
INDUSTRY OVERVIEW

We have extracted and derived the information and statistics in the section below, in part, from various official government publications and a report prepared by Savills (the “Savills Report”) commissioned by us. We believe that the sources of the information and statistics in this section are appropriate sources for such information and statistics and have taken reasonable care in the extraction and reproduction of such information and statistics. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. None of our Company, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective affiliates, directors or advisors or any other persons or parties involved in the Global Offering have independently verified such information and statistics directly or indirectly derived from official government publications or the Savills Report, or make any representation as to the accuracy of such information or statistics, which may not be consistent with other information and statistics compiled within or outside China. Accordingly, the official and non-official sources contained herein may not be accurate and should not be unduly relied upon.

SOURCE OF INFORMATION

The property market information and statistics about Nanjing, Yangzhou and Zhuzhou in this section are principally adopted from the respective Statistical Yearbook of Nanjing, Yangzhou and Zhuzhou and the data from the National Bureau of Statistics of these cities. For the data and statistics that could not be obtained from the National Bureau of Statistics, we adopted the data and statistics from the respective Real Estate Management Bureau of Nanjing, Yangzhou and Zhuzhou that provides the most current and up-to-date information on the relevant markets in which we operate.

According to the Statistical Survey Scheme on Residential Property Sales Prices (《住宅銷售價格統計調查方案》) (the “**Survey Scheme**”) announced by the National Bureau of Statistics, from February 2011, the National Bureau of Statistics has adopted transaction data recorded under the administration of the Real Estate Management Bureau as its source of data and its scope of calculation in preparing statistical data for real estate market. Accordingly, from February 2011, the two bureaux use the same source of data and have the same scope for calculation in their preparation of data.

However, the National Bureau of Statistics and the Real Estate Management Bureau present these data in different ways. The major differences in the presentation of data, with respect to the cities of Nanjing, Yangzhou, and Zhuzhou, mainly include:

Reporting Frequency and Method

The Real Estate Management Bureau reports data on a regular interval, usually on monthly basis and presents the data with average selling prices calculated by arithmetic means method. The National Bureau of Statistics reports data on an annual basis, with progressive data reported on a monthly basis tracking price movements by using a statistical

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method known as Chained Laspeyres price index presented as an index relative to the base index set as 100 in 2010. Zhuzhou is not included in the 70 assigned cities of China under the Survey Scheme and there is no disclosure of price movements by the National Bureau of Statistics of the city.

Data Coverage

The Real Estate Management Bureau reports data with a wider sector coverage and in a well-defined geographical breakdown and coverage, normally by urban districts under a well-defined geographical boundary. The National Bureau of Statistics reports data for the whole city without any geographical breakdown, and normally the data will be restricted to selective market sectors, such as commodity houses and residential property sector.

Preparation Criteria

The preparation criteria of data by Real Estate Management Bureau and National Bureau of Statistics are not exactly the same. The Real Estate Management Bureau in general reports data frequently within a defined area in an urban district. In addition, the bureau does not report data for all cities at prefecture-level and county level, such as Yangzhou and Zhuzhou.

Savills is of the view that the data reported by the Real Estate Management Bureau is useful for short-term analysis, whereas the data reported by the National Bureau of Statistics is more suitable for long-term analysis.

THE CHINA ECONOMY

Overview

China is the world's third-largest country in terms of total land area spanning approximately 9.6 million square kilometers, and is the world's most-populous country with a population of approximately 1.35 billion at the end of 2011. China's economy has experienced significant growth over the past 30 years, which was driven by its reform to a more market-oriented economy, massive investments in infrastructure by the Chinese government and land development by private investors. Despite the global financial crisis which had caused the global economy to enter into recession in late 2008, China had experienced positive growth in its nominal GDP, which increased from RMB26,581 billion in 2007 to RMB47,156 billion in 2011 at a CAGR of 15.4%. In line with its GDP growth, China's GDP per

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capita increased from RMB20,169 in 2007 to RMB29,992 in 2010 at a CAGR of 14.1%. From 2007 to 2011, the average growth rate of China's real GDP was 10.5%. The following table sets forth selected economic statistics of China for the years indicated:

	2007 ⁽¹⁾	2008 ⁽¹⁾	2009 ⁽¹⁾	2010 ⁽¹⁾	2011 ⁽²⁾	2007-2011 CAGR
Population (million)	1,321.3	1,328.0	1,334.7	1,340.9	1,347.4	0.5%
Nominal GDP (RMB in billions)	26,581	31,405	34,090	40,120	47,156	15.4%
Real GDP Growth (%)	14.2%	9.6%	9.2%	10.4%	9.2%	—
GDP Per Capita (RMB)	20,169	23,708	25,575	29,992	N.A.*	14.1%**
Per Capita Disposable Income (RMB)	13,785.8	15,780.8	17,175.0	19,109	21,810	12.2%
Fixed Asset Investment (RMB in billions)	13,732.4	17,282.8	22,459.9	27,812.2	31,102.2	22.7%
Consumption Expenditure for Urban Residents (RMB)	9,997.5	11,242.9	12,265.0	13,471.5	N.A.*	10.5%**

Sources:

(1) China Statistical Yearbook 2011, National Bureau of Statistics of China

(2) Statistical Communiqué of China 2011

Notes:

* Data is not available.

** CAGR represents 2007 to 2010 only.

Nanjing

Nanjing is the capital city of Jiangsu province with a population of approximately 8.1 million in 2011. Nanjing is one of the most developed industrial cities in the Yangtze River Delta. Nanjing's GDP increased from RMB334.0 billion in 2007 to RMB614.6 billion in 2011, representing a CAGR of 16.5%. Nanjing's per capita GDP increased from RMB54,558 in 2007 to RMB79,427 in 2010, representing a CAGR of 13.3%.

Yangzhou

Yangzhou is located in central Jiangsu province with a population of approximately 4.6 million in 2011. It is on the northern bank of Yangtze River, borders Taizhou and Zhenjiang and is close to Shanghai. Yangzhou's GDP increased from RMB135.7 billion in 2007 to RMB263.0 billion in 2011, representing a CAGR of 18.0%. Yangzhou's per capita GDP increased from RMB30,435 in 2007 to RMB58,950 in 2011, representing a CAGR of 18.0%.

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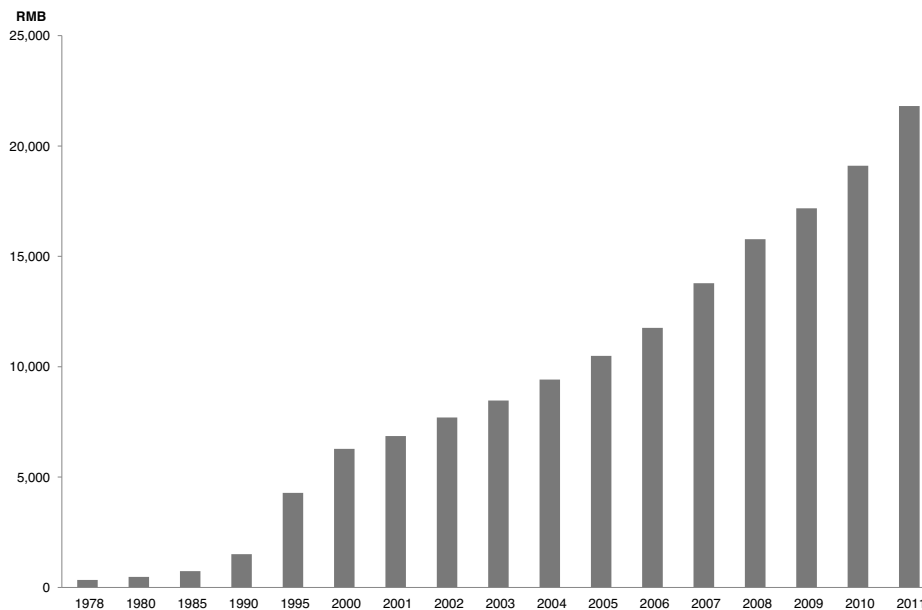
Zhuzhou

Zhuzhou is in the eastern part of Hunan province with a population of approximately 3.9 million in 2011. Zhuzhou's GDP increased from RMB74.4 billion in 2007 to RMB156.4 billion in 2011, representing a CAGR of 20.4%. Zhuzhou's per capita GDP increased from RMB20,188 in 2007 to RMB40,562 in 2011, representing a CAGR of 19.0%.

DRIVERS FOR GROWTH OF REAL ESTATE MARKETS IN CHINA

Urban Household Consumption Expenditure and Annual Urban Disposable Income

Urban household consumption expenditure in China grew rapidly from RMB673.2 in 1985 to RMB13,471 in 2010. The significant growth in urban household consumption expenditure was primarily driven by the increase in urban disposable income during the same period. Urban disposable income per capita for urban households in China increased from RMB739.1 in 1985 to RMB19,109 in 2010, and further to RMB21,810 in 2011, demonstrating a substantial increase in the purchasing power of urban households across China. The following chart illustrates the disposable income per capital for urban households in China for the years indicated:



Source: National Bureau of Statistics of China

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Government Policies

According to the 12th Five Year Plan, the PRC government is committed to stimulating domestic demand as a long-term strategic goal and transforming the economy that relies heavily on investment and export into an economy that gives more weight to domestic consumption. The PRC government is committed to increasing household income by an annual average of 7% and implementing policy initiatives such as raising the minimum wage and the income tax threshold to increase residents' disposable income, build a well-developed social security system and boost domestic household consumption. The PRC government's commitments and measures are expected to have a positive impact on domestic consumption in the next five years.

Metro Development in China's Second- and Third-Tier Cities

China commenced the development of its metro system in 1969 when the first subway line in Beijing was put into operation. According to the NDRC and the Ministry of Housing and Urban-rural Development (住房和城乡建设部), (the "MOHURD"), as of 30 April 2012, there were 12 cities in China which have metro systems in operation and another 21 cities which plan to develop their metro systems. Among these 33 cities, 28 cities have obtained the necessary approvals from the relevant governmental authorities.

According to the NDRC, China has metro routes of approximately 602.3 kilometers in total within 10 cities at the end of 2007. The total length of metro routes in operation in China is expected to increase from 1,690 kilometers in 2011 to 3,000 kilometers in 2015, and further to 7,395 kilometers in 2020. Savills estimates that, from 2009 to 2020, China will invest approximately RMB3.3 trillion in total in the development of metro systems with an average annual investment of RMB270 billion. The on-going development of metro system in second and third-tier cities creates potential for the metro-linked shopping malls in these cities.

Metro development in Nanjing

The metro system in Nanjing was put into operation in 2005. Currently, there are two subway lines in operation with routes of a total length of approximately 87.0 kilometers. Line One started operation in 2005 and its west extension line, which crosses the Yangtze River and will be approximately 14.4 kilometers in length with eight stations, is currently under construction. Line Two, which was put into operation in May 2010, is 40.8 kilometers long and has 26 stations. Line Two runs mainly in an east-west direction from the Youfangqiao Station in the southwest to the Jingtianlu Station in the northeast. Line Three runs an north-south direction, which started construction in January 2010 and will be approximately 40.2 kilometers in length with 28 stations.

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The Nanjing Metro system is playing an important role in the city's public transportation, the average daily traffic volume of Nanjing Metro system recorded approximately 1,000,000 person-times in 2011, representing an increase of 69.5% from 590,000 person-times in 2010.

According to Nanjing Metro Corporation, by 2015, the planned metro system in Nanjing will comprise five metro lines (Lines 1, 2, 3, 4 and 10) with a total route length of approximately 179.95 km and 113 stations. The Nanjing metro rail will be supplemented by three metropolitan express lines which will connect Nanjing to nearby cities such as Gaochun (高淳); Tianchang (天長) and Hexian (和縣) in Anhui Province. The long-term plan for Nanjing Metro will be extended to comprise a 14-line metro system with a planned route length of up to 400 km by 2050. There will be an additional five metropolitan express lines linking Nanjing to cities such as Yizheng (儀征), Jurong (句容), Lishui (溧水), Ma'anshan (馬鞍山) and Chuzhou (滁州).

THE REAL ESTATE MARKET IN CHINA

Overview of the Real Estate Market in China

The economic growth of China and the increase in household consumption expenditure and disposable income has contributed to the rapid growth of China's real estate market. According to the National Bureau of Statistics of China, investments in real estate in China increased rapidly from approximately RMB2,528.9 billion in 2007 to approximately RMB6,174.0 billion in 2011, representing a CAGR of 25.0%. According to the National Bureau of Statistics of China, the total GFA of commodity properties sold in China increased from 773.5 million sq.m. in 2007 to 1,099.5 million sq.m. in 2011, representing a CAGR of 9.2%.

According to the National Bureau of Statistics of China, the average selling price of commodity houses sold increased from RMB3,864 per square meter in 2007 to RMB5,377 per square meter in 2011. The following table sets forth the average selling prices for different types of properties in China from 2007 to 2011:

	2007	2008	2009	2010	2011	2007-2011 CAGR
Average selling price of commodity houses (RMB)	3,864	3,800	4,681	5,032	5,377	8.6%
Average selling price of residential properties (RMB)	3,645	3,576	4,459	4,725	5,011	8.3%
Average selling price of office properties (RMB)	8,667	8,378	10,608	11,406	12,460	9.5%
Average selling price of retail properties (RMB)	5,774	5,886	6,871	7,747	8,507	10.2%
Average selling price of other properties (RMB)	3,351	3,219	3,671	4,099	4,277	6.3%

Source: China Statistical Yearbook 2011, National Bureau of Statistics of China

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Savills believes that residential properties will remain the largest sector in China's real estate market in terms of total investment and total GFA completed and sold. A notable trend, however, is the steady growth of office and retail properties in terms of total GFA sold, while a decline in total GFA of residential properties since 2010.

Outlook of China's Real Estate Market

According to Savills, the outlook of the real estate market in China remains uncertain due to the market consolidation in 2012 in response to the austerity measures. However, on the other hand, increasing household income and urbanization at a steady pace contribute to the increasing demand for properties in China. In addition, the continuing increase in land price may cause further increase in the property price in China.

According to the forecast by the Centre for Forecasting Science of the Chinese Academy of Sciences (中國科學院預測科學研究中心) ("CEFS"), an academic affiliate of the Academy of Mathematics and Systems Science of the Chinese Academy of Sciences (中國科學院數學與系統科學研究院), the real estate market in China may undergo a consolidation process in 2012. CEFS predicts that the total investment in China's real estate market will increase by 21.1% to RMB7,680 billion in 2012, as compared to 2011. The total GFA of commodity houses and residential properties sold will increase by 3.2% and 14.0% to 1,210.1 million sq.m. and 1,188.2 million sq.m. in 2012, respectively, as compared to 2011. However, the average selling price of commodity houses will decrease by 5.3% to RMB5,024.4 per sq.m. in 2012, as compared to 2011.

CEFS estimates that, generally, there will be increasing demand and decreasing supply for real estate market in 2012. The following table sets forth certain information relating to the real estate market in China for the periods indicated:

	2012E ⁽¹⁾	Year-on-year growth (%)	From January to May in 2012 ⁽²⁾	Year-on-year growth (%)
Total real estate investment (RMB in billions)	7,680.0	21.1%	2,221.3	18.5%
Total GFA of commodity houses ⁽³⁾ sold (million sq.m.)	1,210.1	3.2%	288.5	-12.4%
Total GFA of residential properties sold (million sq.m.)	1,188.2	14.0%	255.6	-13.5%
Total revenue from commodity houses sold (RMB in billions)	5,476.3	-9.2%	1,693.2	-9.1%
Total Revenue from residential properties sold (RMB in billions)	4,507.6	-5.9%	1,401.0	-10.6%
Total GFA of commodity houses commenced construction (million sq.m.)	6,252.9	22.1%	4,513.6	19.6%
Total GFA of residential properties commenced construction (million sq.m.)	4,759.7	21.2%	3,390.4	17.3%

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	2012E ⁽¹⁾	Year-on-year growth (%)	From January to May in 2012 ⁽²⁾	Year-on-year growth (%)
Total GFA of commodity properties completed (million sq.m.)	897.8	4.0%	273.1	26.3%
Total GFA of residential properties completed (million sq.m.)	744.5	11.1%	218.2	26.5%
Average selling price of commodity houses (RMB per sq.m.)	5,024.4	-5.3%	5,868.6	N/A*

Sources:

- (1) CEFS
- (2) National Bureau of Statistics of China
- (3) Commodity houses refer to different types of properties that range from residential properties (excluding public houses, low-rent housing, or affordable housing) and non-residential properties (such as offices, commercial properties and industrial properties) that are freely transferrable in the market without onerous restrictions.

Note: * Data is not available.

Competitive Landscape in China's Real Estate Market

According to Savills, an increasing number of real estate developers are entering into shopping mall and retail property markets in the second- and third-tier cities in China. It is further noted that real estate developers with smaller scale compete in niche markets, such as lifestyle shopping malls. Real estate developers started to operate shopping malls that are physically connected or in close proximity to metro stations. According to Savills, we are a first mover in Nanjing in the niche market of leasing metro malls from Nanjing Metro for sub-leasing, operation and management.

Real Estate Market in Nanjing

The real estate market in Nanjing has attracted substantial investment in recent years. The total investment in Nanjing's real estate market increased from RMB44.6 billion in 2007 to RMB87.1 billion in 2011, representing a CAGR of 18.2%. According to the Nanjing Statistical Yearbook, the total GFA of commodity houses completed continued to increase from 6.8 million sq.m. in 2007 to 15.2 million sq.m. in 2009, but declined significantly to 10.4 million sq.m. in 2010 due to the governmental austerity measures in the residential property sector. The total GFA of commodity houses sold increased by 70% from 7.0 million sq.m. in 2008 to 11.9 million sq.m. in 2009, but declined to 8.2 million sq.m. in 2010 due to the governmental austerity

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measures. The average selling price of commodity houses increased from RMB5,304 per sq.m. in 2007 to RMB9,310 per sq.m. in 2011, representing a CAGR of 15.1%. The following table sets forth certain information relating to the real estate development in Nanjing for the years indicated:

	2007	2008	2009	2010	2011
Real Estate Investment (RMB in billions)					
Real estate investment	44.6	50.8	59.6	74.8	87.1
Real estate investment in residential properties	31.7	41.0	43.9	57.0	63.8
Real estate investment in office properties	1.9	2.2	2.8	2.7	4.7
Real estate investment in retail properties	3.1	3.7	6.8	8.0	7.5
Supply of Properties (million sq.m.)					
GFA of commodity houses completed	6.8	10.6	15.2	10.4	11.7
GFA of residential properties completed	5.8	8.9	12.3	7.4	8.6
GFA of office properties completed	0.3	0.3	0.2	0.5	0.5
GFA of retail properties completed	0.3	0.7	1.3	1.2	1.1
Demand for Properties (million sq.m.)					
GFA of commodity houses sold	11.4	7.0	11.9	8.2	7.7
GFA of residential properties sold	10.6	6.6	11.1	7.5	6.8
GFA of office properties sold	0.3	0.2	0.2	0.1	0.4
GFA of retail properties sold	0.3	0.2	0.4	0.4	0.4
Property Price Levels (RMB per sq.m.)					
Average selling price of commodity houses	5,304	5,109	7,185	9,565	9,310
Average selling price of residential properties ^{Note}	5,011	4,808	6,893	9,227	8,415
Average selling price of office properties	11,860	12,932	12,551	12,871	19,334
Average selling price of retail properties	8,469	8,404	12,234	15,100	16,685

Source: Nanjing Statistical Yearbook, Nanjing National Bureau of Statistics

Note: We did not record any sales of residential properties in Nanjing for the year ended 31 December 2011. As a result, the average selling price for our properties for the year ended 31 December 2011 was not affected by the decrease of the average selling price for residential properties in Nanjing.

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Residential property market in Nanjing

The residential property market in Nanjing has cooled down since 2010 due to the austerity measures. However, the transaction volume increased to 627,282 sq.m. in March 2012, reaching the level of the third quarter of 2010. In addition, the overall supply of residential properties available for sale increased to 546,804 sq.m. in March 2012. These data signified the recovery of the residential property market in Nanjing. According to the data from the National Bureau of Statistics of Nanjing, the total supply of completed residential properties in terms of GFA dropped by 17.4% to approximately 3.1 million sq.m. for the seven months ended 31 July 2012, whereas demand for residential properties in terms of GFA increased by approximately 26.2% to approximately 4.5 million sq.m. for the seven months ended 31 July 2012. The average selling price of residential properties in the first seven months of 2012 amounted to approximately RMB9,585.7 per sq.m.

Office property market in Nanjing

According to Nanjing Real Estate Management Bureau, the overall supply of office properties in Nanjing as indicated by the total GFA of office properties registered and approved for pre-sale has increased significantly since 2010 and reached a high level of 785,000 sq.m. in 2011. At the same time, the demand for office properties in Nanjing as measured by total GFA of office properties sold reached 400,000 sq.m. in 2011. Savills attributed the significant increase in demand for office properties in Nanjing to the shift in investor's focus from residential properties to office and commercial properties and the increasing demand for office space from local and multinational enterprises.

Retail property market in Nanjing

The retail property market in Nanjing has a development history of over 25 years and Nanjing is now one of the most vibrant cities in China. From 2007 to 2011, the retail property market in Nanjing grew at a rapid pace, and shopping malls and shopping centers prevailed over department stores in the retail property market.

According to Nanjing Real Estate Management Bureau, the supply of retail properties as indicated by total GFA of retail properties registered and approved for pre-sale decreased from 656,869 sq.m. in 2007 to 609,990 sq.m. in 2011, and the demand for retail properties as measured by total GFA of retail properties sold decreased from 487,231 sq.m. in 2007 to 380,468 sq.m. in 2011. The average selling price of retail properties in Nanjing increased steadily from RMB8,940 per sq.m. in 2007 to RMB16,444 per sq.m. in 2011, representing a CAGR of 16.5%. Based on the data from Nanjing Real Estate Management Bureau, Savills believes that the average selling prices of retail properties in Nanjing will continue to rise.

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Real Estate Market in Yangzhou

The total investment in Yangzhou's real estate market increased from RMB10.6 billion in 2007 to RMB19.8 billion in 2011, representing a CAGR of 16.8%. According to the data from Yangzhou Statistical Yearbook, the total GFA of commodity houses completed increased from 3.2 million sq.m. in 2007 to 4.7 million sq.m. in 2011, representing a CAGR of 10.1%. The total GFA of commodity houses sold increased from 4.3 million sq.m. in 2007 to 5.8 million sq.m. in 2011, representing a CAGR of 7.8%. The average selling price of commodity houses increased from RMB3,293 per sq.m. in 2007 to RMB5,985 per sq.m. in 2011, representing a CAGR of 16.1%. The following table sets forth the selected data in relation to the real estate development in Yangzhou for the years indicated:

	2007	2008	2009	2010	2011
Real Estate Investment (RMB in billions)					
Real estate investment	10.6	14.3	13.0	16.5	19.8
Real estate investment in residential properties	8.0	11.2	10.6	13.7	16.2
Real estate investment in office properties	0.3	0.3	0.2	0.4	0.8
Real estate investment in retail properties	1.4	2.0	1.5	1.4	1.8
Supply of Properties (million sq.m.)					
GFA of commodity houses completed	3.2	4.8	5.1	4.7	4.7
GFA of residential properties completed	2.6	4.2	4.3	3.7	3.7
GFA of office properties completed	0.1	0.1	0.1	0.2	0.1
GFA of retail properties completed	0.5	0.4	0.5	0.6	0.7
Demand for Properties (million sq.m.)					
GFA of commodity houses sold	4.3	3.0	5.1	6.3	5.8
GFA of residential properties sold	3.9	2.9	4.7	5.8	5.1
GFA of office properties sold	0.06	0.08	0.07	0.1	0.2
GFA of retail properties sold	0.3	0.3	0.4	0.3	0.4
Property Price Levels (RMB per sq.m.)					
Average selling price of commodity houses	3,293	3,686	4,381	4,847	5,985
Average selling price of residential properties	3,201	3,446	4,254	4,681	6,007
Average selling price of office properties ^{Note}	4,652	5,612	5,369	6,624	6,316
Average selling price of retail properties	4,341	5,646	6,024	7,416	7,020

Source: Yangzhou Statistical Yearbook, Yangzhou National Bureau of Statistics

Note: We did not record any sales of offices in Yangzhou for the year ended 31 December 2011. As a result, the average selling price for our properties for the year ended 31 December 2011 was not affected by the decrease of the average selling price for office properties in Yangzhou.

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Residential property market in Yangzhou

Residential property market in Yangzhou experienced a substantial growth from 2007 to 2011. The total investment in residential property market in Yangzhou increased from RMB8.0 billion in 2007 to RMB16.2 billion in 2011, representing a CAGR of 19.1%. According to Yangzhou Real Estate Management Bureau, the supply of residential properties in the urban districts of Yangzhou as measured by total GFA of residential properties registered and approved for pre-sale increased from 1.8 million sq.m. in 2007 to 2.0 million sq.m. in 2011, representing a CAGR of 3.4%. The demand for residential properties in Yangzhou as measured by total GFA of residential properties sold increased from 2.2 million sq.m. in 2007 to 2.5 million sq.m. in 2009, but then decreased to 1.7 million sq.m. in 2010 and further to 1.2 million sq.m. in 2011 due to the austerity measures. The average selling price of residential properties in Yangzhou increased from RMB3,933 per sq.m. in 2007 to RMB8,677 per sq.m. in 2011, due to the continuous improvement of infrastructure and transportation in Yangzhou and the increase in the income and living standards of Yangzhou residents. According to the data from the Real Estate Management Bureau of Yangzhou, supply of residential properties in the five urban districts of Yangzhou amounted to 1.2 million sq.m. for seven months ended 31 July 2012. Demand for residential properties continued to drop in the first half year of 2012 to 520,500 sq.m. However, in July 2012, residential property sales increased by 52.93% to 172,500 sq.m. as compared to June 2012.

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Real Estate Market in Zhuzhou

The total investment in Zhuzhou's real estate market increased from RMB5.8 billion in 2007 to RMB18.5 billion in 2011, representing a CAGR of 33.7%. According to the data from Zhuzhou Statistical Bureau, the total GFA of commodity houses completed increased from 2.1 million sq.m. in 2007 to 3.5 million sq.m. in 2011, representing a CAGR of 13.6%. The total GFA of commodity houses sold continued to increase from 3.3 million sq.m. in 2007 to 6.0 million sq.m. in 2011, representing a CAGR of 16.1%. The average selling price of commodity houses increased from RMB2,047 per sq.m. in 2007 to RMB3,749 per sq.m. in 2011, representing a CAGR of 16.3%. The following table sets forth the selected data relating to real estate development in Zhuzhou for the years indicated:

	2007	2008	2009	2010	2011
Real Estate Investment (RMB in billions)					
Real estate investment	5.8	8.4	10.4	14.7	18.5
Real estate investment in residential properties	3.9	5.1	7.2	10.2	13.4
Real estate investment in office properties	0.1	0.1	0.1	0.4	0.2
Real estate investment in retail properties	0.8	0.8	1.2	2.1	2.1
Supply of Properties (million sq.m.)					
GFA of commodity houses completed	2.1	2.8	1.7	2.4	3.5
GFA of residential properties completed	1.6	2.4	1.3	1.8	2.8
GFA of office properties completed	0.05	0.03	0.01	0.02	0.06
GFA of retail properties completed	0.4	0.3	0.3	0.5	0.4
Demand for Properties (million sq.m.)					
GFA of commodity houses sold	3.3	3.8	4.3	5.1	6.0
GFA of residential properties sold	3.0	3.4	3.8	4.5	5.5
GFA of office properties sold	0.06	0.02	0.02	0.05	0.04
GFA of retail properties sold	0.3	0.3	0.4	0.5	0.4
Property Price Levels (RMB per sq.m.)					
Average selling price of commodity houses	2,047	2,171	2,551	2,987	3,749
Average selling price of residential properties	1,796	1,865	2,266	2,784	3,415
Average selling price of office properties	2,607	2,401	2,825	4,381	4,803
Average selling price of retail properties	4,897	5,478	4,956	4,513	8,693

Source: Zhuzhou Statistical Yearbook, Zhuzhou National Bureau of Statistics

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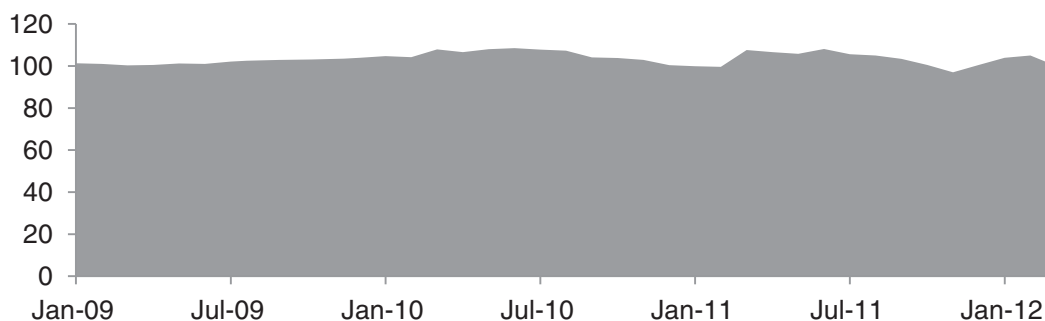
Commodity houses market in Zhuzhou

The commodity houses market in Zhuzhou witnessed a steady growth from 2007 to 2011. According to Zhuzhou Real Estate Management Bureau, supply of commodity houses in Zhuzhou as measured by total GFA of commodity houses registered and approved for pre-sale increased from 2.1 million sq.m. in 2007 to 3.3 million sq.m. in 2011, representing a CAGR of 12.3%. The demand for commodity houses in Zhuzhou as measured by total GFA of commodity houses sold increased from 2.4 million sq.m. in 2007 to 2.9 million sq.m. in 2010, representing a CAGR of 5.8%. In 2011, the demand for commodity houses in Zhuzhou decreased to 1.9 million sq.m. due to the austerity measures. The average selling price of commodity houses in Zhuzhou increased from RMB2,346 per sq.m. in 2007 to RMB3,748 per sq.m. in 2011, according to Zhuzhou Real Estate Management Bureau. According to the data from the National Bureau of Statistics of Zhuzhou, for the six months ended 30 June 2012, the supply of completed commodity houses in terms of GFA increased by 102.5% to 1.2 million sq.m. for the six months ended 30 June 2012 and the demand for commodity houses in terms of GFA sold dropped by 3.1% to 2.45 million sq.m. for the six months ended 30 June 2012. The average commodity house price for the six months ended 30 June 2012 was RMB4,090 per sq.m., representing an increase of 7.97% over last corresponding period in 2011.

THE RETAIL MARKET IN CHINA

China's retail market developed rapidly over the past decade. It is less susceptible to the global financial crisis and continued to grow at double figures. Savills attributed the significant growth of retail market in China to the change in consumption attitude and the increasing number of shopping malls in China's urban areas. High inflation rate and low interest rate for bank deposit also stimulate consumption. In addition, Chinese consumers are becoming more and more fashion and brand awareness, which encouraged the global fashion brands, such as H&M, Zara, C&A, Uniqlo to further expand in China.

The consumer confidence index demonstrates the living standard of consumers and also reflects consumption ability. The consumer confidence index in China increased from 101.3 in January 2009 to 105.0 in February 2012. The following chart sets forth the consumer confidence index in China for the years indicated:



Source: National Bureau of Statistics of China

INDUSTRY OVERVIEW

SHOPPING MALL INDUSTRY IN CHINA

Overview

China's shopping mall industry has benefited from the strong economic growth in China, which has resulted in higher disposable incomes of urban households and a more affluent domestic customer base. Shopping malls spring up across the country from first-tier cities towards second and third-tier cities where the shopping mall market is still immature. According to Savills, the shopping mall market in second and third-tier cities is expected to grow rapidly in the next ten years due to the on-going urbanization in second and third-tier cities. In 2011, the total investment in shopping centers accounted for 20.8% of the total investment in retail properties. According to China Shopping Center Development Association of Mall China (中購聯發展委員會), the market size as measured by total GFA of shopping centers in China was 168.7 million sq.m. in 2011.

Life-style Shopping Malls

The concept of life-style shopping mall is evolving in China. Its development diverged from the North American standards given the difference in demographics, income level and living standards of residents, development of economy and urbanization and shoppers' tastes and preferences. As observed by Savills, life-style shopping malls in China are wide-ranging in concept, configuration, tenant mix and location with a view to reaching their target customers, increasing pedestrian traffic, and differentiating from traditional shopping malls under a highly competitive environment. Set out below is a summary of the major differences between life-style shopping malls in North America and those in China as observed by Savills:

Attributes of Life-style shopping malls	North America	China
Location	affluent residential neighborhood	from uptown area to downtown
Size	smaller in size, typically from 150,000 — 500,000 sq. ft.	flexible in size
Concept	upscale national chain specialty stores, dining and entertainment in outdoor setting boutique in concept and ambience for shoppers' experience	providing a variety of retail, consumer services including a sizeable food & beverage element

INDUSTRY OVERVIEW

Attributes of Life-style shopping malls	North America	China
Anchors and tenant mix	not usually anchored in the traditional sense but may include book store, other large-format specialty retailers, multiplex cinema, small department store	with a diversified tenant mix
Brands	chic but less luxury, second lines	luxury or less luxury; with a mix of local and national brands
Configuration	typically with open-air configuration for dining and entertainment	both open-air and enclosed configuration
Target customers	upscale and affluent	upscale and affluent

According to Savills, China has a relatively short development history of life-style shopping malls. Department stores and supermarkets remain the dominant sectors in retail markets up to now. Typical examples of lifestyle shopping malls in China include Shanghai Xintiandi, which is close to the North American model but with central business district (“CBD”) location; or Aquacity (Phase I) in Nanjing, which is a more hybrid form which combines elements of both lifestyle shopping mall and theme/festival center in North American model. In the second and third tier-cities of China, life-style shopping malls are market niche where many retail developers are experimenting to mingle different elements, or to combine the core elements of different retail formats into a retail scheme to direct or accommodate shoppers’ choice and experience. Savills expects that life-style shopping malls will become more and more diverse with different varieties in second and third tier-cities, as these locations became the primary choice of both real estate developers and international brands.

Land Cost in Nanjing, Yangzhou and Zhuzhou

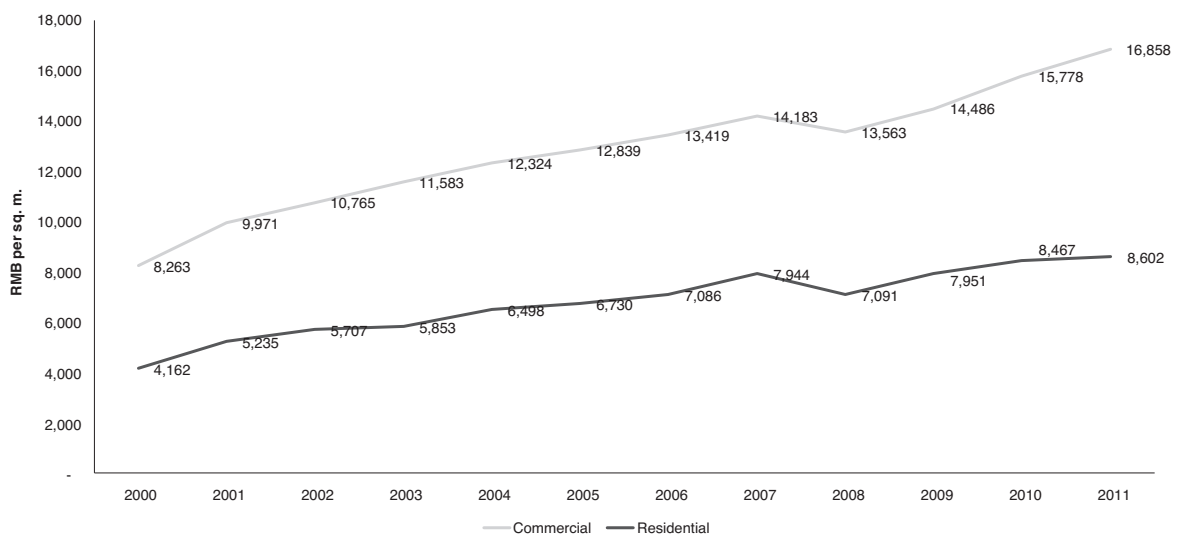
According to the land price data of 50 major cities in China under China Urban Land Price Dynamic Monitor (中國城市地價動態監測) (the “Monitor”), the monitoring system as prepared by the Ministry of Land, in 2011 residential land price in Nanjing, Yangzhou and Zhuzhou was at RMB8,602, RMB1,755 and RMB1,299 per sq.m. respectively, representing an increase of 1.6%, 1.4% and 6.5% over that of 2010.

INDUSTRY OVERVIEW

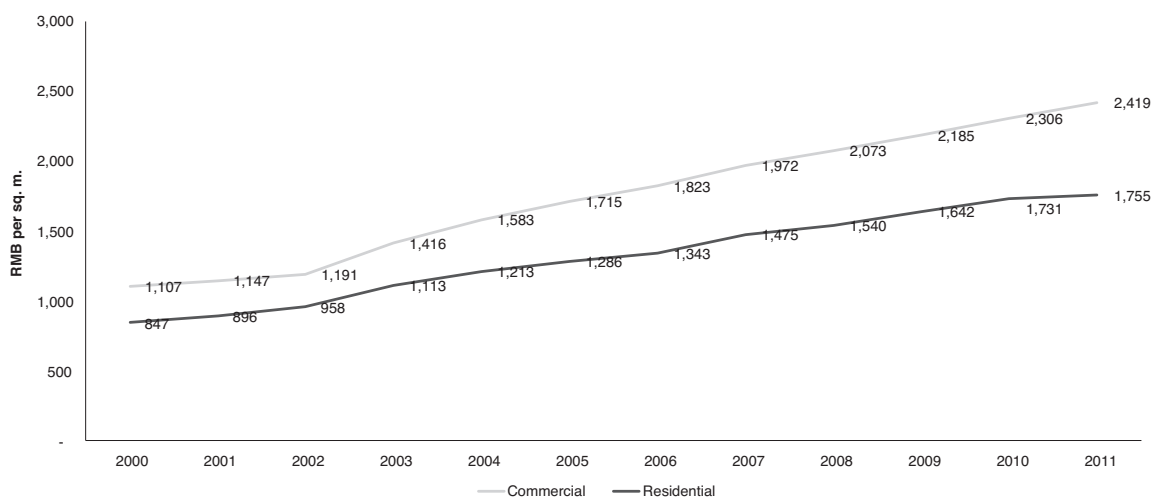
Commercial land prices in these cities had a higher rate of increment in general in 2011. According to the Monitor, commercial land price in Nanjing, Yangzhou and Zhuzhou was RMB16,858, RMB2,419 and RMB2,632 per sq.m. respectively, representing an increase of 6.8%, 4.9% and 7.4% over 2010.

The following charts sets out the residential and commercial land price movements by site value (calculated on the basis of dividing the land cost by the total land area) in Nanjing, Yangzhou and Zhuzhou for the years indicated:

Land Price in Nanjing, 2000 - 2011

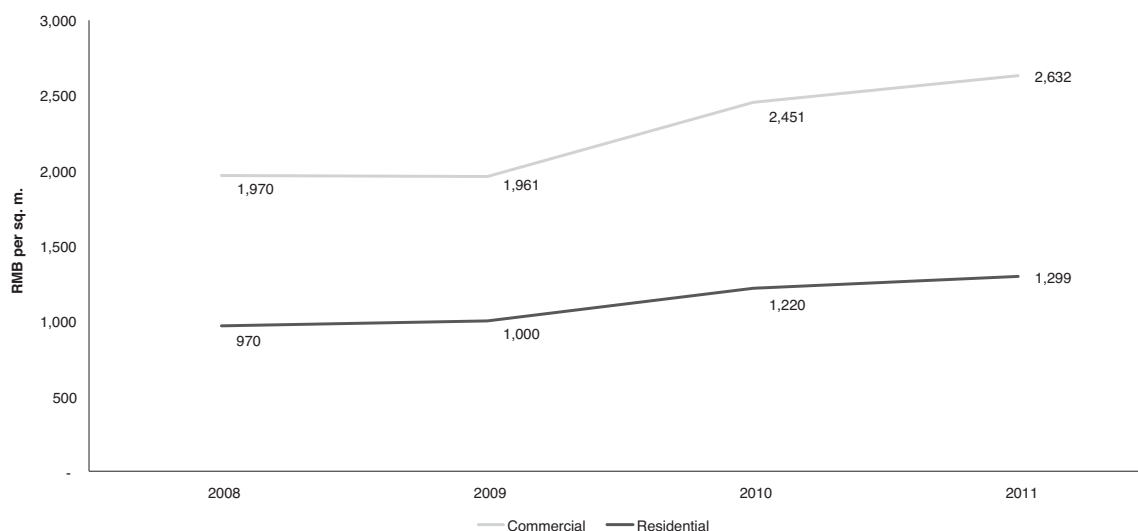


Land Price in Yangzhou, 2000 - 2011



INDUSTRY OVERVIEW

Land Price in Zhuzhou 2008 - 2011



Looking ahead, the Ministry of Land projects that residential land prices will remain steady and keep at 2011 price level, as short-term market uncertainties prevail, and overall land supply in 2012 will be more regularized. Commercial land prices are expected to have a moderate increase over 2011, but the rise will be constrained by concerns over the slowdown of China's economy, and the pace of global economic recovery.

SAVILLS REPORT

We have commissioned Savills, an Independent Third Party and an experienced consultant in global real estate industry, to prepare the Savills Report which analyzes the retail market, the shopping mall industry in China and the real estate market in China and related regions. We will pay Savills a fee of a total of RMB220,000 for the preparation of the Savills Report.

Savills has prepared the Savills Report based on various government publications, site visits and interviews as well as Savills' proprietary data on the relevant property sector markets.

In preparing the Savills Report, Savills has adopted assumptions when some information is not available or falls outside the scope of its expertise. While Savills has adopted assumptions based upon careful consideration of known factors, Savills cannot rule out the risk that any of the assumptions may be incorrect. The Savills Report also contains a significant volume of information which is directly derived from secondary sources or based on other third-party information; Savills does not represent and warrant the accuracy or completeness of such information.

INDUSTRY OVERVIEW

In preparing and updating the Savills Report, Savills has adopted a five-step methodology illustrated below to enhance the credibility and accuracy of the forecasts:

- **Market research:** The market specialists at Savills collected related information and data from various sources, which provided an overview of the current market landscape and trends and also formed the basis for the forecast.
- **Market data analysis:** Data collected from the market research process were analyzed to provide additional insights on their historical and future impact on market size and market development.
- **Identifying drivers and factors:** The market specialists then identified the factors that drove and will drive market growth as well as those that restrained and will restrain growth of the market.
- **Integration of opinions:** The specialists further discussed with and interviewed a variety of industry experts and consultants, as well as industry participants and customers. The data obtained were then integrated with the existing data to provide a refined basis for the forecast data.
- **Quality control:** Before finalizing the report, the market specialists verified the data and forecast by cross-checking against other available data or information.

Assumptions included in the Savills Report are inherently uncertain because of events or combinations of events that cannot reasonably be foreseen, including but without limitation, the activities of the government, individuals, third parties and competitors. Specific factors that could cause actual results to differ materially include, among others, risks inherent in the wholesale and retail trade industry, uncertainty of renewals of leases, property risks, financing risks, labor risks, regulatory risks and environmental concerns.