Century Golden Resources Group	Dalian Wanda Group Co., Ltd.
5.	Shimao Property Holdings Limited	Jiangsu Huaguang Real Estate Group	Top Spring International Holdings Limited

Source: China Index Academy

INDUSTRY OVERVIEW

Shanghai

According to a report by the China Index Academy, we ranked among the top ten property developers in Shanghai in 2010 and top five in 2011 in terms of contracted GFA of residential properties.

Top Ten PRC Real Estate Developers by Contracted GFA of Residential Properties in Shanghai

Ranking	2010	2011
1.	Greenland Group	Greenland Group
2.	Poly Real Estate Group Co., Ltd.	China Vanke Co., Ltd.
3.	China Vanke Co., Ltd.	Future Land Development Holdings Limited
4.	Dahua Group	Poly Real Estate Group Co., Ltd.
5.	Glorious Property Holdings	Gemdale Corporation
6.	Forte Land Co., Ltd.	Dahua Group
7.	Future Land Development Holdings Limited	Glorious Property Holdings
8.	Dalian Wanda Group Co., Ltd.	Longfor Properties Co., Ltd.
9.	Gemdale Corporation	Dalian Wanda Group Co., Ltd.
10.	China Enterprise Company Ltd.	China Overseas Land & Investment Ltd.

Source: China Index Academy

China Index Academy

The above information regarding regional rankings in Jiangsu Province, Changzhou and Shanghai was based on a report by the China Index Academy commissioned by us in August 2012. We paid a total consideration of RMB240,000 for this report. China Index Academy is a Chinese property research institution, which was integrated in 2004 with a number of China research resources, including China Real Estate Index System, Soufun Research Institute, China Villa Index System and Top 10 China Real Estate Research Group. China Index Academy derived the information in this report from its self-developed database, CREIS China Index Database (CREIS中指數據) and the database of fdc.soufun.com. These databases, which comprise data from the Housing Administration Real Estate Exchanges Centres of Jiangsu Province, Changzhou and Shanghai, and annual reports and corporate returns of listed real estate companies, have been widely used and relied upon in the PRC property market. China Index Academy is independent of our Group, our connected persons and the Sole Sponsor.

INDUSTRY OVERVIEW

OVERVIEW OF THE YANGTZE RIVER DELTA

The Yangtze River Delta region is one of the most affluent regions in China. It is also widely regarded as the largest regional economy as well as the economic zone with the greatest development potential in the PRC. It is located in the eastern part of China covering the Jiangsu Province, Zhejiang Province and Shanghai, which together account for approximately 1.0% of China's total land area, 11.1% of China's total population and approximately 21.1% of China's total GDP in 2010. The table below sets out the nominal GDP of China and other key economic zones in China for the periods indicated.

	Nominal GDP (in RMB billion)						2006-2010 CAGR
	2006	2007	2008	2009	2010	2011	
China	21,631	26,581	31,405	34,090	39,798	47,288	16.7%
Yangtze River Delta Region ⁽¹⁾	4,803	5,727	6,651	7,249	8,530	N/A	15.4%
Pearl River Delta Region ⁽²⁾	2,168	2,576	2,995	3,215	3,739	N/A	14.6%
Beijing-Tianjin Metropolitan Region ⁽³⁾	1,258	1,510	1,783	1,967	2,289	N/A	16.1%
Chengdu-Chongqing Economic Zone ⁽⁴⁾ ...	668	804	974	1,103	1,345	N/A	19.1%

Source: National Bureau of Statistics, Bureau of Statistics of respective cities

(1) Yangtze River Delta Region includes Shanghai, Jiangsu Province and Zhejiang Province

(2) Pearl River Delta Region includes Guangzhou, Shenzhen, Zhuhai, Dongguan, Zhongshan, Foshan, Zhaoqing, Jiangmen and Huizhou

(3) Beijing-Tianjin Metropolitan Region includes Beijing and Tianjin

(4) Chengdu-Chongqing Economic Zone includes Chengdu and Chongqing

The Yangtze River Delta region has become one of the most prosperous economic zones in China. In June 2010, the State Council issued the "Regional Development Outlook of the Yangtze River Delta" (《長江三角洲地區區域規劃綱要》), pursuant to which the Yangtze River Delta has been positioned to become the most competitive international, economic, financial, trade and logistics centre of China. Acting as the engine of development, Shanghai, situated at the heart of the Yangtze River Delta, has been consolidating resources and competitive strengths from cities in six nearby regions to form an enhanced and consolidated economic development zone of the Shanghai-Nanjing Economic Corridor. The six nearby regions include the "Shanghai-Nanjing-Hangzhou Development Zones" (滬寧滬杭沿綫發展帶), the "Yangtze Riverside Development Zone" (沿江發展帶), "Hangzhou Bayside Development Zone" (沿灣發展帶), "Coastal Development Zone" (沿海發展帶), "Nanjing-Huzhou-Hangzhou Development Zone" (寧湖杭發展帶) and the "Taihu Ecological Tourism Area" (沿湖生態服務帶). As a result of the vibrant economic development in the Yangtze River Delta, major cities along the Shanghai-Nanjing Economic Corridor are widely recognised as leading cities in the real estate market in China. According to The National Bureau of Statistics and Bureau of Statistics of the respective cities, the total GFA of properties sold in Jiangsu Province, Zhejiang Province and Shanghai in aggregate increased from approximately 125.0 million sq.m. in 2006 to approximately 162.4 million sq.m. in 2010.

INDUSTRY OVERVIEW

OVERVIEW OF SELECTED KEY CITIES

Changzhou

Overview

Changzhou is one of the major manufacturing bases in the Yangtze River Delta, the third largest economy in Jiangsu Province in terms of GDP and one of the most prosperous regions in China. It is one of the few stops on the Beijing-Shanghai High Speed Railway, which commenced operation on June 30, 2011. The railway allows passengers to travel from Changzhou to Shanghai in 40 minutes, and to Beijing in approximately four hours.

Changzhou is situated in the southern part of Jiangsu Province and at the heart of the Shanghai-Nanjing Economic Corridor in the Yangtze River Delta region, bordering Wuxi to the east, Taihu Lake to the south, Nanjing to the west and the Yangtze River to the north. The city had a total population of approximately 3.6 million at the end of 2011. It covers an area of approximately 4,385 sq.km. According to China Research Society of Urban Development (中國城市發展研究會), Changzhou ranked tenth in the Table of the Most Affluent Sub-provincial Level Cities of China (全國地級市富裕指數排名) and ranked third among the most affluent cities in Jiangsu Province in 2010.

Key industries in Changzhou include smelting and pressing of ferrous metals, raw chemical materials and chemical products, textile, electronic equipment and machinery, and general equipment manufacturing. Since the establishment of a state-level high-tech development zone in Xinbei District in 1992, Changzhou's government has been putting increasing emphasis on developing high-tech industries in the city.

Changzhou has a well-developed transportation infrastructure. In addition to the Beijing-Shanghai High Speed Railway, it is connected to Shanghai and Nanjing by the Shanghai-Nanjing Inter-city High Speed Railway (滬寧城際高鐵), which allows passengers to travel from Changzhou to Shanghai and Nanjing in approximately one hour.

The table below sets out selected economic statistics of Changzhou for the periods indicated, which demonstrates an increase in earnings of the population in the city.

	2006	2007	2008	2009	2010	2011	2006-2011 CAGR
Nominal GDP (RMB billion)	159	191	227	252	304	358	17.6%
Real GDP growth rate	15.2%	15.6%	12.4%	11.7%	13.1%	12.2%	N/A
Nominal GDP per capita (RMB)	37,809	44,452	51,746	56,890	67,327	77,473	15.4%
Per capita disposable income for urban households	16,649	19,089	21,592	23,751	26,269	29,829	12.4%
Real estate investment (RMB billion)	17	23	31	31	45	56.6	27.0%

Source: National Bureau of Statistics, Changzhou Statistics Bureau

INDUSTRY OVERVIEW

Property market

The table below sets out key statistics related to the property market in Changzhou for the periods indicated.

	2006	2007	2008	2009	2010	2011	2006-2010 CAGR
<u>Commodity properties</u>							
Total GFA completed (million sq.m.)	4.0	6.0	6.9	7.5	7.3	6.5	16.5%
Total GFA sold (million sq.m.)	4.8	5.8	5.0	9.2	9.2	N/A	17.6%
Sales revenue (RMB billion)	19.1	22.9	22.0	44.6	55.3	N/A	30.4%
Average price (RMB per sq.m.)	3,991	3,944	4,363	4,831	6,041	N/A	10.9%
<u>Residential properties</u>							
Total GFA completed (million sq.m.)	3.0	4.9	5.4	5.5	4.9	N/A	13.3%
Total GFA sold (million sq.m.)	4.1	5.1	4.3	8.0	7.8	N/A	17.4%
Sales revenue (RMB billion)	14.9	19.4	17.5	35.7	44.5	N/A	31.5%
Average price (RMB per sq.m.)	3,645	3,765	4,111	4,448	5,735	N/A	12.0%
<u>Commercial properties</u>							
Total GFA completed (million sq.m.)	0.52	0.6	0.82	1.25	1.2	N/A	23.3%
Total GFA sold (million sq.m.)	0.47	0.45	0.62	0.86	1.0	N/A	20.8%
Sales revenue (RMB billion)	3.4	2.8	3.9	7.1	8.6	N/A	26.2%

Source: National Bureau of Statistics, Changzhou Statistics Bureau

Overview of Jintan – a county level city in Changzhou

Jintan city, being a county-level city within Changzhou, is one of the fastest growing cities in the PRC in terms of economic development. Located at the centre of the Nanjing-Shanghai-Hangzhou triangle area, adjacent to Nanjing and Zhenjiang, Jintan covers an area of approximately 975 sq.km. and has a population of 0.55 million at the end of 2010. According to the National Bureau of Statistics, Jintan's nominal GDP increased from RMB18.2 billion in 2006 to RMB30.8 billion in 2010, representing a CAGR of approximately 14.1%. Jintan's nominal GDP per capita increased at a CAGR of 14.2% from RMB33,008 in 2006 to RMB56,127 in 2010, demonstrating an increase in earnings of the population in Jintan.

INDUSTRY OVERVIEW

According to the National Bureau of Statistics, sales revenue of commodity properties increased at a CAGR of 25.0% from RMB1.3 billion in 2006 to RMB3.1 billion in 2010, while the average commodity property price increased from RMB2,391 per sq.m. to RMB3,531 per sq.m., at a CAGR of 10.2%, during the same period. Total GFA of commodity properties sold increased from approximately 0.5 million sq.m. in 2006 to approximately 0.9 million sq.m. in 2010, representing a CAGR of 13.4%.

Local restrictive measures

Changzhou (including Jintan) has no additional local purchase restrictions in place. The General Office of Changzhou government issued the Opinion on Further Improvement of the Control in Real Estate Market (《關於進一步做好房地產市場調控工作的意見》) on February 28, 2011 to reinforce this position.

Shanghai

Overview

Shanghai is the most important financial and trading center in China as well as one of the fastest growing financial capitals in the world. It is the terminal stop on the Beijing-Shanghai High Speed Railway. The railway reduces travel time between Beijing and Shanghai from approximately 10 hours to five hours.

Shanghai is situated at the heart of the Shanghai-Nanjing Economic Corridor. It is one of the four municipalities in China, covering an area of approximately 6,341 sq.km. and had a total population of approximately 23.5 million at the end of 2011. Shanghai's population ranked third among all cities in China, after Beijing and Chongqing. It hosted the World Expo in 2010 and is the location of choice for a large number of multi-national corporations seeking to establish headquarters in China.

The city is also China's most important industrial base and transportation hub and has one of the world's busiest ports. It is an integral part of both railway and expressway networks in Eastern China. In addition to the Beijing-Shanghai Railway, Shanghai is connected by the Shanghai-Nanjing Expressway and the Shanghai-Hangzhou Expressway, which allow quick access from Shanghai to other major economically developed cities in the Yangtze River Delta region. Shanghai is served by two international airports, the Hongqiao International Airport and the Pudong International Airport, with both offering domestic and international flights. Its three major harbours and container ports, including Wai Gao Qiao Free Trade Zone (外高橋保稅區), Wu Song Pier (吳淞碼頭) and Yangshan Deep Water Harbour (洋山深水港), further strengthen Shanghai's competitive strengths as the nation's trading and logistics centre.

INDUSTRY OVERVIEW

According to the National Bureau of Statistics, Shanghai is ranked first among the top 30 Cities in China by GDP and foreign direct investment from 2008 to 2010. The table below sets out selected economic statistics of Shanghai for the periods indicated, which demonstrates an increase in earnings of the population in the city.

	2006	2007	2008	2009	2010	2011	2006-2011 CAGR
Nominal GDP							
(RMB billion)	1,057	1,249	1,407	1,505	1,717	1,920	12.7%
Real GDP growth rate .	12.7%	15.2%	9.7%	8.2%	10.3%	8.2%	N/A
Nominal GDP per							
capita (RMB)	54,858	62,041	66,932	69,164	76,074	82,560	8.5%
Per capita disposable							
income for urban							
households (RMB) . .	20,668	23,623	26,675	28,838	31,838	36,230	11.9%
Real estate investment							
(RMB billion)	128	131	137	146	198	217	11.2%

Source: Shanghai Bureau of Statistics

Property market

The table below sets out key statistics related to the property market in Shanghai for the periods indicated.

	2006	2007	2008	2009	2010	2011	2006-2011 CAGR
Commodity properties							
Total GFA completed							
(million sq.m.)	32.7	33.8	24.8	21.0	19.4	22.4	-7.3%
Total GFA sold							
(million sq.m.)	30.3	36.9	23.0	33.7	20.6	17.7	-10.2%
Sales revenue							
(RMB billion)	217.7	308.9	189.5	433.0	296.0	256.9	3.4%
Average price							
(RMB per sq.m.)	7,196	8,361	8,255	12,840	14,400	14,503	15.0%
Residential properties							
Total GFA completed							
(million sq.m.)	27.0	27.5	17.6	15.1	14.0	15.5	-10.5%
Total GFA sold							
(million sq.m.)	26.2	32.8	19.7	29.3	16.9	14.7	-10.8%
Sales revenue							
(RMB billion)	184.1	270.6	160.8	362.0	240.0	198.2	1.5%
Average price							
(RMB per sq.m.)	7,039	8,253	8,182	12,364	14,213	13,448	13.8%

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	2006	2007	2008	2009	2010	2011	2006-2011 CAGR
Commercial properties							
Total GFA completed (million sq.m.)	2.4	2.6	2.2	2.0	1.8	2.3	-0.6%
Total GFA sold (million sq.m.)	1.9	2.0	1.2	1.3	1.3	1.0	-12.7%
Sales revenue (RMB billion)	12.2	13.1	7.8	19.3	19.8	18.2	8.3%

Source: National Bureau of Statistics and Shanghai Statistics Bureau

Local restrictive measures

On January 31, 2011, the General Office of the Shanghai government issued the Opinion on Implementing the General Office of the State Council's Notice on Further Improvement of the Control in Real Estate Market (《關於本市貫徹<國務院辦公廳關於進一步做好房地產市場調控工作的通知>的實施意見》). In addition to the nationwide purchase restrictions issued by the State Council, this opinion provides the following purchase restrictions:

- Local resident families that own one housing unit are allowed to purchase only one additional housing unit (whether newly built or second-hand);
- Sales of properties to local resident families that own two housing units or more are prohibited;
- Non-local resident families that own one housing unit and can provide local tax clearance certificates or local social insurance payment certificates for one year or above within the two years prior to the purchase date are allowed to purchase only one additional housing unit (whether newly built or second-hand); and
- Sales of properties to non-local resident families that cannot provide local tax clearance certificates or local social insurance payment certificates for one year or above within two years prior to the purchase date or to non-local resident families that two housing units or more are prohibited.

In addition to purchase restrictions, the local tax authorities of Shanghai also require prepayment of LAT by the property developers upon receipt of sale and pre-sale proceeds from property development projects. Such amount of LAT pre-payable by property developers to the Shanghai tax authorities ranges between 2% to 5%, depending on the price and the location of the relevant properties.

Nanjing

Overview

Nanjing, the capital of Jiangsu Province, is an important industrial base in China. It is one of the few stops on the Beijing-Shanghai High Speed Railway. The railway allows passengers to travel from Nanjing to Shanghai in 67 minutes, and to Beijing in approximately four hours.

INDUSTRY OVERVIEW

Nanjing is situated in the western end of the Shanghai-Nanjing Economic Corridor in the Yangtze River Delta region. Nanjing borders Yangzhou to the northeast, Zhenjiang to the east and Changzhou to the southeast. As the second largest financial center in the Eastern China region after Shanghai, Nanjing had a total population of approximately 6.4 million at the end of 2011 and covers an area of approximately 6,598 sq.km.

Key industries in Nanjing include electronics, automobiles, petrochemical, iron and steel, and power. Nanjing has the second largest manufacturing capacity in the electronics industry and the petro-chemical industry, and the third largest automobile manufacturing capacity among all cities in China. It is one of the major scientific and educational centres in China and boasts some of the most prominent educational institutions in the region. Nanjing is currently ranked ninth by Forbes among the Top 20 Best Commercial Cities in China in 2010. According to the National Bureau of Statistics, Nanjing ranked sixth among the top 100 PRC cities in terms of competitiveness (中國城市綜合實力百強城市).

The table below sets out selected economic statistics of Nanjing for the periods indicated, which demonstrates an increase in earnings of the population in the city.

	2006	2007	2008	2009	2010	2011	2006-2011 CAGR
Nominal GDP (RMB billion)	282	334	381	423	501	615	16.9%
Real GDP growth rate .	15.1%	15.7%	12.1%	11.5%	13.1%	12.0%	N/A
Nominal GDP per capita (RMB)	39,376	44,972	50,858	55,290	63,771	N/A	N/A
Per capita disposable income for urban households (RMB) . .	17,538	20,317	23,123	25,504	28,312	32,200	12.9%
Real estate investment (RMB billion)	35	45	51	60	75	87	19.9%

Source: National Bureau of Statistics, Nanjing Statistics Bureau

Property market

The table below sets out key statistics related to the property market in Nanjing for the periods indicated.

	2006	2007	2008	2009	2010	2011	2006-2011 CAGR
Commodity properties							
Total GFA completed (million sq.m.)	8.1	6.8	10.6	15.2	10.4	N/A	N/A
Total GFA sold (million sq.m.)	10.1	11.4	7.0	11.9	8.2	7.7	-5.3%
Sales revenue (RMB billion)	45.2	60.4	35.9	85.3	78.7	71.5	9.6%
Average price (RMB per sq.m.)	4,477	5,304	5,109	7,185	9,565	9,310	15.8%

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	2006	2007	2008	2009	2010	2011	2006-2010 CAGR
Residential properties							
Total GFA completed (million sq.m.)	6.7	5.8	8.9	12.3	7.4	N/A	2.4%
Total GFA sold (million sq.m.)	9.4	10.6	6.6	11.1	7.5	N/A	-5.4%
Sales revenue (RMB billion)	40.2	53.3	31.7	76.8	69.6	N/A	14.7%
Average price (RMB per sq.m.)	4,270	5,011	4,808	6,893	9,227	N/A	21.2%
Commercial properties							
Total GFA completed (million sq.m.)	0.7	0.3	0.7	1.3	1.2	N/A	15.0%
Total GFA sold (million sq.m.)	0.4	0.3	0.2	0.4	0.4	N/A	-0.2%
Sales revenue (RMB billion)	3.0	2.6	2.0	5.1	6.6	N/A	21.3%

Source: National Bureau of Statistics and Nanjing Statistics Bureau

Local restrictive measures

On February 19, 2011, the General Office of Nanjing government issued the Notice on Further Improvement of the Control in Real Estate Market (《關於進一步做好房地產市場調控工作的通知》). In addition to the nationwide purchase restriction issued by the State Council, this notice provides the following purchase restrictions specific to Nanjing:

- Local resident families that own one housing unit and non-local resident families who can provide local tax clearance certificates or local social insurance payment certificates for one year or above are allowed to purchase only one additional housing unit (whether newly built or second-hand); and
- Sales of properties to (i) local resident families who own two housing units or more, (ii) non-local resident families who own one housing unit or more, and (iii) non-local resident families who cannot provide local tax clearance certificates or local social insurance payment certificates for one year or above are prohibited.

INDUSTRY OVERVIEW

Kunshan

Overview

Kunshan, being a county-level city within Suzhou, is an important industrial base in the Shanghai-Nanjing Economic Corridor. It is one of the few stops on the Beijing-Shanghai High Speed Railway. The railway allows passengers to travel from Kunshan to Shanghai in 17 minutes, and to Beijing in approximately five hours.

Kunshan is located in southeastern part of Jiangsu Province and borders Jiading and Qingpu District of Shanghai. Kunshan has a total population of 0.7 million at the end of 2011 and covers an area of approximately 928 sq.km.

It is the first county-level city to have established a state-level high-tech industrial zone, the Kunshan Economic & Technical Development Zone. Kunshan is particularly renowned for its electronics manufacturing capacity, and enjoys distinctive clustering advantage in the electronics industry. Kunshan was ranked first by Forbes among the Top 25 County-level Cities in China in 2009 and 2010. On multiple occasions, Kunshan ranked first in the Taiwan Computers and Electronics Association's (台灣電機電子工業同業公會) evaluation of investment environments of PRC investment zones. In addition, Kunshan was named as an "Influential Industrial Base for Mobile and Internet Products" in 2010 (2010年移動互聯網影響力產業基地) and the "Best Industrial Base for Notebook Computers" in 2010 (2010年中國筆記本電腦最佳產業基地).

The table below sets out selected economic statistics of Kunshan for the periods indicated, which demonstrates an increase in earnings of the population in the city.

	2006	2007	2008	2009	2010	2011	2006-2011 CAGR
Nominal GDP							
(RMB billion)	93	115	150	175	210	243	21.1%
Real GDP growth rate .	24.9%	20.5%	15.0%	16.0%	14.2%	N/A	N/A
Nominal GDP per							
capita (RMB)	91,589	100,969	120,882	135,361	142,185	147,200	10.0%
Per capita disposable							
income for urban							
households (RMB) . .	19,016	21,927	24,808	27,609	30,923	35,190	13.1%
Real estate investment							
(RMB billion)	7	9	12	16	20	N/A	N/A

Source: National Bureau of Statistics, Suzhou Statistics Bureau

INDUSTRY OVERVIEW

Property market

The table below sets out key statistics related to the property market in Kunshan for the periods indicated.

	2006	2007	2008	2009	2010	2011	2006-2011 CAGR
<u>Commodity properties</u>							
Total GFA completed (million sq.m.)	5.8	5.1	3.0	4.3	4.1	5.5	-1.3%
Total GFA sold (million sq.m.)	3.5	5.1	2.8	6.3	3.5	2.5	-6.4%
Sales revenue (RMB billion)	13.5	21.8	13.8	35.9	26.6	21.8	10.1%
Average price (RMB per sq.m.)	3,833	4,259	4,965	5,735	7,556	8,620	17.6%
<u>Residential properties</u>							
Total GFA completed (million sq.m.)	4.8	3.9	2.3	3.3	3.2	N/A	N/A
Total GFA sold (million sq.m.)	3.0	4.4	2.3	5.4	2.8	2.1	-7.2%
Sales revenue (RMB billion)	10.9	18.1	10.7	30.3	21.1	17.5	10.0%
Average price (RMB per sq.m.)	3,605	4,117	4,726	5,628	7,622	8,507	18.7%
	2006	2007	2008	2009	2010	2011	2006-2010 CAGR
<u>Commercial properties</u>							
Total GFA completed (million sq.m.)	0.6	0.7	0.4	0.6	0.3	N/A	-15.9%
Total GFA sold (million sq.m.)	0.4	0.5	0.4	0.4	0.5	N/A	3.5%
Sales revenue (RMB billion)	2.4	2.9	2.6	3.9	3.8	N/A	12.2%

Source: National Bureau of Statistics and Suzhou Statistics Bureau

INDUSTRY OVERVIEW

Local restrictive measures

As of the Latest Practicable Date, the local government of Kunshan has not issued notices or implemented any local regulations to restrict purchases of properties in Kunshan.

Wuxi

Overview

Wuxi is an internationally renowned industrial base in China and the second largest economy in Jiangsu Province in terms of GDP. It is one of the few stops on the Beijing-Shanghai High Speed Railway. The railway allows passengers to travel from Wuxi to Shanghai in 28 minutes, and to Beijing in approximately five hours.

Wuxi borders Changzhou to the west and Suzhou to the east. It is the second largest economy in the Jiangsu Province in terms of GDP, had a total population of approximately 4.7 million at the end of 2011 and covers an area of approximately 4,627 sq.km.

Key industries in Wuxi include technology, machinery production, automobile parts, textiles and new materials. Wuxi has a number of large industrial parks designed to promote the high-tech industry, including Wuxi-Singapore Industrial Park and Taihu New Town Science and Education Industrial Park. Because of its strong economic growth in recent years, Wuxi is often referred to as “Little Shanghai”. According to the National Bureau of Statistics, Wuxi is ranked ninth among all cities in China by GDP in 2010. It is also ranked eleventh among all cities in China by foreign direct investment in 2010.

The table below sets out selected economic statistics of Wuxi for the periods indicated, which demonstrates an increase in earnings of the population in the city.

	2006	2007	2008	2009	2010	2011	2006-2011 CAGR
Nominal GDP							
(RMB billion)	331	388	446	499	579	688	15.8%
Real GDP growth rate .	15.3%	15.3%	12.4%	11.6%	13.2%	11.6%	N/A
Nominal GDP per							
capita (RMB)	57,899	65,570	73,733	81,146	92,166	107,400	13.2%
Per capita disposable							
income for urban							
households (RMB) . .	18,189	20,898	23,605	25,027	27,750	31,638	11.7%
Real estate investment							
(RMB billion)	28	38	45	46	61	88	26.0%

Source: National Bureau of Statistics, Wuxi Statistics Bureau

INDUSTRY OVERVIEW

Property market

The table below sets out key statistics related to the property market Wuxi for the periods indicated.

	2006	2007	2008	2009	2010	2011	2006-2011 CAGR
<u>Commodity properties</u>							
Total GFA completed (million sq.m.)	7.9	7.4	7.1	7.2	12.1	8.2	0.8%
Total GFA sold (million sq.m.)	6.5	7.7	5.4	11.1	10.5	6.6	0.4%
Sales revenue (RMB billion)	25.9	35.1	28.9	66.6	81.1	57.2	17.1%
Average price (RMB per sq.m.)	4,000	4,573	5,375	5,997	7,765	8,663	16.7%
<u>Residential properties</u>							
Total GFA completed (million sq.m.)	6.1	6.0	5.9	5.5	9.3	N/A	11.0%
Total GFA sold (million sq.m.)	5.5	6.8	4.6	9.8	8.8	N/A	12.3%
Sales revenue (RMB billion)	20.4	29.7	23.3	57.1	65.7	N/A	33.9%
Average price (RMB per sq.m.)	3,687	4,363	5,096	5,858	7,462	N/A	19.3%
<u>Commercial properties</u>							
Total GFA completed (million sq.m.)	1.5	1.0	0.7	1.1	1.7	N/A	3.2%
Total GFA sold (million sq.m.)	0.9	0.8	0.6	1.1	1.3	N/A	9.6%
Sales revenue (RMB billion)	4.9	4.4	4.7	8.3	12.5	N/A	26.4%

Source: National Bureau of Statistics and Wuxi Statistics Bureau

Local restrictive measures

On February 20, 2011, the General Office of the Wuxi government issued the Notice on Implementing the General Office of the State Council's Notice on Further Improvement of the Control in Real Estate Market (《關於本市貫徹<國務院辦公廳關於進一步做好房地產市場調控工作的通知>的通知》). In addition to the nationwide purchase restrictions issued by the State Council, this notice provides for restrictions similar to those provided by the Nanjing government as stated above. It also provides that non-local residents who migrated to Wuxi pursuant to relevant provincial and municipal talent immigration policies are permitted to purchase only one housing unit in Wuxi.

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Suzhou

Overview

Suzhou, a major city in the Shanghai-Nanjing Economic Corridor, is one of the few stops on the Beijing-Shanghai High Speed Railway. The railway allows passengers to travel from Suzhou to Shanghai in 23 minutes, and to Beijing in approximately five hours. Situated in the southern part of Jiangsu Province, Suzhou is located 80 kilometers from downtown Shanghai. It had a total population of approximately 6.4 million at the end of 2011 and covers an area of approximately 8,488 sq.km.

According to the 2010 China Urban Competitiveness Report, Suzhou ranked eleventh in terms of competitiveness among all cities and ranked first among all sub-provincial cities in China. In terms of GDP, Suzhou ranked sixth among all cities in China after Shanghai, Beijing, Guangzhou, Shenzhen and Tianjin.

Suzhou is home to a number of state-level development zones including the China-Singapore Suzhou Industrial Park (中國 — 新加坡蘇州工業園區), Kunshan Economic Technical Development Zone (昆山經濟技術開發區), Changshu Economic Technical Development Zone (常熟經濟技術開發區), Wujiang Economic Technical Development Zone (吳江經濟技術開發區), and several state-level hi-tech industrial zones including Suzhou Industry Park (蘇州高新區) and Kunshan Industry Park (昆山高新區). Suzhou is also a famous tourism city with a strong reputation for its ancient Chinese gardens.

The table below sets out selected economic statistics of Suzhou for the periods indicated, which demonstrates an increase in earnings of the population in the city.

	2006	2007	2008	2009	2010	2011	2006-2011 CAGR
Nominal GDP							
(RMB billion)	490	585	708	774	923	1,050	16.5%
Real GDP growth rate .	15.8%	16.1%	13.2%	11.5%	13.3%	12.0%	N/A
Nominal GDP per							
capita (RMB)	61,500	67,387	74,670	83,696	94,043	N/A	N/A
Per capita disposable							
income for urban							
households (RMB) . .	18,532	21,260	23,867	26,320	29,219	33,070	12.3%
Real estate investment							
(RMB billion)	47	60	72	72	94	122	21.0%

Source: National Bureau of Statistics, Suzhou Statistics Bureau

INDUSTRY OVERVIEW

Property market

The table below sets out key statistics related to the property market in Suzhou for the periods indicated.

	2006	2007	2008	2009	2010	2011	2006-2010 CAGR
Commodity properties							
Total GFA completed (million sq.m.)	18.2	18.7	14.8	18.8	17.7	12.6	-0.7%
Total GFA sold (million sq.m.)	11.1	16.5	10.1	23.5	15.1	11.6	7.9%
Sales revenue (RMB billion)	59.9	98.5	57.3	150.7	124.8	N/A	18.2%
Average price (RMB per sq.m.)	5,377	5,955	5,692	6,423	8,243	N/A	11.3%
Residential properties							
Total GFA completed (million sq.m.)	14.8	14.8	11.3	14.1	12.2	N/A	-6.8%
Total GFA sold (million sq.m.)	12.9	19.1	8.3	20.1	11.8	9.4	-2.9%
Sales revenue (RMB billion)	49.9	82.8	45.9	127.4	97.2	N/A	16.5%
Average price (RMB per sq.m.)	3,882	4,324	5,533	6,331	8,213	N/A	21.6%
Commercial properties							
Total GFA completed (million sq.m.)	1.8	3.0	2.0	2.3	2.8	N/A	11.7%
Total GFA sold (million sq.m.)	1.5	2.0	1.4	2.0	2.3	N/A	11.3%
Sales revenue (RMB billion)	9.4	13.0	9.7	15.9	20.8	N/A	22.0%

Source: National Bureau of Statistics and Suzhou Statistics Bureau

Local restrictive measures

On March 2, 2011, the Suzhou government issued the Notice on Implementing the General Office of the State Council's Notice on Further Improvement of the Control in Real Estate Market (關於貫徹《國務院辦公廳關於進一步做好房地產市場調控工作的通知》的通知). In addition to the nationwide purchase restrictions issued by the State Council, this notice provides for restrictions similar to those provided by the Shanghai government as stated above.

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Changsha

Overview

Changsha is the capital city of Hunan Province in south-central China. Situated on the lower reaches of Xiang River, a branch of the Yangtze River, Changsha covers an area of 11,819 sq.km. As at the end of 2010, the city had a population of approximately 7.0 million.

Changsha is the centre of the Changsha-Zhuzhou-Xiangtan Region (長株潭城市群), which comprises the cities of Changsha, Zhuzhou and Xiangtan. The region covers an area of approximately 28,000 sq.km. and has a population of approximately 7.1 million at the end of 2011. The GDP of Changsha-Zhuzhou-Xiangtan Region reached RMB671.6 billion for the three years ended December 31, 2010, representing 42% of the total GDP of Hunan Province during the same period. The Changsha-Zhuzhou-Xiangtan Region is home to three State-level development zones and two State-level industrial parks.

While Changsha is renowned for its media and cultural industries, it is also an important commercial city in south-central China and has been branded as the “Metropolitan of Construction Machinery of the PRC” (中國工程機械之都). With its well-developed economy and competitive investment environment, Changsha was commended and recognised by KPMG in its “Research Report on The Investment Environment of Changsha” (《長沙投資環境研究報告 2009》) issued in April 2009. In 2010, Changsha’s GDP per capita exceeded US\$11,000. As a result, Changsha ranked seventh among all provincial capital cities and eighteenth among the top 100 cities in the PRC in terms of GDP per capita.

The table below sets out selected economic statistics of Changsha for the periods indicated, which demonstrates an increase in earnings of the population in the city.

	2006	2007	2008	2009	2010	2011	2006-2011 CAGR
Nominal GDP							
(RMB billion)	212	258	330	374	455	562	21.5%
Real GDP growth rate .	15.3%	15.7%	15.5%	14.7%	15.5%	14.5%	N/A
Nominal GDP per							
capita (RMB)	32,983	39,727	50,336	56,620	66,443	79,530	19.2%
Per capita disposable							
income for urban							
households (RMB) . .	13,924	16,153	18,282	20,864	23,347	26,451	13.7%
Real estate investment							
(RMB billion)	30	41	47	50	68	89	23.9%

Source: National Bureau of Statistics, Changsha Statistics Bureau

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Property market

The table below sets out key statistics related to the property market in Changsha for the periods indicated.

	2006	2007	2008	2009	2010	2011	2006-2011 CAGR
<u>Commodity properties</u>							
Total GFA completed (million sq.m.)	5.5	7.0	7.5	13.1	13.9	N/A	N/A
Total GFA sold (million sq.m.)	7.4	9.9	8.2	14.1	16.8	15.0	15.1%
Sales revenue (RMB billion)	19.6	32.6	27.3	51.3	74.2	88.2	35.1%
Average price (RMB per sq.m.)	2,644	3,305	3,288	3,648	4,418	5,880	17.3%
<u>Residential properties</u>							
Total GFA completed (million sq.m.)	4.8	5.8	6.4	11.0	11.6	N/A	N/A
Total GFA sold (million sq.m.)	6.9	9.3	8.0	13.6	16.2	13.9	14.8%
Sales revenue (RMB billion)	16.9	29.8	24.6	48.0	70.2	76.0	35.1%
Average price (RMB per sq.m.)	2,431	3,188	3,201	3,533	4,322	5,484	17.7%
	2006	2007	2008	2009	2010	2011	2006-2010 CAGR
<u>Commercial properties</u>							
Total GFA completed (million sq.m.)	0.4	0.6	0.6	0.7	0.7	N/A	14.9%
Total GFA sold (million sq.m.)	0.3	0.3	0.4	0.3	0.3	N/A	-0.6%
Sales revenue (RMB billion)	2.2	1.9	2.2	2.4	3.1	N/A	9.4%

Source: National Bureau of Statistics and Changsha Statistics Bureau

Local restrictive measures

On March 4, 2011, the government office of Changsha city issued “Notice on Issues relating to the Further Strengthening of Management of the Property Market”. In addition to the nationwide purchase restrictions issued by the State Council, this notice provides that:

- Families registered in the urban districts of Changsha, Zhuzhou, Xiangtan, Yueyang, Changde, Yiyang, Loudi, and Hengyang are restricted to purchase one additional newly built housing unit of less than 90 sq.m. in these districts, if they already owned one housing unit in these districts;

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- Non-local families that do not own any housing unit and can provide a certificate of residence in the city are restricted to buy one newly built housing unit of less than 90 sq.m. within the aforesaid districts;
- (i) Families that already owned two or more housing units, (ii) non-local families that already owned one or more housing units and (iii) non-local families that cannot provide a certificate of residence in Changsha, are temporarily restricted from buying any newly built housing units of less than 90 sq.m. within the aforesaid districts.

Our property development project in Changsha is located outside the aforesaid urban districts of Changsha and is not subject to the aforesaid local purchase restrictions.

Wuhan

Overview

Wuhan is one of the largest cities and an important center for economy, trade, finance, transportation and information technology in China. It is the capital of Hubei province, situated in the middle of the province. The city had a total population of approximately 8.3 million at the end of 2011. It covers an area of approximately 8,494 sq.km.

Situated at the heart of central China, Wuhan has been a transportation hub between northern and southern China and the coastal cities and western China. It is connected by Wuhan-Guangzhou High-Speed Railway, Hefei-Wuhan Passenger Railway and Zhengzhou-Wuhan High-Speed Railway, which allowed quick access to key cities including Hefei, Guangzhou, Nanjing, Wuhan and Chengdu.

Key industries in Wuhan include optic-electronic, automobile manufacturing, steel manufacturing, new pharmaceutical sector, biology engineering, new materials industry. Domestic trade and retail industries are also strong in Wuhan.

The table below sets out selected economic statistics of Wuhan for the periods indicated, which demonstrates an increase in earnings of the population in the city.

	2006	2007	2008	2009	2010	2011	2006-2011 CAGR
Nominal GDP							
(RMB billion)	259	314	396	462	557	676	21.1%
Real GDP growth rate .	14.8%	15.6%	15.1%	13.7%	14.7%	12.5%	N/A
Nominal GDP per							
capita (RMB)	29,899	35,582	44,290	51,144	58,961	N/A	N/A
Per capita disposable							
income for urban							
households (RMB) . .	12,360	14,358	16,712	18,385	20,806	23,738	13.9%
Real estate investment							
(RMB billion)	37	46	56	78	102	127	28.3%

Source: National Bureau of Statistics of China and Wuhan Statistics Bureau

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Property market

The table below sets out key statistics related to the property market in Wuhan for the periods indicated.

	2006	2007	2008	2009	2010	2011	2006-2011 CAGR
<u>Commodity properties</u>							
Total GFA completed (million sq.m.)	8.7	9.3	8.7	9.5	9.0	10.6	4.0%
Total GFA sold (million sq.m.)	9.6	11.4	7.3	10.9	12.1	13.2	6.6%
Sales revenue (RMB billion)	35.5	53.0	35.0	57.9	69.6	95.6	21.9%
Average price (RMB per sq.m.)	3,690	4,664	4,781	5,329	5,746	7,222	14.4%
<u>Residential properties</u>							
Total GFA completed (million sq.m.)	7.7	8.1	7.7	8.2	7.3	9.2	3.5%
Total GFA sold (million sq.m.)	9.1	10.7	6.8	10.4	11.0	11.7	5.2%
Sales revenue (RMB billion)	32.1	48.3	32.0	54.1	60.8	79.1	19.8%
Average price (RMB per sq.m.)	3,535	4,516	4,681	5,199	5,550	6,768	13.9%
<u>Commercial properties</u>							
Total GFA completed (million sq.m.)	0.5	0.6	0.4	0.4	1.0	0.7	9.0%
Total GFA sold (million sq.m.)	0.3	0.5	0.2	0.3	0.5	0.9	23.6%
Sales revenue (RMB billion)	2.4	3.9	1.7	2.9	5.9	11.5	36.3%

Source: National Bureau of Statistics, Wuhan Statistics Bureau

Local restrictive measures

On February 22, 2011, the Wuhan Housing Security and Management Bureau issued the Notice on Resolving Issues Relating to Purchase Restriction Policies in Wuhan (《市房管局關於調整我市住房限購政策有關問題的通知》). In addition to the nationwide purchase restrictions issued by the State Council, this notice provides the following purchase restrictions effective from February 23, 2011 onwards:

- Local resident families (including spouses and minor children) that own one housing unit are allowed to purchase only one additional housing unit;
- Non-local resident families that do not own any housing unit and can provide local tax clearance certificates or local social insurance payment certificates for one year or above are allowed to purchase only one housing unit;

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- Sales of properties to local resident families that already own two housing units or more are prohibited; and
- Sales of properties to non-local resident families that already own one housing unit or non-local resident families that cannot provide local tax clearance certificates or local social insurance payment certificates for at least one year are prohibited.

Zhenjiang

Overview

Zhenjiang is important transportation hub and an emerging manufacturing, trading and tourist centre in the Yangtze River Delta. Zhenjiang is situated on the southern bank of the Yangtze River, bordering Nanjing to the west, Changzhou to the east, and Yangzhou across the river to the north. The city had a total population of 2.7 million at the end of 2011. It covers an area of approximately 3,847 sq.km.

Key industries in Zhenjiang include anchor chain manufacturing, automobile engine cylinder casting, manufacturing of acetic acid for automobile engines and high quality copper sheet lamination. With its focus in hi-tech industries, Zhenjiang is gradually developing into an important base for hi-tech manufacturing in the Yangtze River Delta.

The table below sets out selected economic statistics of Zhenjiang for the periods indicated, which demonstrates an increase in earnings of the population in the city.

	2006	2007	2008	2009	2010	2011	2006-2011 CAGR
Nominal GDP							
(RMB billion)	104	126	149	167	199	231	17.3%
Real GDP growth rate .	15.2%	15.5%	12.8%	13.7%	13.3%	12.3%	N/A
Nominal GDP per							
capita (RMB)	35,076	41,848	49,235	54,732	64,281	73,947	16.1%
Per capita disposable							
income for urban							
households.	14,291	16,775	19,044	20,949	23,075	26,637	13.3%
Real estate investment							
(RMB billion)	7	8	10	10	11	14	15.4%

Source: National Bureau of Statistics

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Property market

The table below sets out key statistics related to the property market in Zhenjiang for the periods indicated.

	2006	2007	2008	2009	2010	2011	2006-2011 CAGR
Commodity properties							
Total GFA completed (million sq.m.)	2.4	2.5	2.8	3.1	2.3	3.8	9.5%
Total GFA sold (million sq.m.)	2.5	3.0	2.1	4.6	3.7	3.3	6.4%
Sales revenue (RMB billion)	6.3	9.3	7.3	18.8	20.4	20.5	26.5%
Average price (RMB per sq.m.) . . .	2,587	3,073	3,387	4,091	5,441	6,135	18.8%
Residential properties							
Total GFA completed (million sq.m.)	2.1	2.0	2.4	2.7	1.9	2.6	4.8%
Total GFA sold (million sq.m.)	2.3	2.8	1.9	4.2	3.0	2.9	4.8%
Sales revenue (RMB billion)	5.5	8.1	6.4	16.6	15.5	16.2	24.1%
Average price (RMB per sq.m.) . . .	2,444	2,940	3,340	3,999	5,154	5,691	18.4%
	2006	2007	2008	2009	2010	2011	2006-2010 CAGR
Commercial properties							
Total GFA completed (million sq.m.)	0.2	0.3	0.3	0.2	0.2	N/A	0.0%
Total GFA sold (million sq.m.)	0.1	0.2	0.1	0.3	0.6	N/A	56.5%
Sales revenue (RMB billion)	0.6	1.0	0.6	1.7	4.0	N/A	60.7%

Source: National Bureau of Statistics, Zhenjiang Statistics Bureau

Local restrictive measures

Zhenjiang has no additional local purchase restrictions in place.

COMPETITION

The property market in China is highly fragmented. Our existing and potential competitors include major domestic developers and, to a lesser extent, foreign developers primarily from Asia, including leading property developers from Hong Kong. We compete with them in relation to a number of factors, including the acquisition of land, brand recognition, financial resources, price, product quality, service quality and other factors. Some of these competitors may have better track records, greater financial, human and other resources, larger sales networks and greater brand recognition. Please refer to the section headed “Business – Competition” in this prospectus for further details on the competitive landscape of the property market in China.