

INDUSTRY OVERVIEW

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KEY DRIVERS OF THE PRC REAL ESTATE INDUSTRY

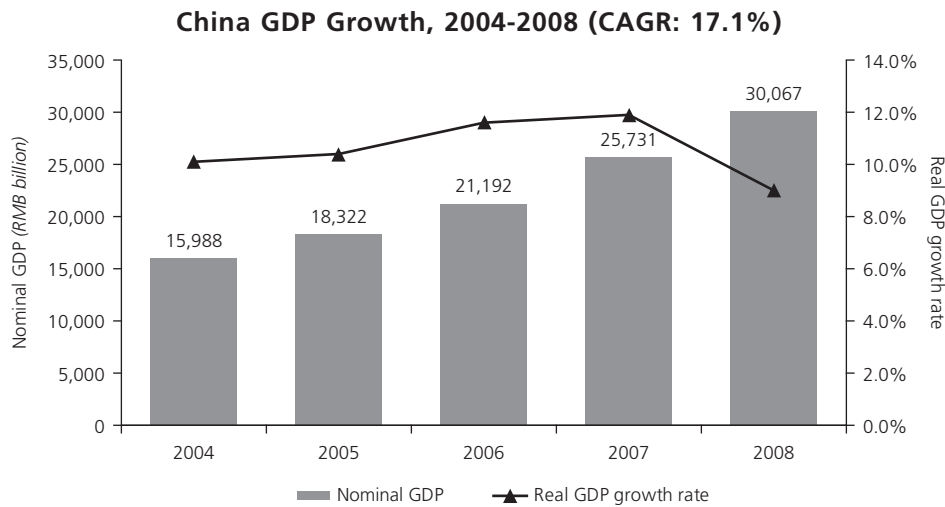
We believe the development of the PRC real estate industry is affected by a number of key drivers, including the following:

- economic growth;
- PRC Government's real estate policies;
- urbanization; and
- availability of residential mortgages.

Economic growth

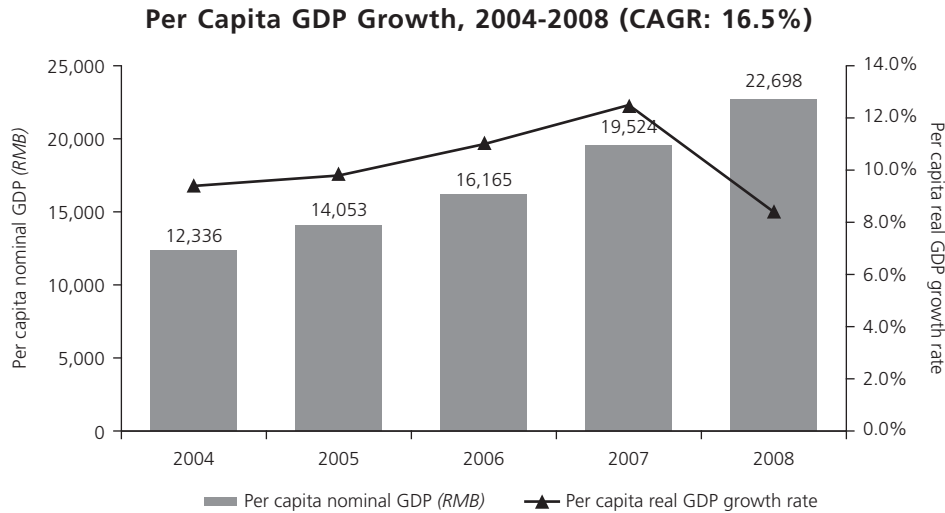
The PRC economy has grown significantly since the PRC Government introduced economic reforms in the late 1970s. China's accession to the World Trade Organization in 2001 has further accelerated the reform of the PRC economy. China's nominal GDP has increased at a CAGR of approximately 17.1% from approximately RMB15,988 billion in 2004 to approximately RMB30,067 billion in 2008, making China one of the fastest growing economies in the world. During each of the years from 2004 to 2007, China's real GDP recorded double-digit growth.

The charts below set forth selected economic indicators of the PRC for the years indicated.



Source: National Bureau of Statistics of China

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Source: National Bureau of Statistics of China

The cities in which we operate our property development business, namely, Tianjin, Beijing, Chongqing, Wuxi and Suzhou, have experienced higher growth than the national average. On average, per capita GDP of our target cities in 2008 was approximately 178.8% higher than the national average, and GDP of our target cities grew at an average CAGR of approximately 17.4% from 2004 to 2008, as compared to the national average CAGR of 17.1%.

The global economic crisis that began in 2008 caused a slowdown in the global capital and credit markets as well as the world economy. This in turn affected the domestic market in the PRC, including our target cities. In view of the impact of the global economic crisis on the PRC economy, the PRC Government launched a RMB4 trillion economic stimulus plan in November 2008. The funds were targeted to be used to finance programs in areas such as basic infrastructure and residential housing over the following two years. Since the inception of the economic stimulus plan, the PRC stock market has shown signs of recovery. Stock prices of companies in sectors such as real estate, construction, raw materials, machinery and energy have generally increased. In addition, the economic stimulus plan has had a positive impact on domestic consumption and demand in the PRC, and the year-on-year real GDP growth reached 7.1% for the second quarter of 2009, according to the National Bureau of Statistics of China.

PRC Government's real estate policies

Real estate reforms in the PRC did not commence until the 1990s, prior to which the PRC property sector was part of the PRC's centrally planned economic system. In the 1990s, China's property sector began its transition to a market-based system. A brief timeline of the key real estate reforms and the changes in government policies during 1988 to 2009 is as follows:

- 1988 The PRC Government amended the Constitution of the PRC to permit the transfer of state-owned land use rights.

- 1992 Public housing sales in major cities commenced.

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- 1994 The PRC Government implemented further reforms and established an employer/employee-funded housing fund.
- 1995 The PRC Government issued regulations on the sales and pre-sales of real estate, establishing a regulatory framework for property sales.
- 1998 The PRC Government abolished the policy on state-allocated housing.
- 1999 The PRC Government extended the maximum mortgage term to 30 years.
- The PRC Government increased maximum mortgage financing from 70% to 80%.
- The PRC Government formalized procedures for the sale of real estate properties in the secondary market.
- 2000 The PRC Government issued regulations to standardize the quality of construction projects, establishing a framework for administering construction quality.
- 2001 The PRC Government issued regulations relating to the sales of commodity properties.
- 2002 The PRC Government promulgated the Regulation on the Grant of State-Owned Land Use Rights by Way of Tender, Auction or Listing-for-Sale and eliminated the dual system for domestic and overseas home buyers in China.
- 2003 The PRC Government promulgated rules for more stringent administration of property loans with a view to reducing the credit and systemic risks associated with such loans.
- The State Council issued a notice for sustained and healthy development of the property market.
- 2004 The State Council issued a notice requiring property developers to finance 35% rather than 20% of the total projected capital outlay of any property development projects (excluding ordinary standard residences).
- The Ministry of Construction amended the Administrative Measures on the Pre-sales of Commodity Properties in Cities to institute a permit system for the pre-sales of commodity properties.

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- 2005 The PRC Government instituted additional measures to discourage speculative activities in the property market and maintain an adequate supply, including:
- increasing the minimum required down payment to 30% of the total purchase price; and
 - imposing a business tax of 5% for sales within two years of purchase.
- 2006 The PRC Government instituted additional measures aimed at guiding and promoting the sustainable and healthy development of the property sector in China through adjusting the housing supply structure, curbing increasing housing prices and regulating foreign investment, including:
- requiring that a foreign investor making real estate investments in the PRC must establish a foreign-invested enterprise (“FIE”) and if its investment is over US\$10 million, the registered capital of the FIE must be at least 50% of the total investment amount; and
 - prohibiting a foreign-invested property developer from obtaining loans (domestic or overseas) unless its registered capital has been fully paid up, the Land Use Right Certificate has been obtained or at least 35% of the total project investment has been funded.
- 2007 In May 2007, the MOFCOM and SAFE issued the Notice on Strengthening and Regulating the Examination, Approval and Supervision of Foreign Direct Investment in the Real Estate Industry (《商務部、國家外匯管理局關於進一步加強、規範外商直接投資房地產業審批和監管的通知》) (“Circular No. 50”).
- In September 2007, the PBOC and the CBRC jointly issued the Notice on Strengthening the Administration of Commercial Real Estate Credit Loans (《中國人民銀行、中國銀行業監督管理委員會關於加強商業性房地產信貸管理的通知》) to further regulate the management of credit loans for commercial real estate.
- 2008 The State Council issued the Notice on Promoting the Saving and Intensive Use of Land (《國務院關於促進節約集約用地的通知》).
- In October 2008, the Ministry of Finance and State Administration of Taxation issued the Notice on the Adjustments to Taxation on Real Estate Transactions (《財政部國家稅務總局關於調整房地產交易環節稅收政策的通知》) to encourage the first-time purchases of ordinary residential properties.
- In October 2008, the PBOC issued the Notice on Extending the Downward Movement of Interest Rates for Loans for Residential Premises of a Commercial Nature for Individuals in Support of First-time Purchase of Ordinary Residential Premises by Residents (《中國人民銀行關於擴大商業性個人住房貸款利率下浮幅度等有關問題的通知》).

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2009 In May 2009, the State Counsel issued the Notice on Adjusting the Proportions of Registered Capital in Fixed Asset Investment Projects (《國務院關於調整固定資產投資項目資本金比例的通知》) to stimulate the development of the PRC real estate industry. These measures include:

- lowering the minimum capital ratio for ordinary residential property development projects and social security housing development projects from 35% to 20%; and
- lowering the minimum capital ratio for any other project development projects (e.g., commercial property and high-end housing projects) from 35% to 30%.

Since November 2008, the local governments in our target cities have issued various regulations in response to the guidelines issued by the PRC central government to boost consumption and economic growth, as well as to maintain the healthy development of local property markets.

Tianjin

On June 13, 2009, seven government authorities in Tianjin, including the urban development and transportation committees, issued the Several Opinions on Promoting the Sound Development of the Real Estate Market (《關於促進我市房地產市場健康發展若干意見的通知》) to support reasonable consumption of residential properties and stabilize property investments. These included measures to, among other things:

- (1) Ease the limits on loan grants from housing provident funds;
- (2) Temporarily suspend the policy on limiting foreign individuals, and Hong Kong or Macau residents from buying real properties in Tianjin;
- (3) From January 1, 2009 to December 31, 2009, lower the corporate income tax rate for non-economically affordable housing from 25% to between 5% and 15%; and
- (4) Allow land grant fees and municipal infrastructure fees to be paid in installments.

Beijing

On November 21, 2008, 11 government authorities, including the Beijing municipal committee of housing development and the Beijing Development and Reform Committees, issued the Several Opinions on Promoting the Stability of the Property Markets Development (《關於促進本市房地產市場穩定發展的若干意見》), aiming to encourage the sound development of the Beijing property market by adopting certain measures, including the following:

- (1) Reducing or exempting the deed tax, stamp duty and LAT for individual buyers of commodity properties; and
- (2) Lowering the limits on loan grants from individual housing provident fund, increasing the maximum limits for a single loan from RMB600,000 to RMB800,000, and easing the limits on the number of withdrawals.

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Chongqing

On January 12, 2009, the Chongqing Municipal Government issued the Opinions on Promoting the Sound Development of the Real Estate Market by Expanding the Demand for Properties (《關於擴大內需促進房地產業健康發展的實施意見》), adopting certain measures, including the following:

- (1) Allow property development enterprises to pre-pay corporate income tax calculated based on the estimated minimum tax rate for the year; suspend the LAT on real estate enterprises until the completion of a project; and exempt the land grant fees and supporting infrastructure fees for underground parking spaces and facilities rooms at residential properties;
- (2) Allow first-time purchasers of residential properties paying with a mortgage loan to use the interest paid on the mortgage loan to offset such purchasers' individual tax liability;
- (3) Encourage residents in rural or suburban areas to purchase properties in urban areas by granting residency permits to those purchasers of properties with a GFA of above 90 sq.m. in urban areas; and
- (4) Ease the limits on loan grants from housing provident funds.

Wuxi

On November 21, 2008, the Wuxi Municipal Government issued the Opinions on Promoting the Sound Development of the Real Estate Market (《關於促進房地產市場健康穩定發展的意見的通知》) to support the sound development of the real estate market in Wuxi through a number of incentives, including the following:

- (1) Ease the limits on loan grants from housing provident funds;
- (2) Any pre-sale income generated prior to the completion of the property project shall be taxed at the minimum corporate income tax rate; and
- (3) Land grants may be delivered in phases and land acquisition payments may be made in installments.

Suzhou

On October 20, 2008, the Suzhou Municipal Government issued the Provisional Opinions on Promoting the Sound Development of the Real Estate Market (《關於促進房地產市場健康穩定發展的若干意見(暫行)的通知》), aiming to promote the property market by adopting certain measures, including the following:

- (1) The policy relating to loan grants from housing provident funds would be made more favorable to applicants;

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- (2) The corporate income tax would be pre-imposed at a rate equal to the minimum real estate property enterprise tax rate allowed by the relevant state requirements;
- (3) Distressed enterprises may apply for deferred payment of remaining land grant fees by three to six months and exemption for late payment fines; and
- (4) Real estate enterprises may start preparation and construction works before paying off all the land grant fees; and Land Use Right Certificates could be applied for upon the payment of land grant fees.

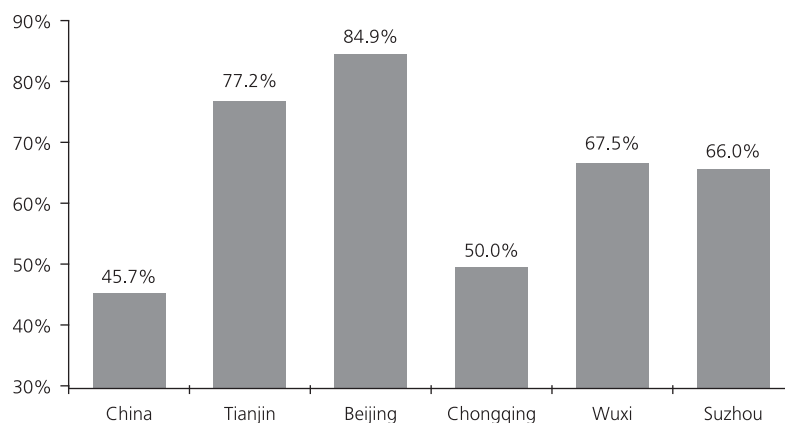
Additional information on property sector reforms and recent regulatory developments is set forth in “Appendix V – Summary of Principal Legal and Regulatory Provisions” to this prospectus. See also “Risk Factors – Risks Relating to Property Development in the PRC” and “Risk Factors – Risks Relating to Our Group Structure – The PRC Government has implemented restrictions on the ability of PRC property developers to obtain offshore financing.”

Urbanization

Following the economic reforms beginning in late 1970s, the industrial and services sectors have gradually become the most important components in the PRC’s economy, replacing the agricultural sector. This economic transformation has accelerated the urbanization process. The urban population in the PRC grew from 542.8 million in 2004 to 606.7 million in 2008. At the end of 2008, the urbanization rate in the PRC has reached approximately 45.7%. Urbanization has fueled the development of the real estate industry, especially residential properties, in urban regions of the PRC.

Our target cities have undergone rapid urbanization. In 2008, the urbanization rates of our target cities ranged from 50.0% to 84.9%, which were all higher than the national average of 45.7%. The chart below shows the urbanization rates of China and our target cities in 2008.

Urbanization Rates of China and Target Cities, 2008

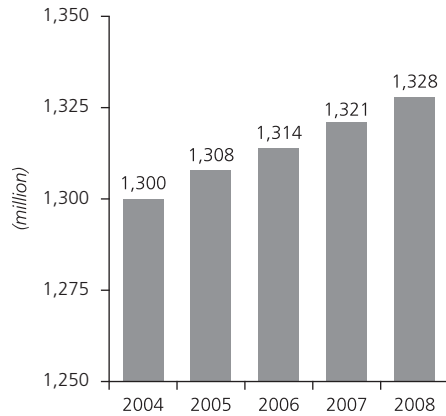


Sources: National Bureau of Statistics of China, Jiangsu Province Bureau of Statistics

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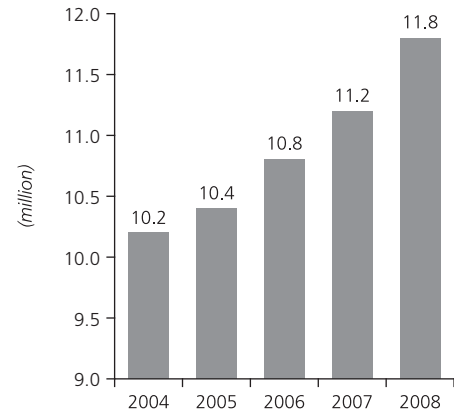
In addition to urbanization, China, including our target cities, has experienced a general growth of population. The tables below illustrate the general growth of population of China and our target cities for the years indicated.

**China Population,
2004-2008 (CAGR: 0.5%)**



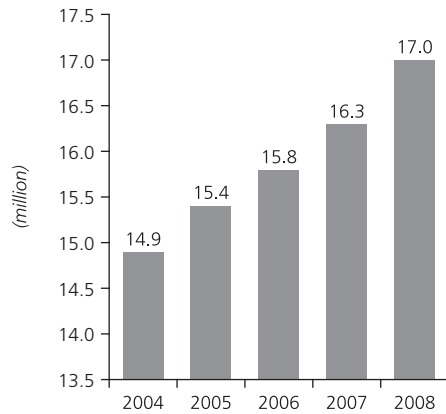
Source: National Bureau of Statistics of China

**Tianjin Population,
2004-2008 (CAGR: 3.7%)**



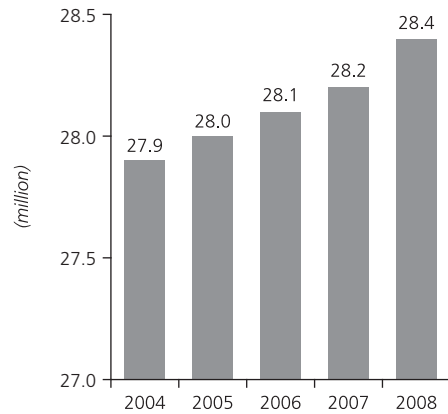
Source: Tianjin Municipal Bureau of Statistics

**Beijing Population,
2004-2008 (CAGR: 3.4%)**



Source: Beijing Municipal Bureau of Statistics

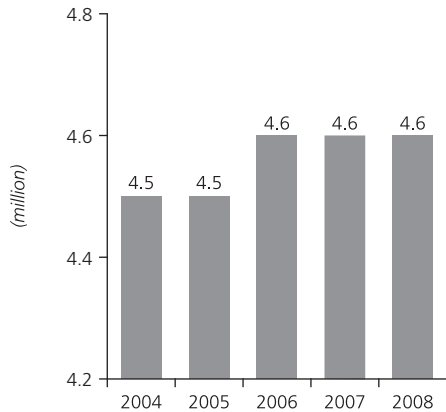
**Chongqing Population,
2004-2008 (CAGR: 0.6%)**



Source: Chongqing Municipal Bureau of Statistics

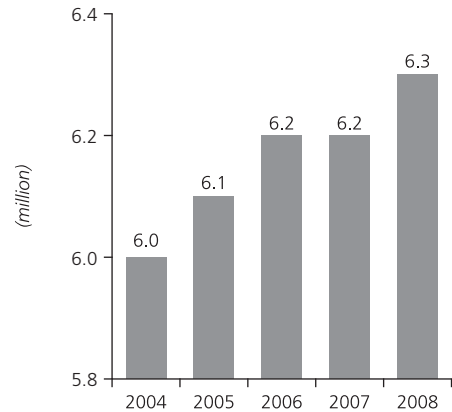
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**Wuxi Population,
2004-2008 (CAGR: 0.6%)**



Source: Wuxi Municipal Bureau of Statistics
Note: Represents registered population

**Suzhou Population,
2004-2008 (CAGR: 1.2%)**

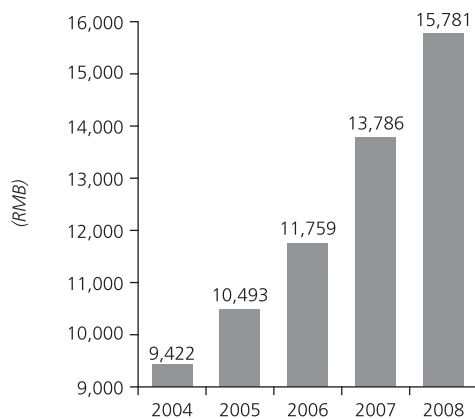


Source: Suzhou Municipal Bureau of Statistics

Availability of residential mortgage

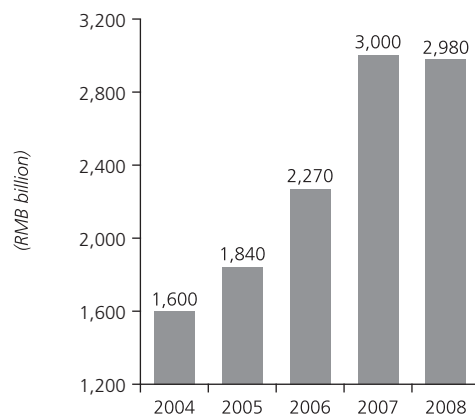
Since the introduction of housing reforms and related government policies allowing individuals to purchase their own housing properties, the PRC residential mortgage market has grown significantly. The increase in disposable income has also encouraged individuals to purchase properties and take mortgages. As of 2008, the aggregate balance of outstanding mortgage loans for residential properties in the PRC amounted to RMB2,980 billion. The trend that more urban residents will own private properties backed by residential mortgages is expected to continue in the future.

**Per Capita Disposable Net Income for
Urban Households, 2004-2008,
China (CAGR: 13.8%)**



Source: National Bureau of Statistics of China, People's Bank of China

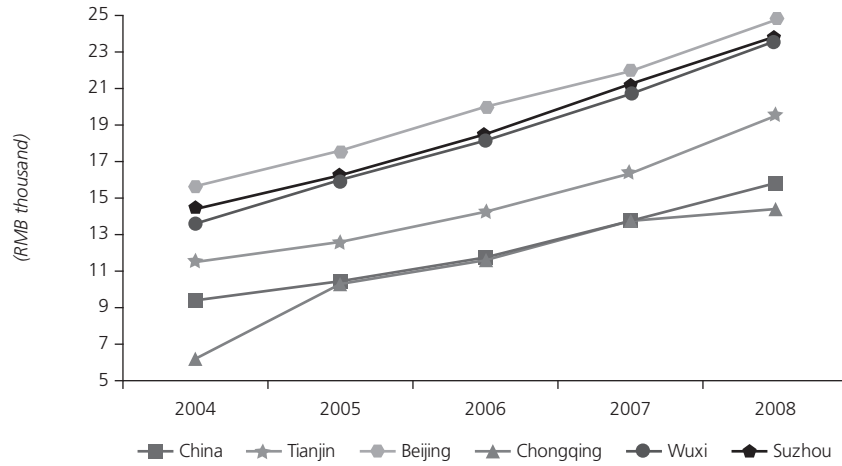
**Aggregate Balance of Residential
Mortgages Outstanding, 2004-2008,
China (CAGR: 16.8%)**



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Our target cities are all tier 1 or tier 2 cities in China where the income levels are higher than the national average, as illustrated in the chart below:

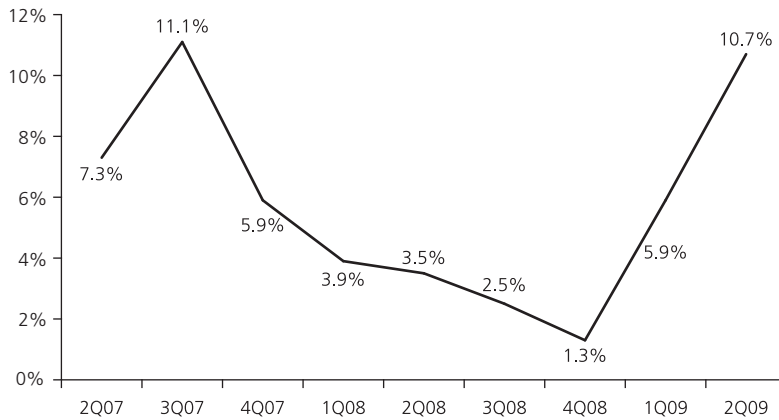
Per Capita Disposable Income for Urban Households, 2004-2008



Source: National Bureau of Statistics of China

According to the PBOC, the growth in total mid- to long-term consumer loan balance, which is deemed a proxy for total housing mortgage loan balance, slowed down for five consecutive quarters until the fourth quarter of 2008. Benefiting from the RMB4 trillion stimulus plan and gradual recovery of the PRC economy, consumers appear to have regained confidence in the first two quarters of 2009 as the mid- to long-term consumption loan balance recorded increases of 5.9% and 10.7% for the first and second quarters of 2009, respectively.

Quarterly Movement of Mid- to Long-Term Consumption Loan Balance



Source: PBOC

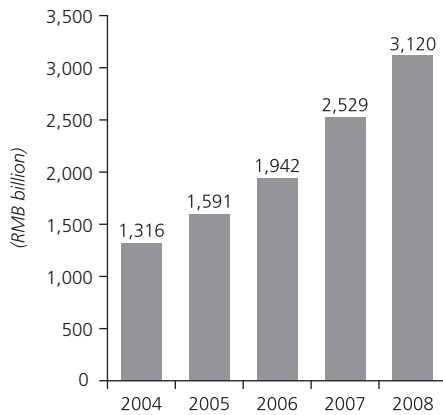
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THE PRC REAL ESTATE MARKET INDUSTRY OVERVIEW

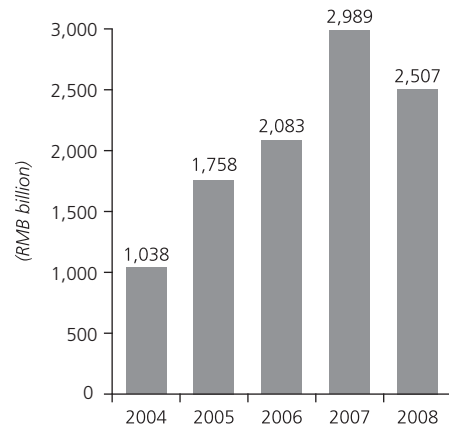
Demand, Supply and Price

In recent years and until 2008, demand for properties in China had increased significantly in general amid a favorable economic environment characterized by continued growth in per capita disposable income and rising living standards. GFA of commodity properties sold increased from approximately 382 million sq.m. in 2004 to approximately 660 million sq.m. in 2008, representing a CAGR of 14.6%. Meanwhile, driven by favorable market conditions and potential returns, investments in real estate development in the PRC grew rapidly from approximately RMB1,316 billion in 2004 to approximately RMB3,120 billion in 2008, representing a CAGR of 24.1%.

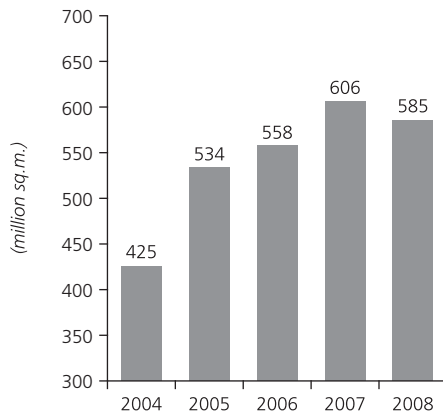
**Investment in Property Development,
2004-2008 (CAGR: 24.1%)**



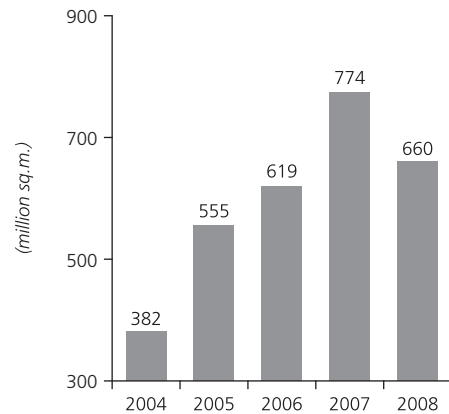
**Total Sales of Commodity Properties,
2004-2008 (CAGR: 24.7%)**



**GFA of Commodity Properties Completed,
2004-2008 (CAGR: 8.3%)**

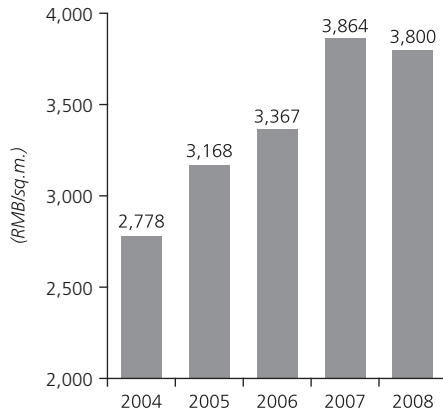


**GFA of Commodity Properties Sold,
2004-2008 (CAGR: 14.6%)**



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Average Price of Commodity Properties Sold, 2004-2008 (CAGR: 8.1%)



Source: National Bureau of Statistics of China

Property demand began to weaken in certain parts of China in the first half of 2008 and the situation deteriorated substantially in the second half of 2008 primarily because China's economy was negatively affected by the global economic crisis and consumer confidence in China declined significantly. Nonetheless, the market has shown signs of recovery in the first half of 2009. According to the National Bureau of Statistics of China, the total sales of commodity properties in China had increased by 53.0% to RMB1,580 billion for the first six months of 2009 as compared to the same period in 2008. Property prices began to increase again in 2009 and the average price of commodity properties sold in the first six months of 2009 increased to approximately RMB4,632 per sq.m. Similarly, according to the National Development and Reform Commission, fixed asset investment also rebounded by 33.5% from RMB6,840 billion for the first six months of 2008 to RMB9,132 billion for the first six months of 2009. We believe that in the long run, property development in the PRC will continue to grow, driven by the key factors discussed in "Industry Overview – Key Drivers of the PRC Real Estate Industry."

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Property Development Revenue

According to the National Bureau of Statistics of China, the total revenue of property developers in the PRC increased to approximately RMB2,670 billion in 2008 from approximately RMB1,331 billion in 2004, and the total operating profit increased to approximately RMB343 billion in 2008 from approximately RMB86 billion in 2004. The following table sets forth selected operating data for property developers in the PRC for the years indicated.

	2004	2005	2006	2007	2008	CAGR (2004- 2008)
	(RMB billion)					
Total revenue	1,331	1,477	1,805	2,340	2,670	19.0%
Revenue from sale of properties	1,175	1,332	1,662	2,160	2,439	20.0%
Revenue from lease of properties	31	29	32	39	52	13.8%
Operating profit	86	111	167	244	343	41.3%

Source: National Bureau of Statistics of China

REAL ESTATE INDUSTRY IN OUR TARGET CITIES

Tianjin

Tianjin is located in the Bohai Rim of Northern China and is approximately 120 kilometers from Beijing, the capital of the PRC. Tianjin is one of the four municipalities directly under the administration of the central government of the PRC. It is one of the largest industrial and commercial cities and economic centers in Northern China, covering an area of approximately 11,900 square kilometers. Since the Jingjin Express Railway began service in August 2008, the travel time between Tianjin and Beijing has been shortened significantly, to approximately 30 minutes. According to Fortune's 2008 survey of the "Best Cities for Business" in China, Tianjin ranked first among Chinese cities in terms of the improvement in business environment and ranked second in terms of the potential for future development. In addition, Tianjin has been identified in the PRC's Eleventh Five-Year Plan for the period from 2006 to 2010 as a leader of the national financial reform. Property investment and demand in Tianjin are expected to remain strong.

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According to the Tianjin Municipal Bureau of Statistics, Tianjin had a population of approximately 11.8 million at the end of 2008. In 2008, Tianjin's GDP reached approximately RMB635 billion, representing a per capita GDP of RMB55,473. The table below sets forth selected economic indicators relating to Tianjin for the years indicated.

	Tianjin economic indicator						2004-2008 CAGR	
	2004	2005	2006	2007	2008	Tianjin average	China	
								Tianjin average
GDP (RMB billion)	311	370	434	505	635	19.6%	17.1%	

Sources: Tianjin Municipal Bureau of Statistics, National Bureau of Statistics of China

	Tianjin per capita economic indicators						% over 2008 China	
	2004	2005	2006	2007	2008	average	average	
								China
GDP (RMB)	30,575	35,783	41,163	45,829	55,473	22,698	144.4%	
Disposable income for urban households (RMB).	11,467	12,639	14,283	16,357	19,422	15,781	23.1%	

Source: Tianjin Municipal Bureau of Statistics

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According to the Tianjin Municipal Bureau of Statistics, in 2006, 2007 and 2008, commodity properties with a total GFA of approximately 15.2 million sq.m., 17.0 million sq.m. and 25.6 million sq.m., respectively, were completed and commodity properties with a total GFA of approximately 14.6 million sq.m., 15.5 million sq.m. and 12.5 million sq.m., respectively, were sold in Tianjin. The average selling price per sq.m. in 2006, 2007 and 2008 was RMB4,774, RMB5,811 and RMB6,015, respectively.

Tianjin property market indicators

	2004	2005	2006	2007	2008	2004-2008 CAGR	
						Tianjin average	China
Investments in property development (RMB billion)	26.4	32.8	40.2	50.5	65.4	25.5%	23.5%
GFA completed (million sq.m.)	10.1	14.8	15.2	17.0	25.6	26.2%	8.3%
GFA sold for commodity properties (million sq.m.)	8.5	9.4	14.6	15.5	12.5	11.8%	12.9%
Total sales for commodity properties (RMB billion)	26.4	36.8	69.7	90.1	75.3	33.8%	23.5%
Average selling price (RMB/sq.m.)	3,115	3,918	4,774	5,811	6,015	19.5%	8.7%

Source: Tianjin Municipal Bureau of Statistics

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Beijing

Beijing is the capital of the PRC. It is also the political, cultural and educational center of the PRC. Similar to Tianjin and Chongqing, Beijing is a municipality directly under the administration of the central government of the PRC. According to its Eleventh Five-Year Plan for the period from 2006 to 2010, Beijing is aiming to realize the concept of “New Beijing, Great Olympics” and striving to maintain a stable pace of economic development prior to and after the Olympics. In addition, Beijing is home to a large number of corporate regional headquarters and its development is expected to continue at a rapid pace.

According to the Beijing Municipal Bureau of Statistics, Beijing had a population of approximately 17.0 million at the end of 2008. In 2008, its GDP reached approximately RMB1,049 billion, representing a per capita GDP of RMB63,029. The table below sets forth selected economic indicators relating to Beijing for the years indicated.

	Beijing economic indicator						2004-2008 CAGR	
	2004	2005	2006	2007	2008	China		
						Beijing average	China average	
GDP (RMB billion)	606	689	786	935	1,049	14.7%	17.1%	

Source: Beijing Municipal Bureau of Statistics

	Beijing per capita economic indicators						% over 2008 China China	
	2004	2005	2006	2007	2008	average average		
						average	average	
GDP (RMB)	41,099	45,444	50,407	58,204	63,029	22,698	177.7%	
Disposable income for urban households (RMB).	15,638	17,653	19,978	21,989	24,725	15,781	56.7%	

Source: Beijing Municipal Bureau of Statistics

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According to the Beijing Municipal Bureau of Statistics, in 2006, 2007 and 2008, commodity properties with a total GFA of approximately 31.9 million sq.m., 28.9 million sq.m. and 25.6 million sq.m., respectively, were completed and commodity properties with a total GFA of approximately 26.1 million sq.m., 21.8 million sq.m. and 13.4 million sq.m., respectively, were sold in Beijing. The average selling price per sq.m. in 2006, 2007 and 2008 was RMB8,280, RMB11,553 and RMB12,418, respectively.

	Beijing property market indicators						2004-2008 CAGR	
	2004	2005	2006	2007	2008	China		
						Beijing average	China	
Investments in property development (RMB billion)	147.3	152.5	172.0	199.6	199.3	6.7%	23.5%	
GFA completed for commodity properties (million sq.m.)	30.7	37.7	31.9	28.9	25.6	(4.4%)	8.3%	
GFA sold for commodity properties (million sq.m.)	24.7	28.0	26.1	21.8	13.4	(14.2%)	12.9%	
Total sales for commodity properties (RMB billion)	124.9	175.9	216.1	251.9	165.8	7.3%	23.5%	
Average selling price (RMB/sq.m.)	5,053	6,274	8,280	11,553	12,418	25.2%	8.7%	

Sources: Beijing Municipal Bureau of Statistics, National Bureau of Statistics of China

INDUSTRY OVERVIEW

Chongqing

Chongqing is also one of the four municipalities directly under the administration of the central government of the PRC. It lies to the east of Sichuan Province in the Three Gorges area on the upper stream of the Yangtze River. Chongqing is not only a commercial and industrial hub but also an inland transportation hub. It has the largest population of any city in China and covers an area of approximately 82,400 square kilometers, also the largest city by area in China. It is a key part of development under China's "Go West" policy introduced in 1999 to develop the western part of the country. According to the National Development and Reform Commission, the PRC Government has recently approved the establishment of one of the first two Experimental Zones of the National Comprehensive Coordinated Urban and Rural Reforms (全國統籌城鄉綜合配套改革實驗區) in Chongqing, which is expected to contribute to the continuous growth of the economy and the property market in the city.

According to the Chongqing Municipal Bureau of Statistics, Chongqing had a population of approximately 28.4 million at the end of 2008. In 2008, Chongqing's GDP reached approximately RMB510 billion, representing a per capita GDP of RMB18,025. The table below sets forth selected economic indicators relating to Chongqing for the years indicated.

	Chongqing economic indicator						2004-2008 CAGR	
							China	
	2004	2005	2006	2007	2008	Chongqing	average	
GDP (RMB billion)	269	307	345	412	510	17.3%	17.1%	

Source: Chongqing Municipal Bureau of Statistics

	Chongqing per capita economic indicators						%	
							over	
	2004	2005	2006	2007	2008	China	China	
GDP (RMB)	9,624	10,982	12,316	14,660	18,025	22,698	(20.6%)	
Disposable income for urban households (RMB).	9,221	10,244	11,570	13,715	14,368	15,781	(9.0%)	

Source: Chongqing Municipal Bureau of Statistics

INDUSTRY OVERVIEW

According to the Chongqing Municipal Bureau of Statistics, in 2006, 2007 and 2008, commodity properties with a total GFA of approximately 22.2 million sq.m., 22.5 million sq.m. and 23.7 million sq.m., respectively, were completed and commodity properties with a total GFA of approximately 22.3 million sq.m., 35.5 million sq.m. and 28.7 million sq.m., respectively, were sold in Chongqing. The average selling price per sq.m. in 2006, 2007 and 2008 was RMB2,269, RMB2,723 and RMB2,785, respectively.

Chongqing property market indicators

	2004	2005	2006	2007	2008	2004-2008 CAGR	
						Chongqing	China average
Investments in property development (RMB billion)	40.5	51.8	63.0	85.0	99.1	25.1%	23.5%
GFA completed for commodity properties (million sq.m.)	15.9	22.1	22.2	22.5	23.7	10.5%	8.3%
GFA sold for commodity properties (million sq.m.)	13.3	20.2	22.3	35.5	28.7	21.2%	12.9%
Total sales for commodity properties (RMB billion)	23.3	43.1	50.6	96.7	80.0	36.1%	23.5%
Average selling price (RMB/sq.m.)	1,751	2,135	2,269	2,723	2,785	12.3%	8.7%

Source: Chongqing Municipal Bureau of Statistics

INDUSTRY OVERVIEW

Wuxi

Wuxi is located in Jiangsu Province, which is an economically developed province on the east coast of China. Wuxi is a well developed industrial city and, according to the Wuxi Bureau of Foreign Trade and Economic Cooperation, has attracted a large number of international companies, including over 70 Fortune 500 companies. It has developed a number of large industrial parks, including the Wuxi-Singapore Industrial Park and Taihu New Town Science and Education Industrial Park, designed to promote high-tech industry. Because of its recent development, Wuxi is often referred to as the “little Shanghai”.

According to the Wuxi Statistics Bureau, Wuxi had a population of approximately 6.1 million at the end of 2008. In 2008, Wuxi's GDP reached approximately RMB442 billion, representing a per capita GDP of RMB73,053, one of the highest among cities in the PRC. The table below sets forth selected economic indicators relating to Wuxi for the years indicated.

Wuxi economic indicator							2004-2008 CAGR	
	2004	2005	2006	2007	2008	Wuxi average	China average	
GDP (RMB billion)	235	281	330	386	442	17.1%	17.1%	

Source: Wuxi Municipal Bureau of Statistics

Wuxi per capita economic indicators							% over 2008 PRC China average average	
	2004	2005	2006	2007	2008	2008 average	2008 average	
GDP (RMB)	50,592	50,958	57,709	65,203	73,053	22,698	221.8%	
Disposable income for urban households (RMB).	13,588	16,005	18,189	20,898	23,605	15,781	49.6%	

Source: Wuxi Municipal Bureau of Statistics

INDUSTRY OVERVIEW

According to the Wuxi Statistics Bureau, in 2006, 2007 and 2008, commodity properties with a total GFA of approximately 6.6 million sq.m., 6.1 million sq.m. and 7.1 million sq.m., respectively, were completed and commodity properties with a total GFA of approximately 6.5 million sq.m., 7.4 million sq.m. and 5.4 million sq.m., respectively, were sold in Wuxi. The average selling price per sq.m. in 2006, 2007 and 2008 was RMB4,000, RMB4,579 and RMB5,375, respectively.

Wuxi property market indicators

	2004	2005	2006	2007	2008	2004-2008 CAGR	
						China	Wuxi average
Investments in property development (RMB billion)	19.6	22.7	27.7	37.8	45.0	23.1%	23.5%
GFA completed (million sq.m.)	4.8	5.7	6.6	6.1	7.1	10.3%	8.3%
GFA sold for commodity properties (million sq.m.)	4.1	6.0	6.5	7.4	5.4	7.1%	12.9%
Total sales for commodity properties (RMB billion)	10.4	22.0	25.9	33.6	28.9	29.1%	23.5%
Average selling price (RMB/sq.m.)	2,534	3,679	4,000	4,579	5,375	20.7%	8.7%

Source: Wuxi Municipal Bureau of Statistics

INDUSTRY OVERVIEW

Suzhou

Similar to Wuxi, Suzhou is located in the economically developed province of Jiangsu on the east coast of China. Suzhou has traditionally been a renowned tourist destination and in recent years has also become home to many enterprises in the high-tech industry. According to Fortune's 2008 survey of the "Best Cities for Business" in China, Suzhou was ranked among the top five cities in China for business efficiency. As the Suzhou government continues to promote modern industrialization, Suzhou has developed five state-level development zones, ten provincial-level development zones and has attracted significant investment from over 90 Fortune 500 companies. Suzhou's 2008 GDP was also one of the highest among cities in the PRC.

According to the Suzhou Statistics Bureau, Suzhou had a population of approximately 6.3 million at the end of 2008. In 2008, Suzhou's GDP reached approximately RMB670 billion, representing a per capita GDP of RMB106,863. The table below sets forth selected economic indicators relating to Suzhou for the years indicated.

	Suzhou economic indicator						2004-2008 CAGR	
	2004	2005	2006	2007	2008	China		
						Suzhou average	17.1%	
GDP (RMB in billions) . . .	345	403	482	570	670	18.1%	17.1%	

Source: Suzhou Municipal Bureau of Statistics

	Suzhou per capita economic indicators						% over 2008 PRC	
	2004	2005	2006	2007	2008	average average		
						22,698	370.8%	
GDP (RMB)	57,992	66,766	78,802	91,911	106,863	22,698	370.8%	
Disposable income for urban households (RMB).	14,451	16,276	18,532	21,260	23,867	15,781	51.2%	

Source: Suzhou Municipal Bureau of Statistics

INDUSTRY OVERVIEW

According to the Suzhou Statistics Bureau, in 2006, 2007 and 2008, commodity properties with a total GFA of approximately 18.2 million sq.m., 18.7 million sq.m. and 14.8 million sq.m., respectively, were completed and commodity properties with a total GFA of approximately 13.9 million sq.m., 17.4 million sq.m. and 10.1 million sq.m., respectively, were sold in Suzhou. The average selling price per sq.m. in 2006, 2007 and 2008 was RMB4,591, RMB5,676 and RMB5,692, respectively.

	Suzhou property market indicators						2004-2008 CAGR	
	2004	2005	2006	2007	2008	China		
						Suzhou average	China	
Investments in property development (RMB billion)	33.4	42.0	47.1	60.2	71.8	21.1%	23.5%	
GFA completed (million sq.m.)	11.3	16.0	18.2	18.7	14.8	7.0%	8.3%	
GFA sold for commodity properties (million sq.m.)	7.1	7.9	13.9	17.4	10.1	9.2%	12.9%	
Total sales for commodity properties (RMB billion)	22.6	30.3	63.9	98.5	57.3	26.3%	23.5%	
Average selling price (RMB/sq.m.)	3,203	3,863	4,591	5,676	5,692	15.4%	8.7%	

Source: Suzhou Municipal Bureau of Statistics