
OUR INDUSTRY

In preparing the Report (as defined below), Savills has adopted assumptions when certain information is not available or falls outside the scope of its expertise. This Report also contains a significant volume of information which is directly derived from secondary sources.

We believe that the sources of this information are appropriate sources for such information and statistics and reasonable care has been exercised by our Directors in extracting and reproducing such information and statistics. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information false or misleading. None of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and their respective directors, advisers and affiliates have independently verified such information and statistics. Accordingly, none of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors and advisers or any other party involved in the Global Offering makes any representation as to the accuracy of such information and statistics, which may be inaccurate, incomplete, out-of-date or inconsistent with other information compiled within or outside the PRC.

SAVILLS REPORT

We have commissioned Savills, an independent third party and an experienced consultant in global real estate industry, to prepare the property market study report ("**Report**") which analyzes specialized wholesale markets and multi-functional commercial complexes in various regions of China, for a fee of RMB500,000.

THE PRC ECONOMY

Overview of the PRC Economy

China has experienced an average of double-digit growth per year over the past three decades driven by the government's extensive economic reforms. In the past seven years, China's gross domestic product, or GDP, increased from RMB18.5 trillion in 2005 to RMB51.9 trillion in 2012, representing a CAGR of approximately 15.9%, according to China Statistical Year Book 2012 and Statistical Communique of China 2012.

China's economic growth has primarily been driven by increased government spending on infrastructure and private sector investments in land developments, as well as by increased consumer spending. Real estate investment increased to RMB7.2 trillion in 2012 from RMB1.6 trillion in 2005, representing a CAGR of approximately 24.0%. Retail sales of consumer goods have more than doubled in the past seven years, reaching RMB21.0 trillion in 2012 as compared to RMB6.7 trillion in 2005.

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The following table sets forth selected economic indicators of China for the periods indicated:

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>CAGR</u>
Population (million)	1,307.6	1,314.5	1,321.3	1,328.0	1,334.7	1,340.9	1,347.4	1,354.0	0.5%
Nominal GDP (RMB trillion)	18.5	21.6	26.6	31.4	34.1	40.2	47.3	51.9	15.9%
GDP growth (%)	11.3	12.7	14.2	9.6	9.2	10.4	9.3	7.8	
Fixed-asset investment (RMB trillion)	8.9	11.0	13.7	17.3	22.5	25.2	31.1	37.5	22.8%
Real estate investment (RMB trillion)	1.6	1.9	2.5	3.1	3.6	4.8	6.2	7.2	24.0%
Retail sales of consumer goods (RMB trillion)	6.7	7.6	8.9	11.5	13.3	15.7	18.4	21.0	17.7%
Urban disposable income per capita (RMB)	10,493	11,759	13,786	15,781	17,175	19,109	21,810	24,565	12.9%

Sources: *China Statistical Year Book 2012, National Bureau of Statistics of China. 2012 data from Statistical Communique of China 2012*

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Regional Growth in the PRC Economy

Yangtze River Delta Area

The Yangtze River Delta Area is one of the most economically developed regions in China. It covers Shanghai and selected cities in the provinces of Jiangsu and Zhejiang. Below is a map showing the Yangtze River Delta Area.



The Yangtze River Delta Area is served by international airports located in the cities of Shanghai, Hangzhou, Nanjing, Ningbo and Wuxi. High speed railways have been built across the region connecting major cities in the area and the new Shanghai-Beijing high-speed line which opened in 2010 has significantly reduced travel time. In addition, the waterways in the Yangtze River Delta Area are highly developed. Ningbo port and Shanghai port are two of the busiest seaports in China.

The Yangtze River Delta Area accounted for approximately 17.3% of the total GDP in China in 2012. In 2012, fixed assets investments in the Yangtze River Delta Area reached RMB4,201.1 billion, accounting for approximately 11.2% of the total fixed assets investment in China. The PRC government has set targets to transform the Yangtze River Delta Area into an important global center for advanced industries and manufacturing industries in the next decade. Shanghai Jiao Tong University has estimated that the GDP in the Yangtze River Delta Area will reach RMB16.0 trillion by 2020, based on an estimated annual growth rate of 11.0% from 2011 to 2020.

Jiangsu Province

Jiangsu Province covers a total area of 102,600 sq.km., and is surrounded by the provinces of Shandong, Anhui and Zhejiang, and Shanghai municipality. Jiangsu Province recorded the second highest GDP in China in 2012 and had the third highest retail sales of consumer goods in 2012, according to Savills. Jiangsu Province is the base of leading exporters of electronic equipment, chemical products, textiles, manufacturing machinery and automobiles.

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Wuxi

Wuxi is located in the southern part of Jiangsu Province and is surrounded by Suzhou and Changzhou. Wuxi covers a total area of approximately 4,787.6 sq.km. and had a population of 6.5 million as of 2012. Wuxi is one of the top business cities in China and was ranked No. 7 in the Forbes Magazine's list of "2010 China's Best Business Cities". In 2012, the per capita GDP of Wuxi increased by approximately 9.3% to RMB117,400, as compared to RMB107,437 in 2011. Wuxi is conveniently located on the Shanghai-Beijing high-speed rail line with the Great Canal flowing through the city. The following table sets forth selected economic indicators of Wuxi for the years indicated:

	2005	2006	2007	2008	2009	2010	2011	2012
Population (million)	5.6	5.8	6.0	6.1	6.2	6.4	6.4	6.5
GDP (RMB billion)	280.9	331.1	388.0	446.1	499.2	579.3	688.0	756.8
Per capita GDP (RMB)	51,034	57,899	65,570	73,733	81,146	92,167	107,437	117,400
Fixed-asset investment (RMB billion)	133.6	147.5	167.4	187.7	238.8	298.6	316.9	361.8
Per capita disposable income (RMB)	16,005	18,189	20,898	23,605	25,027	27,750	31,638	35,663
Retail sales of consumer goods (RMB billion)	81.6	94.2	110.3	134.1	154.3	182.6	214.0	242.8

Sources: Wuxi Statistical Yearbooks 2006-2012. 2012 data from Statistical Communique of Wuxi 2012

Nantong

Nantong is located on the northern bank of the Yangtze River and is an important port city surrounded by Yancheng, Taizhou, Suzhou and Shanghai. Nantong covers a total area of approximately 8,001.0 sq.km. and had a population of 7.3 million as of December 31, 2012. Nantong was one of China's first 14 coastal cities permitted to open for international trade and economic activity. Nantong is conveniently connected to Suzhou through the Sutong (Suzhou-Nantong) Yangtze River Bridge, which was completed in 2008. The following table sets forth selected economic indicators relating to Nantong for the periods indicated:

	2005	2006	2007	2008	2009	2010	2011	2012
Population (million)	7.3	7.2	7.2	7.1	7.1	7.3	7.3	7.3
GDP (RMB billion)	148.4	178.8	216.4	259.3	287.3	346.6	408.0	455.9
Per capita GDP (RMB)	20,138	24,545	29,991	36,199	40,231	48,083	56,005	62,506
Fixed-asset investment (RMB billion)	81.5	104.9	126.6	150.5	180.2	216.8	237.8	288.6
Per capita disposable income (RMB)	11,590	13,056	15,261	17,540	19,469	21,825	25,094	28,292
Retail sales of consumer goods (RMB billion)	53.6	62.2	73.7	91.5	108.0	127.7	149.3	170.9

Source: Nantong Statistical Yearbooks, 2005-2012. 2012 data from Statistical Communique of Nantong 2012

Zhejiang Province

Zhejiang Province covers a total area of 104,141 sq.km. and is surrounded by the provinces of Jiangsu, Anhui, Jiangxi, Fujian and Shanghai. Zhejiang Province recorded the fourth highest GDP in China in 2012 and had the fourth highest retail sales of consumer goods in 2012, according to Savills. The major manufacturing sectors based in Zhejiang Province are electro-mechanical products, textiles, chemical products, food and construction materials.

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Hangzhou

Hangzhou is the capital and the largest city of Zhejiang Province. It covers a total area of 16,596 sq.km. and had a population of approximately 7.0 million as of December 31, 2012. Hangzhou is an industrial city with many diverse sectors, including electronic information, food, textiles and chemical engineering and is considered an important manufacturing base and logistics hub for coastal China. The following table sets forth selected economic indicators relating to Hangzhou for the periods indicated:

	2005	2006	2007	2008	2009	2010	2011	2012
Population (million)	6.6	6.7	6.7	6.8	6.8	6.9	7.0	7.0
GDP (RMB billion)	294.4	344.3	410.4	478.9	508.8	594.9	701.9	780.4
Per capita GDP (RMB)	44,871	51,908	61,315	70,948	74,761	86,691	101,370	N.A.
Fixed-asset investment (RMB billion)	138.7	146.1	168.4	198.1	229.2	275.3	310.0	372.3
Per capita disposable income (RMB)	16,601	19,027	21,689	24,104	26,864	30,035	34,065	37,511
Retail sales of consumer goods (RMB billion)	97.8	111.9	130.8	157.8	180.5	214.6	254.8	294.5

Sources: Hangzhou Statistical Yearbook 2012. 2012 data from Statistical Communique of Hangzhou 2012

Bohai River Rim Region – Shandong and Liaoning

Shandong Province and Liaoning Province are the leading provinces in the northeastern region in terms of GDP. Shandong Province covers a total area of 157,126 sq.km. and had a population of 96.8 million as of 2012. Liaoning Province covers a total area of 147,500 sq.km. and had a population of 43.9 million as of 2012. The following table sets forth selected economic indicators relating to Shandong and Liaoning for the periods indicated:

Province	GDP in 2012 (RMB billion)	Ranking	GDP per capita in 2012 (RMB)	Ranking	Retail sales in 2012 (RMB billion)	Ranking
Shandong	5,001.3	3	51,768	10	1,917.5	2
Liaoning	2,480.1	7	56,547	7	925.7	6

Source: Statistical Communique of Various Provinces, Municipalities and Autonomous Regions, 2012

Central and Western Regions – Selected Provinces

The following table sets forth selected economic indicators relating to certain provinces in the central and western regions for the periods indicated:

Province	GDP in 2012 (RMB billion)	Ranking	GDP per capita in 2012 (RMB)	Ranking	Retail sales in 2012 (RMB billion)	Ranking
Hunan	2,215.4	10	33,480	20	785.5	10
Hubei	2,225.0	9	38,502	14	919.7	7
Chongqing	1,145.9	23	39,083	12	396.1	22
Yunnan	1,031.0	24	22,195	29	354.2	24

Source: Statistical Communique of Various Provinces, Municipalities and Autonomous Regions, 2012

Although the overall GDP of provinces in the central and western regions are relatively lower than the GDP of the eastern regions, these regions have experienced accelerating growth. For example, in 2012, Chongqing's GDP increased by 13.6% and Yunnan's GDP increased by 13.0%, both of which significantly outpaced the national average of 7.8%, according to Savills.

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REAL ESTATE MARKET IN THE PRC

According to Savills, demand for properties in the PRC has increased significantly in recent years due to continued growth of per capita disposable income and rising living standards. The GFA of commercial properties sold increased from approximately 618.6 million sq.m. in 2006 to approximately 1,113.0 million sq.m. in 2012, representing a CAGR of 10.3%. During the same period, driven by favorable market conditions and attractive investment returns, investments in real estate in the PRC grew rapidly from approximately RMB1,942.3 billion in 2006 to approximately RMB7,180.4 billion in 2012, representing a CAGR of 24.3%. The following tables set forth selected indicators of the PRC real estate market for the periods indicated:

	2006	2007	2008	2009	2010	2011	2012	CAGR
Real Estate Investment (RMB billion)	1,942.3	2,528.9	3,120.3	3,624.2	4,825.9	6,179.7	7,180.4	24.3%
Investment in residential properties	1,363.8	1,800.5	2,244.1	2,561.4	3,402.6	4,432.0	4,937.4	23.9%
Investment in office properties	92.8	103.5	116.7	137.7	180.7	255.9	336.7	24.0%
Investment in retail properties	235.4	278.6	335.4	418.1	564.8	742.4	931.2	25.8%
Investment in other properties	250.3	346.3	424.1	507.0	677.7	749.5	975.1	25.4%
Supply of Properties (million sq.m.)								
GFA of commodity properties completed	558.3	606.1	665.4	726.8	787.4	926.2	994.3	10.1%
GFA of residential properties completed	454.7	498.3	543.3	596.3	634.4	743.2	790.4	9.7%
GFA of office properties completed	13.9	15.5	18.2	16.5	18.2	22.7	23.2	8.8%
GFA of retail properties completed	62.9	61.0	64.1	68.2	82.8	94.7	102.3	8.4%
GFA of other properties completed	26.8	31.3	39.8	45.7	52.0	65.6	78.4	19.6%
Demand of Properties (million sq.m.)								
GFA of commodity Properties sold	618.6	773.5	659.7	947.6	1,047.6	1,093.7	1,113.0	10.3%
GFA of residential properties sold	554.2	701.4	592.8	861.8	933.8	965.3	984.7	10.1%
GFA of office properties sold	12.3	14.7	11.6	15.4	18.9	20.0	22.5	10.6%
GFA of retail properties sold	43.4	46.4	42.1	53.3	69.9	78.7	77.6	10.2%
GFA of other properties sold	8.7	11.1	13.3	17.0	25.0	29.6	28.2	21.8%
Average Selling Price of Properties (RMB per sq.m.)								
Average selling price of Commodity properties	3,367	3,864	3,800	4,681	5,032	5,357	5,791	9.5%
Average selling price of residential properties	3,119	3,645	3,576	4,459	4,725	4,993	5,430	9.7%
Average selling price of office properties	8,053	8,667	8,378	10,608	11,406	12,327	12,303	7.3%
Average selling price of retail properties	5,247	5,774	5,886	6,871	7,747	8,488	9,022	9.5%
Average selling price of other properties	3,131	3,351	3,219	3,671	4,099	4,182	4,307	5.5%

Source: China Statistical Yearbook 2012, National Statistics Bureau of China

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The PRC government implemented a series of measures aimed at cooling the residential market in the past few years. For more details, please refer to the sections headed “Mortgages of Real Estate” and “Measures on Stabilizing Housing Price” in Appendix V — Summary of Principal PRC Legal and Regulatory Provisions.

According to Savills, property sales in cities where our projects are located varied during the 11 months ended November 30, 2012. The geographic differentiation was primarily due to different market characteristics of the city, such as market size, market maturity, demand, and the timing and effects of the austerity measures.

In general, sales volume of residential properties decreased significantly in most of the cities during the 11 months ended November 30, 2012 as compared to 2011. However, in Wuxi and Hangzhou, demand began to pick up since the middle of 2012 and has returned to the levels in 2010. While the average selling prices of residential properties in these cities increased moderately during the 11 months ended November 30, 2012 as compared to 2011, they decreased by approximately 4.6% in Wuxi. Retail and office properties in these cities remained stable during the period.

The following tables set forth a summary of property sales in selected cities for the periods indicated:

	For the 11 months ended November 30, 2012				For the year ended December 31, 2011			
	Commodity properties	Residential properties	Office properties	Retail properties	Commodity properties	Residential properties	Office properties	Retail properties
Sales Volume (million sq. m.)								
Jiangsu Province								
Wuxi	7.9	6.8	0.4	0.7	6.5	5.3	0.3	0.9
Qidong	0.6	0.6	656*	6,536*	0.6	0.6	39,186*	41,851*
Nantong	6.1	5.5	0.1	0.4	5.5	4.8	0.2	0.4
Yancheng	4.0	3.5	0.02	0.4	5.6	4.8	0.1	0.6
Huai'an	5.8	5.1	0.1	0.5	4.6	4.1	0.02	0.5
Taizhou	2.8	2.4	0.01	0.3	4.7	3.9	0.1	0.6
Zhejiang Province								
Hangzhou	9.8	8.4	0.7	0.6	8.3	6.8	0.7	0.6
Chongqing	38.2	34.9	0.4	1.8	45.3	40.6	0.4	2.7
Yunnan Province								
Dali	0.9	0.7	nil	177,717*	1.0	1.0	nil	24,004*
Hubei Province								
Xiangfan	3.0	2.7	0.03	0.2	5.1	4.5	0.02	0.5
Liaoning Province								
Shenyang	21.2	18.8	0.2	1.6	21.8	19.5	0.1	1.7
Shandong Province								
Dezhou	3.8	3.2	13,720*	0.5	4.5	4.2	1,500*	0.2
Yantai	8.5	7.7	169,876*	0.4	12.9	11.8	50,554*	0.8

* In sq. m.

Source: Statistical Bureau of various cities

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	For the first 11 months of 2012				For the year ended December 31, 2011			
	Commodity properties	Residential properties	Office properties	Retail properties	Commodity properties	Residential properties	Office properties	Retail properties
Average Selling Price (RMB per sq. m.)								
Jiangsu Province								
Wuxi	8,413.5	7,712.3	8,641.2	15,264.8	8,678.4	8,084.9	8,919.0	11,927.1
Qidong	6,021.2	5,964.5	9,603.7	10,812.4	6,508.6	6,262.1	5,950.6	10,276.7
Nantong	5,418.7	5,198.1	9,777.9	8,077.5	5,914.0	5,569.3	9,537.9	8,531.9
Yancheng	4,438.8	4,176.9	3,380.3	6,853.0	4,415.5	4,084.1	3,893.4	6,951.3
Huai'an	4,443.1	4,096.3	6,641.0	7,528.3	4,496.8	3,991.5	4,439.0	8,613.2
Taizhou	6,109.9	5,650.1	4,402.6	9,671.5	6,302.1	5,634.9	7,346.4	10,545.4
Zhejiang Province								
Hangzhou	13,319.3	13,189.8	16,511.6	12,981.8	13,062.3	12,612.9	16,644.4	16,577.4
Chongqing	5,110	4,867	10,935	9,844	4,734	4,492	11,686	8,132
Yunnan Province								
Dali	5,190.7	4,672.0	—	7,333.1	4,627.4	4,579.1	—	6,551.8
Hubei Province								
Xiangfan	3,802.8	3,607.9	7,908.7	5,701.3	3,183.7	3,100.6	2,108.5	4,182.9
Liaoning Province								
Shenyang	6,336.5	6,000.4	11,576.1	9,756.1	5,885.4	5,614.1	7,522.6	8,846.6
Shandong Province								
Dezhou	3,538	3,509	5,746	3,758	3,273	3,194	3,200	4,988
Yantai	5,388.3	5,272.6	7,807.2	6,922.8	4,978.6	4,845.0	8,303.6	6,992.1

Source: Statistical Bureau of various cities

The average selling prices and land acquisition costs of our multi-functional commercial complexes are higher than those of specialized wholesale markets. According to Savills, this discrepancy is mainly caused by the following factors: (i) most specialized wholesale market projects are constructed and developed on land restricted for special purposes, such as wholesale and retail, while the land for multi-functional commercial complexes projects could be used for other purposes, such as residential, office and retail, which in turn affect the land acquisition costs; (ii) multi-functional commercial complexes require higher construction costs due to the nature of the building structure. Construction costs for the retail portion of multi-functional commercial complexes are at least 80% to 100% higher than those of specialized wholesale markets; and (iii) since most of the land parcels designated for wholesale market projects are situated at more remote areas away from central business districts under local government's land use plans, their prices are much lower than those designated for multi-functional commercial complexes.

WHOLESALE MARKETS IN THE PRC

Overview

Wholesale markets (or commodity exchange markets (商品交易市場) as they are commonly referred to in the PRC) are places where vendors display and sell their products. As of 2011, there were 5,075 wholesale markets in China, including 3,707 specialized wholesale markets with annual sales turnover exceeding RMB100 million. Wholesale markets have become one of the most effective channels for delivering goods, particularly to smaller cities and rural towns and villages in China.

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Wholesale markets are categorized into integrated markets for multiple types of products and specialized markets for specific types of products. The following table sets forth a breakdown of major wholesale markets in China with annual sales turnover exceeding RMB100 million for the periods indicated:

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>CAGR</u>
	Number of Wholesale Markets							
Integrated Markets (綜合市場)	767	1,106	1,140	1,248	1,280	1,341	1,368	10.1%
Industrial product markets	228	295	310	287	286	310	314	5.5%
Agricultural product markets	539	811	830	630	657	691	702	4.5%
Specialized markets (專業市場)	2,214	2,525	2,760	3,319	3,407	3,599	3,707	9.0%
Metal hardware	N/A	51	65	71	71	80	75	8.0%*
Home decoration and furniture . . .	71	100	113	109	130	135	138	11.7%
Building materials	274	333	363	396	430	480	525	11.5%
Other markets (其他市場)	342	245	221	—	—	—	—	—
Total	3,323	3,876	4,121	4,567	4,687	4,940	5,075	7.3

Source: *Statistical Yearbook of China Commodity Exchange Market 2012*, National Bureau of Statistics

* representing CAGR from 2006 to 2011

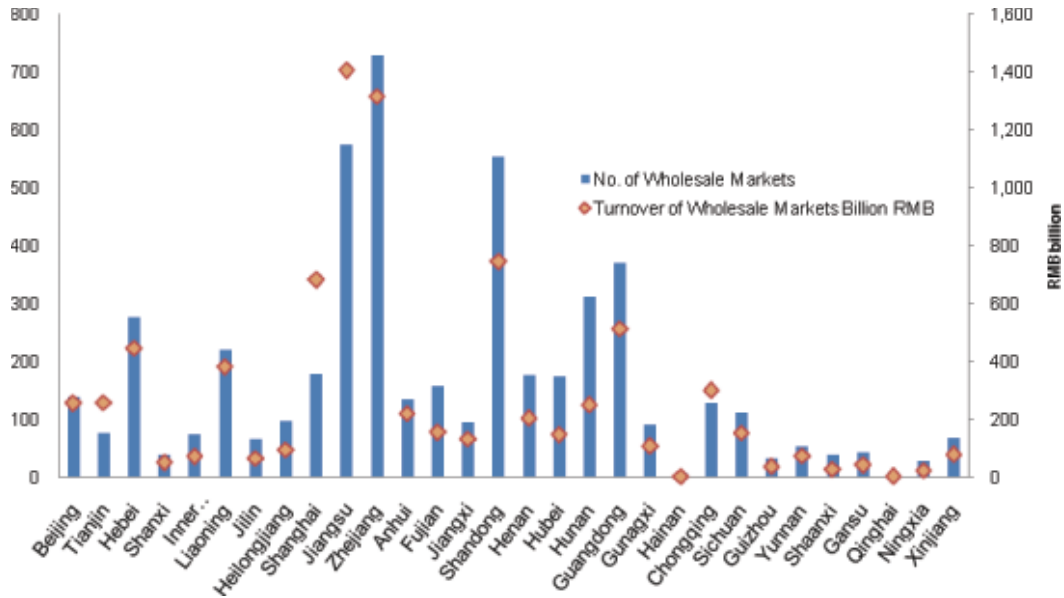
In terms of selling methods, wholesale markets are mixed with more retail elements and formats, particularly for large-scale integrated wholesale markets, where retail sales turnover accounts for over 30% of total sales turnover. The following table sets forth selected information on wholesale markets in China with annual sales turnover exceeding RMB100 million for the periods indicated:

<u>Year</u>	<u>No. of markets</u>	<u>Average No. of stalls as at year-end (million)</u>	<u>GFA (million sq.m.)</u>	<u>Gross sales turnover (RMB billion)</u>	<u>Wholesale sales turnover (RMB billion)</u>	<u>Retail sales turnover (RMB billion)</u>
2005	3,323	2.25	131.4	3,002.1	2,454.4	547.7
2006	3,876	2.53	180.7	3,713.7	2,968.0	745.7
2007	4,121	2.68	198.1	4,408.6	3,587.2	821.4
2008	4,567	2.84	212.3	5,245.8	4,312.0	933.8
2009	4,687	2.99	232.3	5,796.4	4,830.8	965.6
2010	4,940	3.19	248.2	7,270.4	6,095.5	1,174.9
2011	5,075	3.33	262.3	8,201.7	6,939.1	1,262.6

Source: *Statistical Yearbook of China Commodity Exchange Market 2012*, National Bureau of Statistics

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The following chart sets forth a breakdown of wholesale markets by province, municipality and autonomous region in 2011:



Source: Statistical Yearbook of China Commodity Exchange Markets 2012, National Bureau of Statistics

Wholesale Markets in the Yangtze River Delta Area

The growth of wholesale markets in China in the past three decades has been driven by the emergence of different industrial centers. The more economically developed regions, such as the Yangtze River Delta Area, the Bohai Rim region and the Pearl River Delta region, have developed a large number of large-scale wholesale markets across various types of products.

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According to Savills, the Yangtze River Delta Area, including Shanghai and a number of major cities of Jiangsu and Zhejiang Province, is the most developed region of wholesale markets in China in terms of total number of markets, total number of stalls, total retail area and total sales annual turnover. On an individual basis, Jiangsu and Zhejiang Province are ranked the top-two provinces for wholesale markets in terms of total annual sales turnover and total number of markets. According to the National Bureau of Statistics of China, the total number of wholesale markets in the Yangtze River Delta Area with annual sales turnover exceeding RMB100 million increased from 1,030 in 2005 to 1,217 in 2011, representing a CAGR of 2.8%. During the same period, sales turnover increased from RMB1,127.3 billion to RMB3,001.3 billion, representing a CAGR of 17.7%. The following table sets forth selected information relating to wholesale markets in the Yangtze River Delta Area with annual sales turnover exceeding RMB100 million for the periods indicated:

	2005	2006	2007	2008	2009	2010	2011	CAGR
No. of markets	1,030	1,189	1,253	1,329	1,121	1,173	1,217	2.8%
No. of stalls	438,687	496,220	539,847	595,106	636,763	670,455	721,581	8.6%
No. of stalls rented at								
year-end	n/a	n/a	n/a	548,475	587,187	620,045	660,111	6.4%
Retail area (million sq.m.)	23.5	28.9	38.2	42.2	47.6	50.2	52.0	14.2%
Sales turnover (RMB billion)	1,127.3	1,360.3	1,691.2	1,934.6	2,051.4	2,624.4	3,001.3	17.7%
Wholesale	966.1	1,148.6	1,434.9	1,651.2	1,728.6	2,256.3	2,612.4	18.0%
Retail	161.2	211.7	256.3	298.5	322.8	368.2	388.8	15.8%
Proportion of wholesale (%)	85.7	84.4	84.8	85.4	84.3	86.0	87.1	—
Average retail area per market (sq.m.)	22,816	24,306	30,487	31,753	24,462	42,796	72,753	11.0%
Average retail area per unit (sq.m.)	53.6	58.2	70.8	70.9	74.8	74.9	72.1	5.1%
Average sales turnover per rented stall (RMB million)	n/a	n/a	n/a	3.5	3.5	4.2	4.5	8.8%

Source: Statistical Yearbook of China Commodity Exchange Market, 2006-2012

Jiangsu Province

The following table sets forth selected information of wholesale markets in Jiangsu Province for the periods indicated:

	2005	2006	2007	2008	2009	2010	2011	CAGR
No. of markets	459	482	501	534	528	553	575	3.8%
No. of stalls	242,054	260,859	282,599	318,632	334,893	362,831	386,182	8.1%
No. of stalls rented at								
year-end	n/a	n/a	n/a	289,887	306,038	332,515	346,988	6.2%
Retail area (million sq.m.)	17.2	18.9	25.3	26.4	23.0	29.7	30.2	9.8%
Sales turnover (RMB billion)	481.5	582.2	734.6	882.0	922.6	1,175.4	1,400.7	19.5%
Wholesale	403.1	497.1	641.2	740.4	783.1	1,003.5	1,208.7	20.0%
Retail	78.3	85.1	93.4	141.6	139.5	171.9	192.0	17.0%
Proportion of wholesale (%)	83.7	85.4	87.3	83.9	84.9	85.4	86.3	—
Average retail area per market (sq.m.)	37,429	39,212	50,499	49,438	43,561	53,707	52,522	5.8%
Average retail area per stall (sq.m.)	71.0	72.7	89.5	82.7	68.8	81.7	78.2	1.6%
Average sales turnover per rented stall (RMB million)	—	—	—	3.0	3.2	3.5	4.0	9.9%

Source: National Bureau of Statistics of China

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In Wuxi, total sales turnover of wholesale markets increased from RMB131.9 billion in 2005 to RMB369.6 billion in 2012, representing a CAGR of 15.9%. Among wholesale markets, total sales turnover of specialized markets reached RMB316.5 billion in 2012, representing 85.6% of the total sales turnover of wholesale markets.

According to Wuxi Statistics Bureau, investments in real estate in Wuxi increased from RMB22.8 billion in 2005 to RMB87.1 billion in 2012, representing a CAGR of 23.0%. During the same period, investments in office and retail properties outpaced the overall investments in real estate. In 2012, investments in office and retail properties in Wuxi increased 42.6% and 44.8%, respectively, on a year-over-year basis.

Investments in real estate significantly increased demand for construction materials, furniture, and hardware and decoration materials. As a result, specialized markets featuring construction materials, furniture, and hardware and decoration materials have experienced significant growth. The following table sets forth selected performance indicators of specialized markets of furniture, hardware and decoration materials in 2009, 2010 and 2011 in Wuxi:

	2009					2010					2011				
	No. of markets	No. of stalls	No. of rented stalls	Total sales turnover (RMB100 million)	Area ('000 sq.m.)	No. of markets	No. of stalls	No. of rented stalls	Total sales turnover (RMB100 million)	Area ('000 sq.m.)	No. of markets	No. of stalls	No. of rented stalls	Total sales turnover (RMB100 million)	Area ('000 sq.m.)
Furniture	1	388	350	4	146.5	1	580	565	4	146.5	1	580	536	4	146.5
Decoration materials . .	2	633	633	9	133.8	2	633	630	95	133.8	7	2,388	1,353	127	563.8
Hardware and electrical materials . .	1	1,072	1,072	20	61.4	1	1,090	1,087	24	61.4	1	1,122	1,122	22	61.4
Other	1	398	398	23	120.0	1	491	490	27	120.0	1	500	500	28	120.0
Furniture, hardware and decoration materials .	5	2,491	2,395	56	461.7	5	2,794	2,772	150	461.7	10	4,590	3,511	182	891.7

Source: Statistical Yearbooks of Wuxi, 2009, 2010 and 2011

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Wholesale Markets in Other Provinces

The following tables set forth selected indicators of wholesale markets in other provinces for the periods indicated:

Shandong Province

	2005	2006	2007	2008	2009	2010	2011	CAGR
No. of markets	378	446	483	520	536	543	555	6.6%
No. of stalls	222,348	267,109	293,674	345,519	340,647	373,177	384,036	9.5%
No. of stalls rented at								
year-end	n/a	n/a	n/a	316,795	340,156	352,628	364,551	4.8%
Retail area (million sq.m.)	17.7	23.6	23.4	28.6	33.4	34.5	36.4	12.3%
Sales turnover (RMB								
billion)	282.0	333.8	394.1	468.8	545.2	667.6	742.4	17.5%
Wholesale	234.5	276.7	331.4	396.0	475.8	563.7	647.5	18.4%
Retail	47.5	57.1	62.7	72.8	69.4	103.9	94.9	12.2%
Proportion of wholesale								
(%)	83.2	82.9	84.1	84.5	87.3	84.4	87.2	—
Average retail area per								
market (sq.m.)	46,807	53,011	48,481	55,082	62,375	63,492	65,586	5.8%
Average retail area per unit								
(sq.m.)	79.6	88.5	79.7	82.8	92.4	92.4	94.8	3.0%
Average sales turnover per								
rented stall (RMB								
million)	n/a	n/a	n/a	1.5	1.6	1.9	2.0	10.7%

Source: National Bureau of Statistics of China

Liaoning Province

	2005	2006	2007	2008	2009	2010	2011	CAGR
No. of markets	160	159	176	223	225	222	221	5.5%
No. of stalls	153,937	148,119	158,631	200,130	194,486	196,337	195,317	4.0%
No. of stalls rented at								
year-end	n/a	n/a	n/a	182,119	179,694	179,992	180,547	-0.3%
Retail area (million sq.m.)	5.5	8.0	9.5	8.1	9.8	8.2	8.1	6.7%
Sales turnover (RMB								
billion)	143.4	168.8	190.3	244.8	268.7	346.6	379.5	17.6%
Wholesale	102.4	100.8	117.6	191.1	215.2	289.0	314.7	20.6%
Retail	41.0	68.0	72.7	53.7	53.5	57.7	64.8	7.9%
Proportion of wholesale								
(%)	71.4	59.7	61.8	78.1	80.1	83.4	82.9	—
Average retail area per								
market (sq.m.)	34,375	50,315	53,977	36,323	43,556	36,937	36,652	1.1%
Average retail area per unit								
(sq.m.)	35.7	54.0	59.9	40.5	50.4	41.8	41.5	2.5%
Average sales turnover per								
rented stall (RMB								
million)	n/a	n/a	n/a	1.3	1.6	1.9	2.1	17.4%

Source: National Bureau of Statistics of China

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Yunnan Province

	2005	2006	2007	2008	2009	2010	2011	CAGR
No. of markets	26	40	44	51	52	53	55	13.3%
No. of stalls	17,579	26,459	28,021	38,328	30,923	56,245	70,234	26.0%
No. of stalls rented at year-end	n/a	n/a	n/a	27,244	24,053	41,193	55,050	26.4%
Retail area (million sq.m.)	1.2	1.8	2.1	2.4	1.6	2.7	3.9	21.7%
Sales turnover (RMB billion)	19.0	20.8	27.1	37.1	38.1	60.3	73.4	25.3%
Wholesale	17.3	17.7	24.2	33.5	33.0	51.0	59.8	23.0%
Retail	1.7	3.1	2.9	3.6	5.1	9.3	13.6	41.4%
Proportion of wholesale (%)	90.9	84.9	89.2	90.3	86.7	84.6	81.5	—
Average retail area per market (sq.m.)	46,462	44,800	47,148	46,941	31,096	50,793	70,909	7.3%
Average retail area per unit (sq.m.)	68.3	68.0	74.9	62.6	51.7	48.0	55.5	3.4%
Average sales turnover per rented stall (RMB million)	n/a	n/a	n/a	1.4	1.6	1.5	1.3	-0.7%

Source: National Bureau of Statistics of China

Hubei Province

	2005	2006	2007	2008	2009	2010	2011	CAGR
No. of markets	112	115	114	137	136	160	176	7.4%
No. of stalls	52,776	51,796	49,508	75,711	76,834	86,895	89,248	9.2%
No. of stalls rented at year-end	n/a	n/a	n/a	66,404	72,997	79,159	81,416	7.0%
Retail area (million sq.m.)	2.8	3.1	3.2	4.7	5.1	5.9	5.6	12.2%
Sales turnover (RMB billion)	50.7	70.3	60.5	96.9	117.3	126.9	145.9	20.1%
Wholesale	36.0	53.7	43.9	70.6	85.2	100.2	108.8	20.1%
Retail	14.8	16.6	16.6	26.4	32.1	26.7	37.9	17.0%
Proportion of wholesale (%)	70.9	76.4	72.6	72.8	72.6	79.0	74.0	—
Average retail area per market (sq.m.)	25,054	26,722	28,153	33,956	37,787	37,075	31,818	4.1%
Average retail area per unit (sq.m.)	53.1	59.9	64.6	62.6	66.4	67.9	62.7	2.8%
Average sales turnover per rented stall (RMB million)	n/a	n/a	n/a	1.5	1.6	1.6	1.8	7.1%

Source: National Bureau of Statistics of China

Chongqing Municipality

	2005	2006	2007	2008	2009	2010	2011	CAGR
No. of markets	76	76	83	101	107	119	129	9.4%
No. of stalls	53,941	55,044	58,880	75,205	76,661	89,250	93,544	8.4%
No. of stalls rented at year-end				67,992	68,626	80,570	85,298	7.9%
Retail area (million sq.m.)	2.8	3.2	4.0	4.8	5.0	5.9	6.2	14.2%
Sales turnover (RMB billion)	68.3	77.1	93.9	130.3	158.3	245.8	298.7	29.2%
Wholesale	55.9	63.1	76.4	108.4	134.9	202.3	243.8	27.8%
Retail	12.5	14.0	17.5	21.8	23.4	43.5	54.8	27.9%
Proportion of wholesale (%)	81.8	81.9	81.3	83.2	85.2	82.3	81.6	—
Average retail area per market (sq.m.)	37,382	42,500	48,652	47,297	46,271	49,244	48,062	4.3%
Average retail area per unit (sq.m.)	52.7	58.7	68.6	70.3	72.1	72.7	66.3	3.9%
Average sales turnover per rented stall (RMB million)	n/a	n/a	n/a	1.9	2.3	3.1	3.5	22.3%

Source: National Bureau of Statistics of China

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Growth Drivers of Wholesale Markets in the PRC

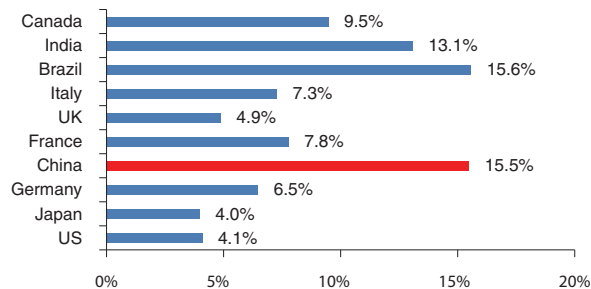
The Growth Potential of the Consumer Market in the PRC

According to data from the United Nations Statistics Division, in 2011, China was the third largest consumer market, based on household final consumption expenditure in the world, following the United States and Japan.

	Household final consumption expenditure (US\$ million)	GDP (US\$ million)	Consumer spending as % of GDP	% of world's consumer market
United States	10,729,000	14,991,300	71.6%	26.3%
Japan	3,540,647	5,870,357	60.3%	8.7%
China	2,524,608	7,203,784	35.0%	6.2%
Germany	2,068,046	3,604,061	57.4%	5.1%
France	1,600,399	2,775,518	57.7%	3.9%
United Kingdom	1,560,949	2,429,184	64.3%	3.8%
Brazil	1,494,169	2,476,651	60.3%	3.7%
Italy	1,346,989	2,195,938	61.3%	3.3%
India	1,063,162	1,897,608	56.0%	2.6%
Canada	993,020	1,736,869	57.2%	2.4%
World Total	40,776,758	70,201,920	58.1%	100%

Source: United Nations Statistics Division

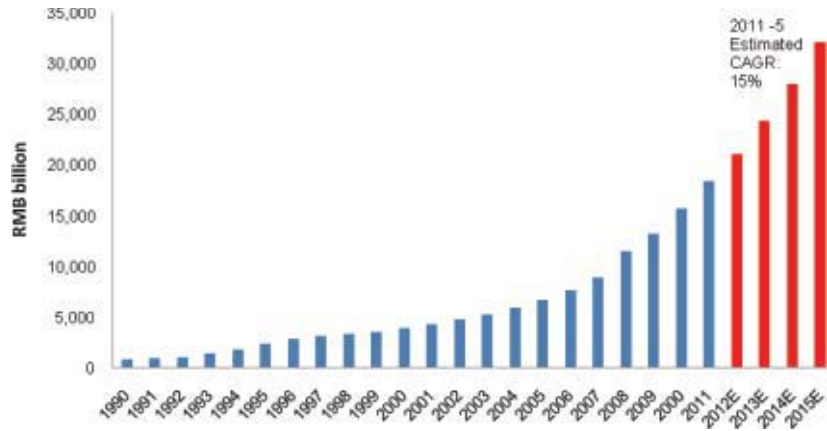
Consumer spending represented approximately 35.0% of China's GDP in 2011, which was the lowest as compared to the other top-10 countries and significantly lower than the world average of approximately 58.1%. In terms of consumption growth rate, however, China was ranked the second-highest among the top-10 countries at 15.5% from 2001 to 2011. The following chart sets forth the consumption growth rate of top-10 countries from 2001 to 2011:



Source: United Nations Statistics Division

In 2010, the Chinese government announced its commitment to stimulate domestic demand as a long-term strategic goal. The PRC government is committed to increasing its residents' disposable income by implementing initiatives such as increasing minimum wages, raising the threshold for income tax payments and establishing a well-developed social security system. These measures are expected to have a positive effect on domestic household consumption and consumer spending. According to the MOFCOM, total retail sales of consumer goods, a measurement which indicates the size of a domestic retail market and wholesale market, are expected to increase at a CAGR of 15% from 2011 to 2015, and to reach RMB32.0 trillion by the end of 2015.

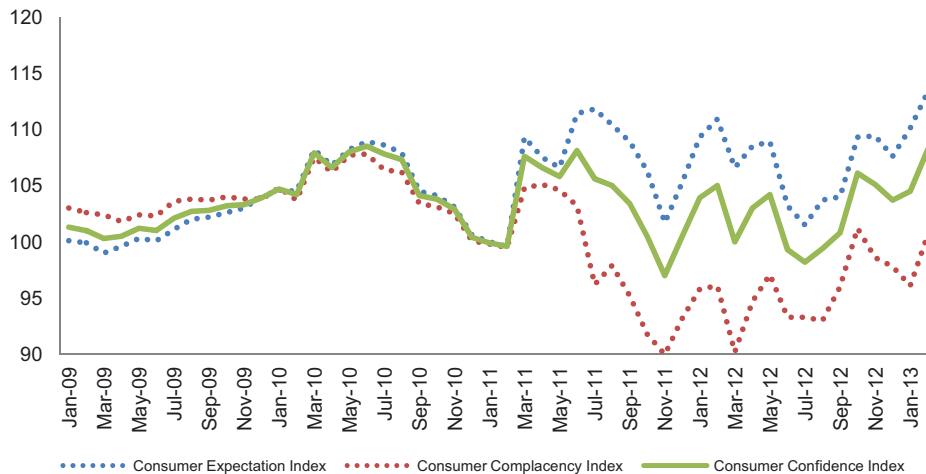
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Source: National Bureau of Statistics of China, MOFCOM

Recovering Consumer Confidence

China's consumer confidence index fluctuated in 2011 but has been mostly positive since the end of 2011. It rose to the highest level in 31 months in February 2013, which is a positive indicator for both retail and wholesale sectors.



Source: National Bureau of Statistics of China

Savills expects that wholesale markets will remain the most effective channel for the distribution of goods and products in China and the positive outlook of the wholesale and retail sectors will help accelerate the development of wholesale markets. Furthermore, wholesale markets featuring construction materials and decoration materials are expected to benefit from the PRC government's proposals in the 12th Five Year Guideline to build more affordable housing. As a result, it is expected that there will be a surge in demand for wholesale markets featuring construction materials and decorating materials.

PRC Government's Initiatives to Boost Domestic Consumption

The PRC government launched a RMB4.0 trillion stimulus program and a series of initiatives in 2009 to stimulate domestic consumption. A majority of these measures continued to be implemented after 2009. These stimulus measures mainly target the rural areas and selected sectors such as automobiles and home appliances. These measures are expected to continue to serve as a key growth driver of the wholesale and retail sectors, particularly in less-developed second- and third-tier cities.

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Growth of Online Retail

According to the China Internet Network Information Centre, as of December 31, 2012, there were a total of 564.0 million Internet users in China, with an Internet penetration rate of approximately 42.1%. The expanding Internet population in China has been a key growth driver for the online retail market. According to the MOFCOM, Chinese consumers spent RMB782.6 billion online in 2011, representing an increase of approximately 54.0% as compared to 2010. China is expected to become the world's largest e-commerce retail market at a total online shopping volume of approximately RMB5.9 trillion in 2013.

The growing trend of online shopping in recent years was, to a large extent, attributable to the growing number of price-sensitive consumers. This trend indicates that buyers are willing to shop across different platforms whereas wholesale markets can provide multiple sales platforms with auxiliary services, allowing wholesale markets to address the demand of this group of customers. While to a certain extent cannibalization does exist, Savills expects that online retail will remain to be a positive growth driver to wholesale markets in the near future, given that online retail constitutes only less than 4.2% of total retail sales in 2011. Savills expects a more positive growth to wholesale markets of the latest generation in which operators establish e-commerce platforms for traders and provide other auxiliary services on-site.

Outlook of Wholesale Markets in the PRC

Savills estimates that wholesale markets in China will continue to play an important role in China's economy. The sales turnover from wholesale markets increased approximately at a CAGR of 60.0% from 2008 to 2011 and reached RMB8.2 trillion as of 2011. Due to changes in consumer demand and employment of new technology and logistic techniques, the growth of wholesale markets primarily depends on product types and geographic locations.

Eastern Region

The eastern region, including the provinces of Jiangsu, Shandong and Zhejiang, comprises the backbone of the national industry. As of 2011, the eastern region markets accounted for 70.1% of all transactions in the nationwide markets. The growth of eastern region markets remained stable in the past four years.

Among all categories of products sold at specialized wholesale markets, capital goods, which are objects used in the production of other goods, are the leaders in terms of transaction amount. In addition, the market for furniture, hardware and decorating materials has shown a rapid growth. From 2008 to 2011, the sales turnover from such market increased at a CAGR of 22.4% and reached RMB310.0 million as of 2011. Due to convenient access to the seaports in the eastern region and the shortage of affordable housing for Chinese people, these products are projected to keep a dominant position in the wholesale markets in the eastern region.

Northeastern Region

The northeastern region has primarily relied on heavy industry as its economic base. Although the number of wholesale markets remained stable from 2008 to 2011, total sales turnover increased at a CAGR of 14.8% and reached RMB537.7 million as of 2011, in which the sales growth rate of integrated markets outpaced that of specialized markets. Savills believes that in the next few years, the wholesale market industry will continue to experience growing sales, but such growth will not be spread uniformly across all classes of goods.

Similar to the eastern region, sales of capital goods ranked at the top of total turnover of specialized wholesale markets, which comprised roughly 25.2% of all wholesale market transactions in the region. Moreover, the proportion of sales of capital goods remained stable over the past few

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years. Savills estimates that growth in sales of this category will remain fairly steady in the coming years. In addition, in the period of 2008 to 2011, automobiles, agricultural products and medical supplies were the top-three fast-growing segments, increasing at a CAGR of 29.9%, 25.5% and 24.1%, respectively, which demonstrated the demands of middle-class Chinese citizens.

Central Region

The central region has shown a rising economy in the past four years. From 2008 to 2011, the sales turnover of wholesale markets grew at a CAGR of 18.5% and reached RMB998.4 million as of 2011. As the growth in sales was significantly outpaced by the growth in retail, expansion of retail space will be expected in the near future.

Similar to the other regions, sales of capital goods ranked at the top of total turnover of specialized wholesale markets, which comprised roughly 17.8% of all wholesale market transactions in the region. Demand for medical supplies, electronics, furniture, hardware and motor vehicles increased at a CAGR of more than 20.0% from 2008 to 2011. Although these goods only accounted for 24.0% of all sales turnovers of the wholesale markets, Savills believes that they are leading the way in driving the growth of overall sales and will continue to be a growth driver for the region's markets because local residents are eager to have their first car and house and the latest electronic gadgets.

Western Region

The total turnover of wholesale markets in the western region increased at a CAGR of 21.3% from 2008 to 2011 and reached RMB912.8 million as of 2011, during which period the turnover of specialized wholesale markets increased at a CAGR of 22.0%. Savills estimates that the western region possesses the greatest growth potential in the coming years.

Capital goods and agricultural goods ranked as the top two in sales amount from 2008 to 2011. However, sales of electronics, daily household items, motor vehicles, and medical supplies increased significantly during the same period. With the development of the economy in the western region, some goods have become more affordable for average citizens and demand for these goods is projected to continue to increase in the next decade.

Competition

The wholesale markets are highly fragmented while specialized wholesale markets have emerged as a dominant market format. In addition, wholesale markets have tended to be large-scale and integrated, with more professionalized features characterized by provision of a varied range of services, such as logistics, tourism, financing, real estate and other auxiliary services that aim to support wholesalers' and buyers' transaction of business in some mega-sized wholesale markets. Developers and operators of specialized wholesale markets are predominantly government-related entities and most of them operate within a single city. Over time, these markets gradually formed market clusters. A limited number of these market clusters, such as Zhejiang China Commodities City Group Co., Ltd. and Haining China Leather Market Co., Ltd., are expanding to other cities. While a large number of private developers have entered into this market, only a small number of private developers have established a regional or national footprint.

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The following table sets forth the top-10 developers and operators of wholesale markets in terms of total GFA in China as of December 31, 2012:

Ranking	Company	Property	Provinces	Cities	Total GFA (sq. m.)
1	China South City Holdings Limited 華南城控股有限公司	Various	Shenzhen Jiangxi Guangxi Shaanxi Guangdong Heilongjiang	Shenzhen Nanchang Nanning Xian Heyuan Harbin	Approx 4,600,000
2	Zhejiang China Commodities City Group Co., Ltd. 浙江中國小商品城集團股份有限公司	Yiwu China Commodities City 義烏中國小商品城	Zhejiang	Jinhua	Approx 4,000,000
3	Wuzhou International Holdings Limited 五洲國際集團有限公司	Various	Jiangsu Shandong Hubei Chongqing Yunnan	Wuxi Yancheng Leling Yantai Xiangyang Chongqing Dali	Approx 3,700,000
4	Zall Development Group Ltd. 卓爾發展有限公司	North Hankou International Commodity Exchange Center 漢口北國際商品交易中心	Hubei	Wuhan	Approx 3,200,000
5	Yunnan Zhonghao Real Estate Co., Ltd. 雲南中豪置業有限責任公司	Kunming Luosiwang International Trade City 昆明螺螄灣國際商貿城	Yunnan	Kunming	Approx 3,000,000
6	Changshu Apparel City Group Co., Ltd. 常熟服裝城集團有限公司	Changshu Apparel City 常熟服裝城	Jiangsu	Changshu	Approx 3,000,000
7	Guangxi Gui Jia Hui Real Estate Group Ltd. 廣西桂嘉匯房地產集團有限公司	Da Jia Hui ASEAN Construction and Furniture City 大嘉匯•東盟建材家居城	Guangxi	Nanning	Approx 3,000,000
8	Zhejiang China Light & Textile Industrial City Group Co. Ltd. 浙江中國輕紡城集團股份有限公司	China Light & Textile Industrial City 中國輕紡城	Zhejiang	Shaoxing	Approx 2,840,000

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Ranking	Company	Property	Province	Cities	Total GFA (sq. m.)
9	Yifeng Group 億豐企業集團	Various			Approx 2,803,000
10	Haining China Leather Market Co., Ltd. 海寧中國皮革城股份有限公司	Various	Zhejiang Liaoning Henan Beijing Sichuan Jiangsu	Jiaxing Tongerbao Xinxiang Beijing Chengdu Shuyang	Approx 2,623,000

The following table sets forth the top-10 developers and operators of wholesale markets in terms of the total number of projects in China as of December 31, 2012:

Ranking	Company	Provinces	Total No. of properties
1	Ganglong 港龍控股集團	Jiangsu Zhejiang Liaoning	17
2	Yifeng Enterprise Group 億豐企業集團	Anhui Shandong Jiangsu Hubei Shanghai Zhejiang	13
3	Wuzhou International Holdings Limited 五洲國際集團有限公司	Jiangsu Chongqing Yunnan Shandong Hubei	10
4	China South City Holdings Ltd. 華南城控股有限公司	Shenzhen Guangdong Guangxi Jiangxi Shaanxi Heilongjiang	6
5	Haining Zhongguo Leather City 海寧中國皮革城	Zhejiang Henan Beijing Sichuan Liaoning	6
6	Hydoo Group	Hunan Sichuan Shandong Jiangxi Guangxi	6
7	Hangzhou Zhonglun Holding Group 杭州中倫控股集團	Jiangsu Inner Mongolia Anhui Jilin	4

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Ranking	Company	Province	Total No. of Properties
8	Xinjiang Hualing Trade and Industry (Group) Limited 新疆華凌工貿（集團）有限公司	Xinjiang Inner Mongolia	4
9	Nanxiang Wanshang (Anhui) Logistics Industry Co., Ltd. 南翔萬商（安徽）物流產業股份有限公司	Hunan Gansu	3
10	Zhejiang China Science and Hardware City Group Co., Ltd. 浙江中國科技五金城集團有限公司	Zhejiang Liaoning	2

Note:

Findings of the Savills Wholesale Market Mall Survey are prepared based on the following assumptions and methodologies:

- (i) The top-10 wholesale market developers and operators are measured and ranked in terms of the aggregate GFA of wholesale market projects completed, under development or held for future development as of December 31, 2012.
- (ii) Wholesale markets refer to specialized wholesale market as classified by the National Bureau of Statistics of China, as to the specific products group these specialized wholesale markets carried: clothing, shoes and headgear; food, beverage and tobacco; metal; building materials; pharmaceuticals and medical equipment; furniture; and small commodities. These specialized wholesale markets have evolved to become mostly large-scale integrated projects which provide different functions and ancillary services and facilities such as wholesale marts, logistics and storage facilities for merchandise, office and accommodation facilities, hotels, food and beverage and dining services, exhibition halls and arenas, and car parking facilities for traders and buyers. These functions are integrated to the extent that they should be treated as a whole and, in this survey, total GFA shall cover the aggregate floor space of all these functional areas within a project or development and shall not be restricted to the trading area of specialized wholesale markets as sometimes employed by the National Bureau of Statistics of China.
- (iii) Data for multi-functional commercial complexes are obtained and derived from (1) property listings from China Real Estate Information Corporation (“CRIC”) and China Real Estate Index System (“CREIS”), (2) company annual reports and announcements, and other public information available on the Internet, (3) Savills’ proprietary data on specialized wholesale markets.

MULTI-FUNCTIONAL COMMERCIAL COMPLEXES IN THE PRC

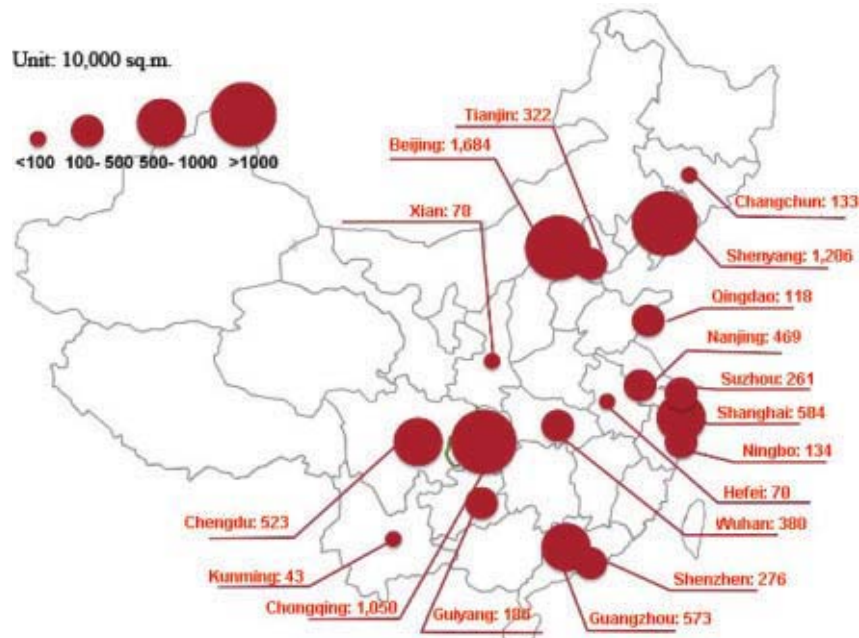
Overview

Multi-functional commercial complexes are mixed-use developments with added elements. Savills defines multi-functional commercial complex as a real estate development project which has an integration or combination of at least three of the following functions: retail, office, residential, hotel, recreation and other functions, with an aggregate area exceeding 100,000 sq.m.

According to a survey on 18 first- and second-tier cities in China conducted by CRIC, as of December 2011, the total size of multi-functional commercial complexes in these 18 cities reached 84.8 million sq.m., and the number of multi-functional commercial complexes reached 210.

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The following map sets forth the distribution and size of multi-functional commercial complexes as of December 2011 in 18 selected cities in China.



Source: CRIC

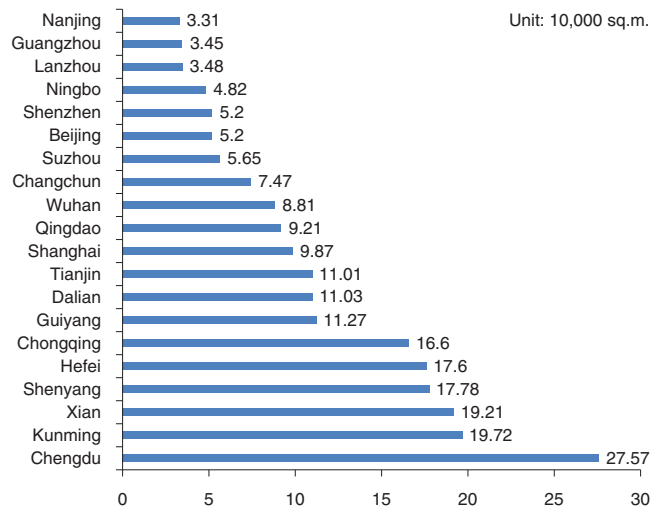
The survey by CRIC also indicated that, in terms of total GFA, 50.0% of the multi-functional commercial complexes are located in newly developed city districts, whereas only 17.2% are situated in the core or downtown areas of a city. In addition, approximately 56.9% of the multi-functional commercial complexes are situated with convenient transportation, such as metro or light rail. The development of multi-functional commercial complexes has been, and is expected to continue to be, dependent upon the availability and provision of a well-planned transportation network, and the rapid development of China's metro and rail plan in the next 10 years is expected to facilitate the development of multi-functional commercial complexes.

According to another survey conducted by CRIC on 20 major cities in China, multi-functional commercial complexes will experience exponential growth through 2015. It is estimated that the total number of multi-functional commercial complexes in those 20 major cities will increase from 131 in 2010 to 330 in 2015, and the total GFA of multi-functional commercial complexes will increase to 164.4 million sq.m. in 2015.

New multi-functional commercial complexes are expected to be concentrated in the central and western regions of China. Chengdu is expected to experience the highest growth rate with an additional 27.6 million sq.m. of multi-functional commercial complexes to be completed by 2015.

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The following chart sets forth the estimated supply of multi-functional commercial complexes in the next three to five years:



Source: CRIC

Commercial Complexes in the Yangtze River Delta Area

Despite the affluence of the population and the rapid economic development within the Yangtze River Delta Area, development of multi-functional commercial complexes came relatively late except in Shanghai, where large-scale mixed-use property developments commenced in the late 1990s. According to Savills, although there are no official statistics about the total size of this market, it is estimated that total GFA of multi-functional commercial complexes in the Yangtze River Delta Area reached approximately 25 million sq.m. as of 2011, with the majority of these projects located in Shanghai, Nanjing, Wuxi, Suzhou, Hangzhou and Ningbo. In the 16 major cities of the Yangtze River Delta Area, multi-functional commercial complexes are rare as these cities are predominantly occupied by traditional retail venues such as department stores, supermarkets, neighborhood shopping malls or stand-alone office buildings.

The major breakthrough of multi-functional commercial complexes in the Yangtze River Delta Area can be traced back to established brands such as Raffles City and Plaza 66 in Shanghai, and the opening of the MixC in Hangzhou in 2009. These successful projects increased the confidence of developers to replicate the model in the untapped second- and third-tier cities in the Yangtze River Delta Area, which have the highest urbanization rate and most affluent population in China, intensive construction of infrastructure and convenient transportation facilities. The cities with metro rails in operation or under construction, such as Shanghai, Nanjing, Suzhou, Hangzhou, Wuxi and Ningbo, have advantages for the development of multi-functional commercial complexes and the developers can easily penetrate into those county-level cities or new city districts in suburban areas.

Growth Drivers of Commercial Complexes in the PRC

Accelerating Urbanization in China

China's urbanization rate was 47% in 2010, according to the Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, which was lower than most developed countries in the world. According to the National Bureau of Statistics, by the end of 2012, China had a total urban population of 711.8 million, or 52.6% of the total population, compared to 26% in 1990. China's urbanization rate is expected to accelerate by 1% every year for the next 20 years. As projected by the China Centre for International Economic Exchanges ("CCIEE"), China's urbanization rate will reach 57% in 2020, and approximately 70% by the end of 2030. The 12th Five Year Plan continues to support urbanization across the country.

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CCIEE estimates that when one rural resident moves to an urban area, such move will lead to an investment of approximately RMB100,000 on infrastructure construction and public services. According to the Ministry of Housing and Urban-Rural Development, from 2010 to 2025, 300 million rural residents will move into cities and, thus, will lead to investments of at least RMB1 trillion on infrastructure construction and public services. In the next 15 years, approximately 240 million rural residents are expected to move into emerging cities. The accelerating urbanization will stimulate economic growth, as well as create demand for better quality housing and lifestyle amenities in emerging cities.

Higher Disposable Income Levels of Urban and Rural Households

China's economic growth has resulted in increasingly higher disposable income, which in turn has driven the growth in consumer demand for goods and services. Disposable income levels have increased rapidly in tandem with the rapid growth of the overall Chinese economy. While disposable incomes of rural households have increased in past years, such households' growth rate is much lower than that of the urban households. The PRC government is committed to reducing the income gap between urban and rural workers. The 12th Five Year Plan proposes to increase the minimum wage levels and extend the coverage of social welfare and health care systems. It is expected that wages will continue to increase by a CAGR of 13% annually through 2015.

Continuous Growth of the Retail Market and Household Consumption

Retail sales of consumer goods experienced rapid growth in the past 20 years. The total sales value increased to RMB21 trillion in 2012, as compared to RMB830 billion in 1990. It is expected that further growth in the retail market will arise from second-tier cities in central and southwestern China as there is more space for expansion, compared to well-established eastern coastal regions.

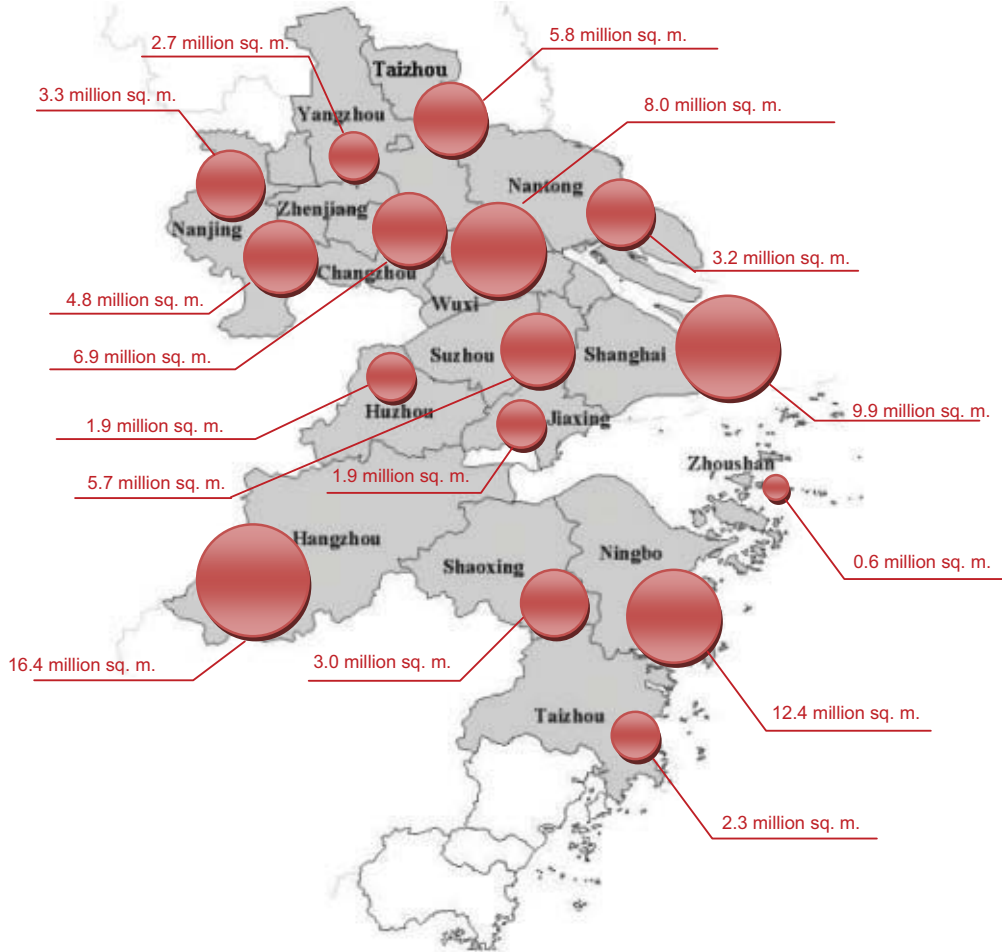
The Economist Intelligence Unit ("EIU"), forecasts that retail sales in China will experience strong growth at an average rate of 10.2% per year from 2012 to 2016. EIU forecasts further that retail sales will be supported by the PRC government's efforts to encourage consumption.

Outlook of Commercial Complexes in the Yangtze River Delta Area

Savills estimates that the supply of multi-functional commercial complexes in the Yangtze River Delta Area will experience an exponential growth, with a total GFA of multi-functional commercial complexes exceeding 89 million sq.m. in the next three years by the end of 2015, and the total number of new multi-functional commercial complexes will exceed 240 by the end of 2015.

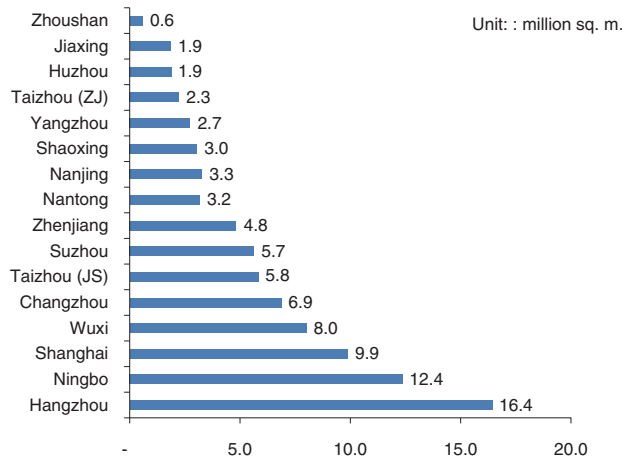
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The following diagram sets forth the expected multi-functional commercial complexes to be completed within the next three years in the 16 major cities of Yangtze River Delta Area:



Source: various sources, compiled by Savills

The following chart sets forth the estimated supply of multi-functional commercial complexes in the Yangtze River Delta Area by the end of 2015:



Source: various sources, compiled by Savills

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Competition

The multi-functional commercial complexes market in China is highly competitive. A small number of developers and operators, such as Dalian Wanda Commercial Properties Co., Ltd., China Resources Land Limited and COFCO Properties, are operating on a national scale, while most of the other players are operating in a single city or region. Many real estate developers are actively involved in the development and operation of multi-functional commercial complexes in different provinces. Some large-scale national and regional property developers have also entered into certain second- and third-tier cities.

Competition is based on a broad range of factors, including location, facilities, pricing, service quality and brand recognition. In general, large-scale national or regional developers have competitive advantages in all of these areas.

According to Savills, there are at least over 300 market players engaging in the development of multi-functional commercial complexes in the Yangtze River Delta Area. While the market seems to be fragmented and highly competitive, the top-20 developers occupy approximately 70% of the market share in terms of total completed and planned GFA.

The following table sets forth the top-20 developers and operators of multi-functional commercial complexes in the Yangtze River Delta Area in terms of total GFA as of December 31, 2012:

Ranking	Company	Total GFA (sq. m.)
1	China Greenland Group 中國綠地集團	Approx 15,930,000
2	Dalian Wanda Commercial Properties Co., Ltd. 大連萬達商業地產股份有限公司	Approx 9,954,000
3	Shimao Property Holdings Limited 世茂房地產控股有限公司	Approx 5,270,000
4	Golden Eagle Group Limited 金鷹國際集團	Approx 4,501,000
5	Powerlong Real Estate Holdings Limited 寶龍地產控股有限公司	Approx 2,722,000
6	China Resources Land Limited 華潤置地有限公司	Approx 2,579,000
7	Sunshine 100 Real Estate Group 陽光100置業集團	Approx 2,350,000
8	Suning Estate Group 蘇寧置業	Approx 2,329,000
9	Mingfa Group (International) Co., Ltd. 明發集團(國際)有限公司	Approx 2,001,000
10	Suzhou Industrial Park Jinji Lake Urban Development Co., Ltd. 蘇州工業園區金雞湖城市發展有限公司	Approx 1,820,000
11	Wuzhou International Holdings Limited 五洲國際集團有限公司	Approx 1,790,000
12	China Yintai Holdings Co., Ltd. 中國銀泰投資有限公司	Approx 1,731,000
13	Henderson Land Development Co., Ltd. 恒基兆業地產有限公司	Approx 1,600,000
14	SHK Properties Ltd. 新鴻基地產集團有限公司	Approx 1,541,000

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Ranking	Company	Total GFA (sq. m.)
15	CapitaLand China Holdings Limited 凱德置地中國有限公司	Approx 1,508,000
16	The Wharf (Holdings) Ltd. 九龍倉集團	Approx 1,341,000
17	CITIC Pacific Limited 中信泰富有限公司	Approx 1,385,000
18	Suzhou Harmony Development Group Co., Ltd. 蘇州圓融發展集團有限公司	Approx 1,138,000
19	KWG Property Holding Limited 合景泰富地產控股有限公司	Approx 1,000,000
20	Hang Lung Properties Limited 恒隆地產發展有限公司	Approx 861,000

Note:

Findings of the Savills Yangtze River Delta Area Survey are prepared based on the following assumptions and methodologies:

- (i) The top-20 multi-functional commercial complexes developers and operators are measured and ranked in terms of the aggregate GFA of multi-functional commercial complex projects developed, under development or held for future development as of December 31, 2012.
- (ii) 'Multi-functional commercial complexes' refers to real estate development projects in the form of mixed-use developments with more than three designated uses, with a total GFA of not less than 100,000 sq.m. Development projects in the form of single block retail schemes (shopping malls or community shopping centers) or commercial shopping streets (open or enclosed retail shop spaces) do not count as multi-functional commercial complexes for this purpose.
- (iii) Data for multi-functional commercial complexes are obtained and derived from (1) property listings from CRIC and CREIS, (2) company annual reports and announcements, and other public information available on the Internet, and (3) Savills' proprietary data on multi-functional commercial complexes.
- (iv) In 2010, Savills adopted the State Council's geographical definition of the Yangtze River Delta Area, which includes Shanghai Municipality; Nanjing, Suzhou, Wuxi, Changzhou, Zhenjiang, Nantong, Yangzhou and Taizhou in Jiangsu Province; and Hangzhou, Ningbo, Huzhou, Jiaxing, Shaoxing, Zhoushan and Taizhou in Zhejiang Province, or 16 cities in aggregate.

The multi-functional commercial complexes market in Jiangsu Province is highly competitive, especially in some key cities, such as Nanjing, Suzhou and Wuxi. These cities are the most affluent in Jiangsu Province and in China, having a strong base in economic and industrial development. In addition, Nanjing and Suzhou are currently the only two cities in Jiangsu Province with metro rail in operation, while Wuxi is expected to construct metro rail in 2014. It is estimated that the investment in and construction of multi-functional commercial complexes will experience rapid growth due to the improvement of the transportation network as well as supportive government policies.

In particular, the multi-functional commercial complexes market in Wuxi is expected to experience rapid growth, to reach over 30 projects by 2015, with a total GFA of new projects exceeding 8 million sq.m.

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The following table sets forth the top-10 developers and operators in multi-functional complexes in the Yangtze River Delta Area in terms of the total number of projects as of December 31, 2012:

Ranking	Name of Company	Location	No of Properties
1	China Greenland Group 中國綠地集團	Shanghai Suzhou Kunshan Jiaxing Zhenjiang Lianyungang Nanjing Yangzhou Xuzhou	22
1	Dalian Wanda Commercial Properties Co., Ltd. 大連萬達商業地產股份有限公司	Ningbo Shaoxing Wenzhou Shanghai Suzhou Wuxi Huaian Zhenjiang Nanjing Taizhou Changzhou Jiangyin Taicang Yixing Xuzhou	22
3	Wuzhou International Holdings Limited 五洲國際集團有限公司	Wuxi Hangzhou Jiangyin Yancheng Huaian Nantong	13
4	Golden Eagle Group Limited 金鷹國際集團	Nanjing Taizhou Kunshan Yancheng Lianyungang Shanghai	11
5	Powerlong Real Estate Holdings Limited 寶龍地產控股有限公司	Wuxi Yancheng Yangzhou Zhenjiang Suzhou Changzhou Shanghai Hangzhou	11

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Ranking	Name of Company	Location	No. of Properties
6	Suning Estate Group 蘇寧置業	Wuxi Nanjing Lianyungang Xuzhou Shanghai Huaian Zhenjiang Suqian	10
7	CapitaLand China Holdings Limited 凱德置地中國有限公司	Shanghai Hangzhou Suzhou	7
8	China Resources Land Limited 華潤置地有限公司	Wuxi Taizhou Changzhou Ningbo Hangzhou Shanghai	6
9	Mingfa Group (International) Co., Ltd. 明發集團(國際)有限公司	Nanjing Wuxi Yangzhou Zhenjiang	6
10	China Yintai Holdings Co. Ltd. 中國銀泰投資有限公司	Hangzhou Ningbo Taizhou	6

Note:

The Savills findings are prepared upon the following assumptions and methodologies:

- (i) The top-10 multi-functional commercial complex developers and operators are measured and ranked in terms of the aggregate number of multi-functional commercial complex projects completed, under development or held for future development as of December 31, 2012.
- (ii) 'Multi-functional commercial complexes' refers to real estate development projects in the form of mixed-use developments with more than three designated uses, but without any area specification, which will include projects that have been completed with a smaller size and scale. Development projects in the form of single block retail schemes (shopping malls or community shopping centers, etc.) or commercial shopping streets (open or enclosed retail shop spaces) do not count as multi-functional commercial complexes for this purpose.
- (iii) Data for multi-functional commercial complexes are obtained and derived from (1) property listings and databanks from CRIC and CREIS, (2) company annual reports and announcements, and other public information available from the web, and (3) Savills' proprietary data on multi-functional commercial complexes.
- (iv) In 2010, Savills adopted the State Council's geographical definition of the Yangtze River Delta Area, which includes Shanghai Municipality; Nanjing, Suzhou, Wuxi, Changzhou, Zhenjiang, Nantong, Yangzhou, and Taizhou in Jiangsu Province; and Hangzhou, Ningbo, Huzhou, Jiaying, Shaoxing, Zhoushan, and Taizhou in Zhejiang Province, or 16 cities and locations in aggregate.

PRICES OF CONSTRUCTION MATERIALS AND OTHER RAW MATERIALS

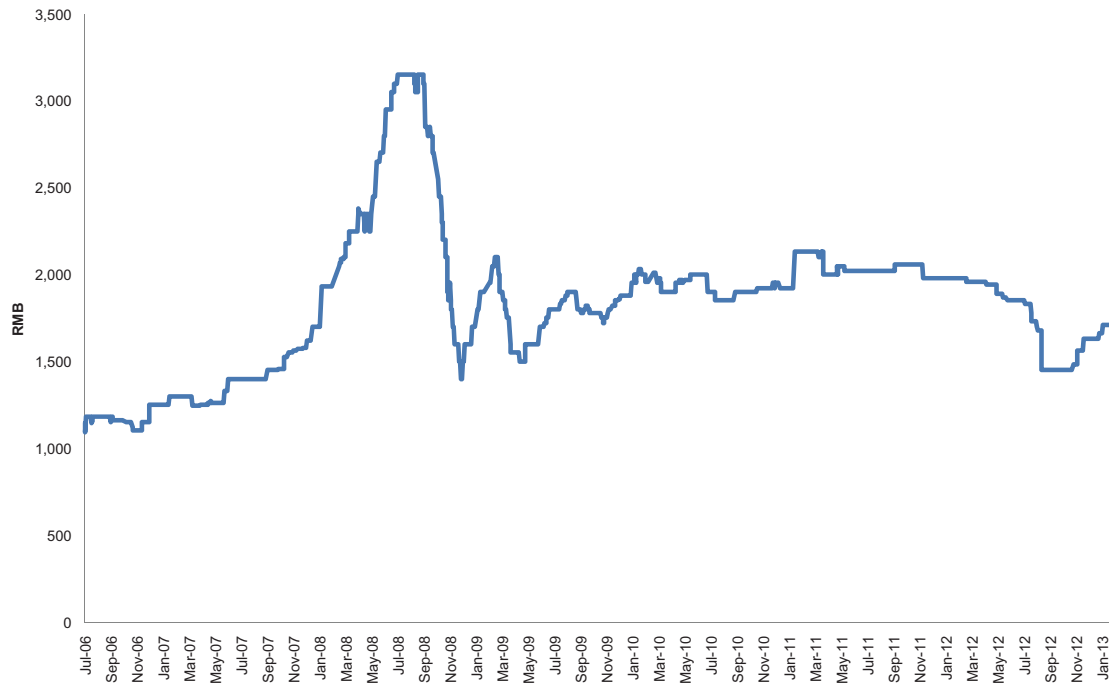
According to Savills, prices of construction materials, such as steel, and other raw materials, such as coking coal, reached historical highs in August 2008.

The coking coal price decreased during the period from August 2008 to October 2012. The price has rebounded since November 2012. As of January 2013, the price of coking coal was approximately 54.3% of its historical high price reached in August 2008.

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The following chart sets forth the coking coal price (RMB per tonne) in China from July 2006 to January 2013:

Coking Coal Price in China, July 2006 to January 2013

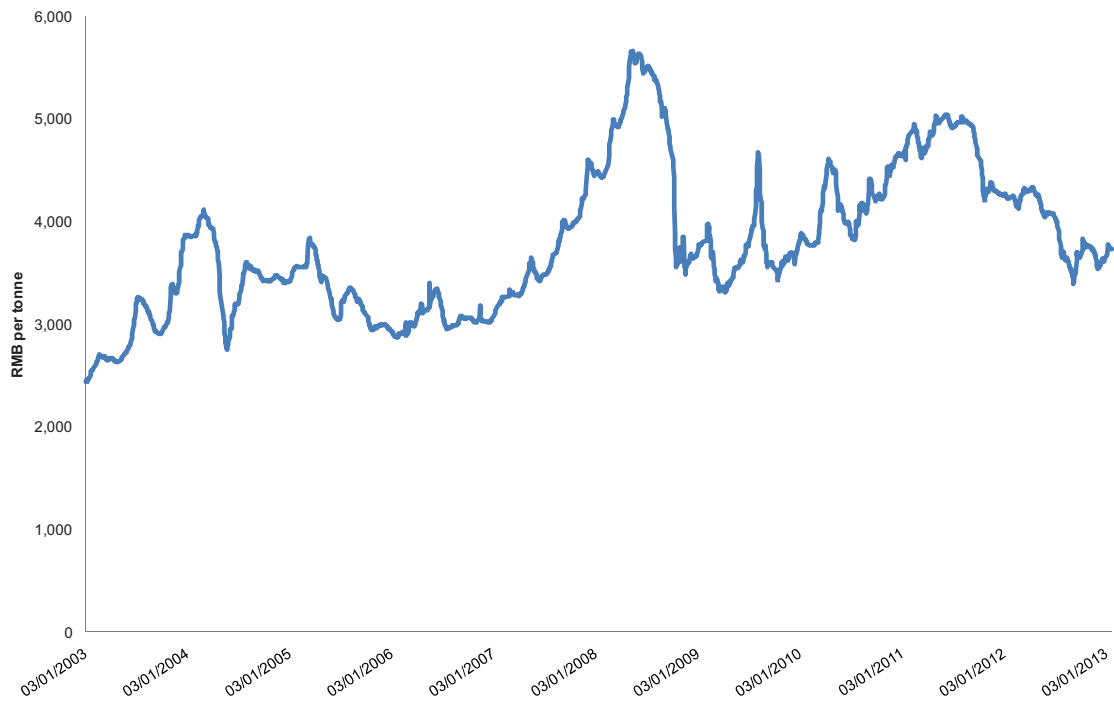


Source: Bloomberg. 'Coking coal price' refers to the spot price for coke traded in Shanghai, with specifications of over 83% carbon, ash content less than 13%, sulphur less than 0.7%, and moisture content less than 8%. Prices include VAT.

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Steel price in China is highly volatile and is correlated with the price of coking coal, the raw material used in steel production. As of January, 2013, steel price was approximately 66.2% of its historical high reached in June 2008. The following chart sets forth steel price (RMB per tonne) in China from January 2003 to January 2013:

Steel Price in China, January 2003 to January 2013



Source: Bloomberg. 'Steel Price' refers to the spot average price in China for 25 mm steel rebar, most commonly used in the construction industry for dwellings and houses.

According to Savills, steel price decreased moderately in 2012. Prices of other construction materials, such as cement, concrete and tempered glass, as well as labor costs, however, remained relatively flat in 2012. Savills expects that overall construction costs in 2013 will remain at the same level as in 2012 and, therefore, will not have a material adverse impact on real estate developers in China.