

## INDUSTRY OVERVIEW

The information in the section below has been derived, in part, from various official government publications unless otherwise indicated. The report from which the information is obtained is not commissioned by us, the Sole Sponsor or the Joint Global Coordinators. Such information has not been independently verified by us, the Sole Sponsor, the Joint Global Coordinators, or any of our and its affiliates or advisors. The information may not be consistent with other information compiled within or outside the PRC.

### KEY DRIVERS OF THE PRC REAL ESTATE INDUSTRY

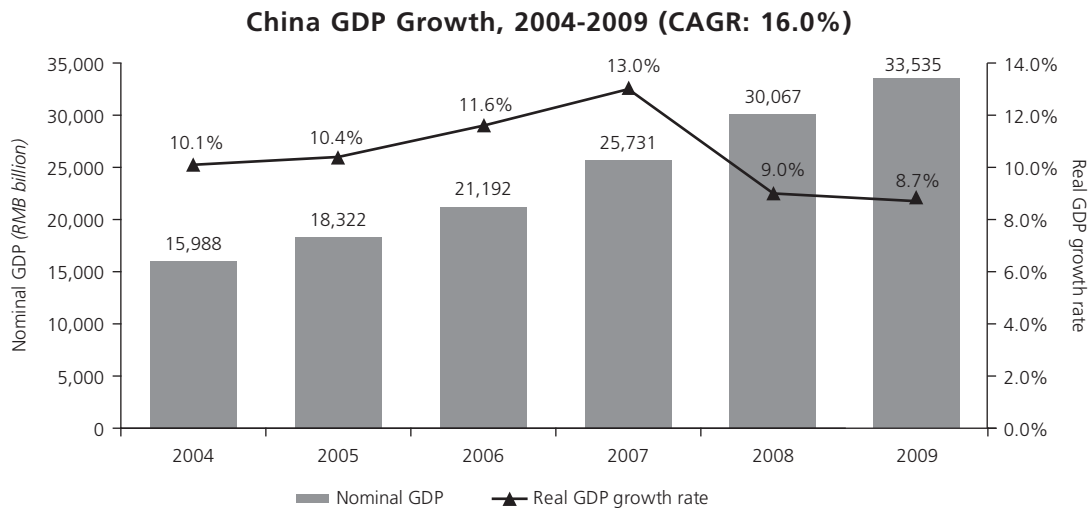
We believe the development of the PRC real estate industry is affected by a number of key drivers, including the following:

- 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 increased at a CAGR of approximately 16.0% from approximately RMB15,988 billion in 2004 to approximately RMB33,535 billion in 2009, making China one of the fastest growing economies in the world.

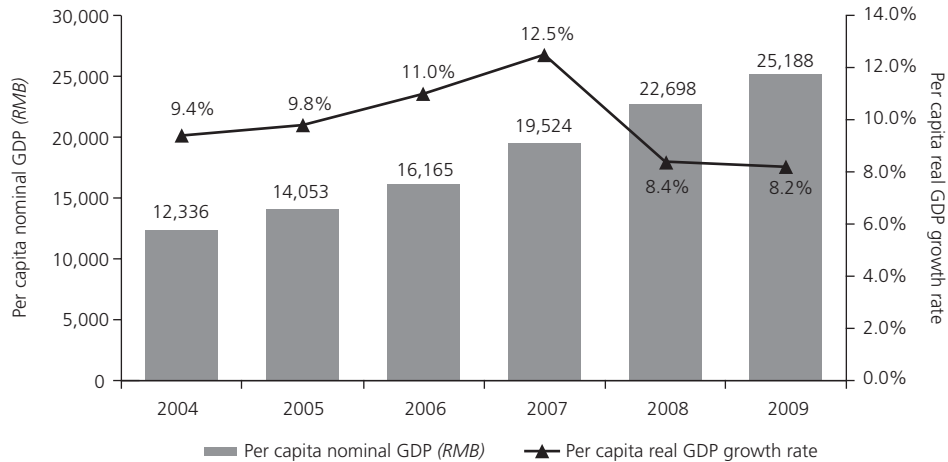
The charts below set forth selected economic indicators of the PRC for the years indicated.



Source: National Bureau of Statistics of China

## INDUSTRY OVERVIEW

### Per Capita GDP Growth, 2004-2009 (CAGR: 15.3%)



Source: National Bureau of Statistics of China

During each of the years from 2004 to 2007, China's real GDP recorded double-digit growth. In 2008, The global economic crisis caused a slowdown in the global capital and credit markets as well as the world economy, which in turn adversely affected the domestic market in the PRC, including our target cities. In 2008, China's real GDP growth declined significantly to 9.0% compared to 13.0% in 2007. In view of the negative impact of the global economic crisis on the PRC economy, the PRC Government launched a RMB4 trillion economic stimulus plan in November 2008. 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. According to the National Bureau of Statistics of China, China's real GDP growth rebounded to 11.1% in the first half of 2010 compared to the same period in 2009.

#### 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 2010 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.  |
| 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. |

---

## INDUSTRY OVERVIEW

---

- 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 mortgage 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.
- 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 in certain cities; 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:

---

## INDUSTRY OVERVIEW

---

- 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 and at least 35% of the total project investment has been funded.

2007 In May 2007, MOFCOM and SAFE issued the Circular on Further Reinforce and Standardize the Examination 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》).

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 MOF 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 (《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有關問題的通知》).

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%.

---

## INDUSTRY OVERVIEW

---

In November 2009, five government authorities, including the MOF and the Ministry of Land and Resources, issued the Notice on Further Strengthening the Income and Expenditure Management Relating to Land Grants (《關於進一步加強土地出讓收支管理的通知》) to regulate the management of income and expenditure on land grants and curb the excessive increases in land prices. In particular, the notice requires property developers to provide a down payment of no less than 50% of the land grant fee and, generally, to pay the remaining balance in installments within one year.

In December 2009, the MOF and the State Administration of Taxation issued the Notice on Adjusting the Business Tax Policy on Transfers of Residential Properties by Individuals (《關於調整個人住房轉讓營業稅政策的通知》) to discourage speculative activities in the secondary property market and control soaring housing prices. For example, effective from January 1, 2010:

- transfers of non-ordinary residential properties by individuals who have held them for less than five years are subject to business tax calculated on a gross basis;
- transfers of (i) non-ordinary residential properties by individuals who have held them for five years or more or (ii) ordinary residential properties by individuals who have held them for less than five years are subject to business tax calculated on a net basis; and
- transfers of ordinary residential properties by individuals who have held them for five years or more are exempted from business tax.

2010

In January 2010, the State Council issued the Circular on Promoting the Stable and Sound Development of the Real Estate Market (《關於促進房地產市場平穩健康發展的通知》) to further regulate the real estate market through:

- effectively increasing the supply of social welfare housing and ordinary commodity residential properties;
- directing consumers to make reasonable purchases of residential properties and discouraging investment and speculation in the housing market;
- strengthening credit risk management for real estate projects and market supervision;
- speeding up the construction of social welfare housing projects; and
- setting or clarifying the responsibilities of provincial and local governments.

---

## INDUSTRY OVERVIEW

---

In particular, family units with outstanding mortgage loans who intend to buy additional residential properties for themselves, their spouses or dependent children are required to pay a down payment of no less than 40% (which has been further increased to 50% by subsequent regulations) of the purchase price, and the applicable interest rate must be set strictly based upon the associated risk level.

In March, 2010, the Ministry of Land and Resources issued the Notice on Further Increasing the Supply and Strengthening the Supervision of Land for Property Development Purposes (《國土資源部關於加強房地產用地供應和監管有關問題的通知》). Pursuant to this notice, the price at which land may be granted must not be less than 70% of the standard land grant fee for the applicable grade of land. Parties to land grant must execute a land grant contract within 10 business days of completing the tender, auction or listing-for-sale process. Any property developers who fail to comply with the filing requirement by governments during the property development period are prohibited from acquiring land for at least one year.

In April 2010, the Ministry of Housing and Urban-Rural Development issued the Notice on Further Regulating the Real Estate Market and Improving the Commodity Housing Pre-sale System (《關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知》), which sets forth certain measures to enhance the regulation of pre-sale of commodity housing. Property developers are strictly prohibited from pre-selling commodity housing without obtaining pre-sale permits. Within 10 days after obtaining the relevant pre-sale permits, property developers are required to make a public announcement on all information relating to units available for pre-sale and the price of each unit.

In April 2010, the State Council also issued the Notice on Strictly Control of the Escalation of Property Prices in Certain Cities (《國務院關於堅決遏制部分城市房價過快上漲的通知》), which further increased the minimum down payment in respect of mortgage loans on purchases of second residential properties by individuals to 50% of the purchase price and provides that the applicable mortgage rate must be at least 1.1 times the relevant benchmark lending rate published by the PBOC. The minimum down payment in respect of mortgage loans on purchases of third or more residential properties by individuals may be substantially increased at the commercial bank's discretion and based on its risk control policies. The notice also specifies that the down payment for first owner-occupied residential properties with a GFA of more than 90 sq.m. must be at least 30% of the purchase price. Further, in those areas where property prices have escalated and property supply is tight, commercial banks may, depending on the level of risk, suspend granting mortgage loans to buyers purchasing their third or more residential properties or to those non-local residents who cannot provide documentation evidencing their payment for over one year of tax or social security in the locality.

---

## INDUSTRY OVERVIEW

---

In May 2010, the State Administration of Taxation promulgated the Notice on Strengthening the Levy and Administration of Land Appreciation Tax (《關於加強土地增值稅徵管工作的通知》), which requires the LAT prepayment rate as applicable in different provinces and cities to be no less than 2% in East China, no less than 1.5% in Central and Northeast China, and no less than 1% in West China. Local tax authorities are required to set LAT prepayment rates based on the types of property products.

In May 2010, the State Council issued the Notice on Endorsing and Forwarding the National Development and Reform Commission's Opinions on Further Developing the Key Reforms of the Economic System in 2010 (《國務院批轉發展改革委關於2010年深化經濟體制改革重點工作意見的通知》), which calls for the gradual introduction of a property tax reform in the PRC.

Many provincial and local governments have issued regulations to reinforce the implementation of the PRC housing policies as described above. For example, on February 21, 2010, 11 government authorities, including the Beijing Municipal Committee of Housing and Urban-Rural Development, the Beijing Development and Reform Committee and the Beijing Finance Bureau jointly issued the Implementation Opinions on Implementing the Spirit of Guo Ban Fa [2010] No.4 Document to Promote the Stable and Sound Development of the Real Estate Market (《關於貫徹國辦發[2010]4號文件精神促進本市房地產市場平穩健康發展的實施意見》), which provides the following measures to control the escalation of property prices:

- (1) any family unit that has purchased residential property by way of loans and intends to purchase a second or more residential properties is subject to a minimum down payment of 40% (which has been further increased to 50% by subsequent regulations) of the purchase price;
- (2) the requirement on residence period and limits on the purchased properties in connection with the purchase of properties in Beijing by foreign individuals are restored; and
- (3) real estate developers must (i) release all property units simultaneously within three days upon obtaining the corresponding commodity property pre-sale permit, (ii) mark the prices of the properties strictly in accordance with the reported prices and (iii) conduct sales to the public.

On February 26, 2010, the Beijing Housing Fund Management Center (北京市住房公積金管理中心) issued the Notice on Adjustments to the Down Payment Requirements for Using Public Housing Fund to Buy "Second Residential Properties" (《關於調整「二套住房」住房公積金貸款首付款比例的通知》), which provides that, beginning on March 1, 2010, any purchase of a "second residential property" using public housing fund loans (including combined loans for individual housing) is subject to a minimum down payment of 40% (which has been further increased to 50% by subsequent regulations) of the purchase price.

---

## INDUSTRY OVERVIEW

---

On April 30, 2010, the Beijing Municipal People's Government issued the Notice on Implementation of Documents Issued by State Council regarding Strictly Control of the Escalation of Property Prices in Certain Cities (《北京市人民政府貫徹落實國務院關於堅決遏制部分城市房價過快上漲文件的通知》), which provides, among others, the following measures:

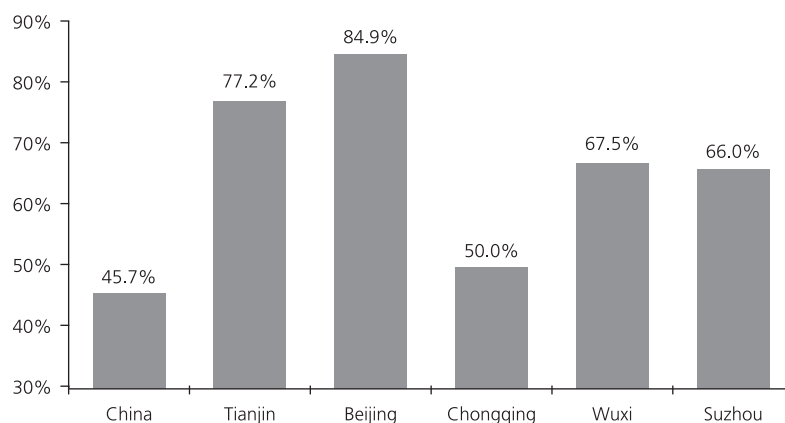
- (1) strictly implement differential loan policies based on the concrete circumstances of residential properties: (i) with respect to the purchase by each family unit of the first owner-occupied residential property with a GFA of more than 90 sq.m., the minimum down payment shall be 30% of the purchase price; and (ii) with respect to the purchase by each family unit of a second residential property by way of loans, the minimum down payment shall be 50% of the purchase price and the applicable mortgage rate shall be no less than 1.1 times the benchmark lending rate; and
- (2) commercial banks may, depending on the level of risk, suspend granting mortgage loans to buyers purchasing their third or more residential properties or to non-local residents who cannot provide documentation evidencing their payment for over one year of tax or social security in the locality.

### 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



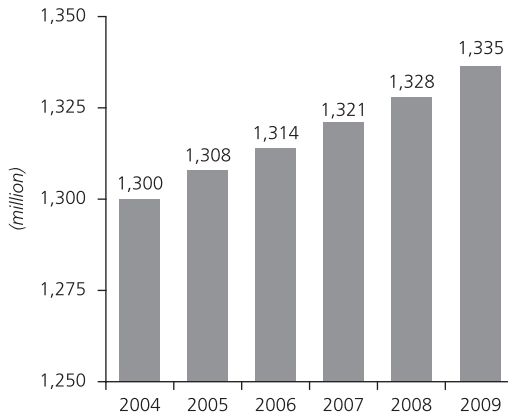
---

## INDUSTRY OVERVIEW

---

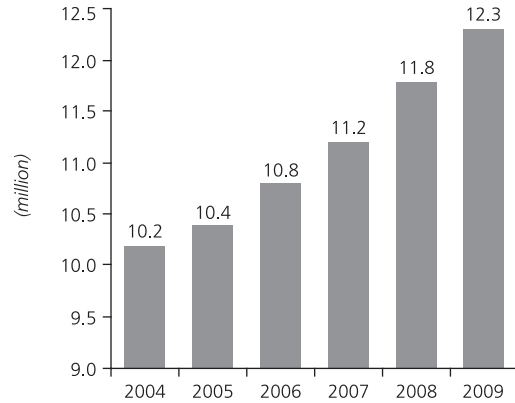
In addition to urbanization, China, including our target cities, has experienced a general growth of population. The tables below illustrate the general growth of population of China and our target cities for the years indicated.

**China Population,  
2004-2009 (CAGR: 0.5%)**



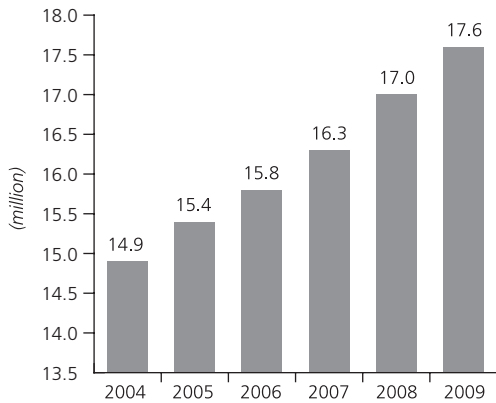
Source: National Bureau of Statistics of China

**Tianjin Population,  
2004-2009 (CAGR: 3.8%)**



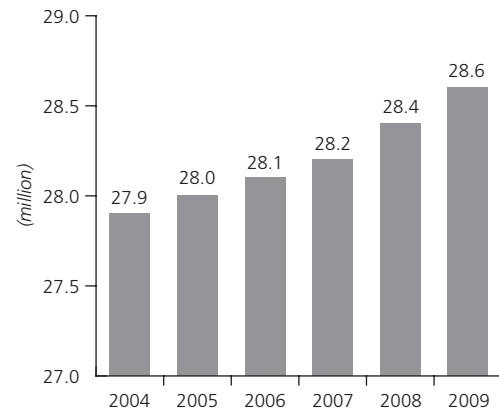
Source: Tianjin Municipal Bureau of Statistics

**Beijing Population,  
2004-2009 (CAGR: 3.4%)**



Source: Beijing Municipal Bureau of Statistics

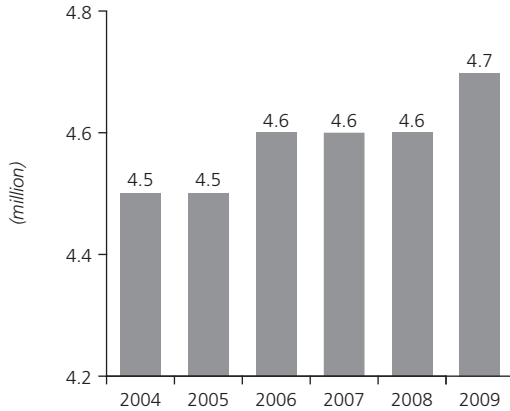
**Chongqing Population,  
2004-2009 (CAGR: 0.5%)**



Source: Chongqing Municipal Bureau of Statistics

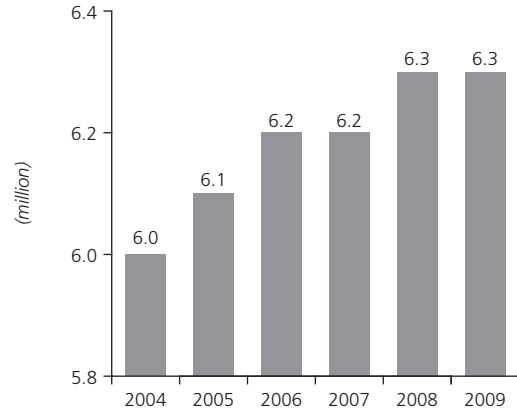
## INDUSTRY OVERVIEW

**Wuxi Population,  
2004-2009 (CAGR: 0.9%)**



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

**Suzhou Population,  
2004-2009 (CAGR: 1.0%)**

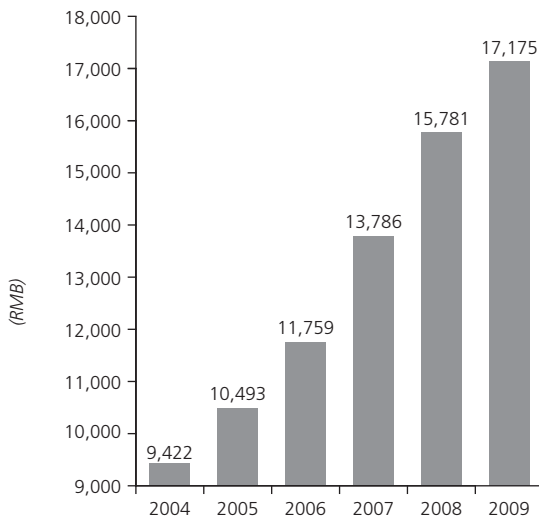


Source: Suzhou Municipal Bureau of Statistics

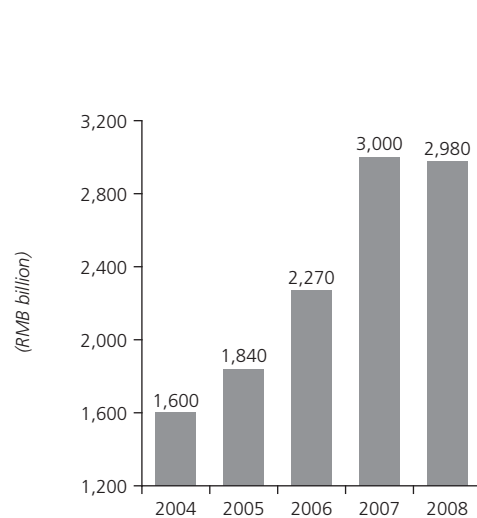
### Availability of residential mortgage

Since the introduction of housing reforms and related government policies allowing individuals to purchase their own residential 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, 2004-2009,  
China (CAGR: 12.8%)**



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

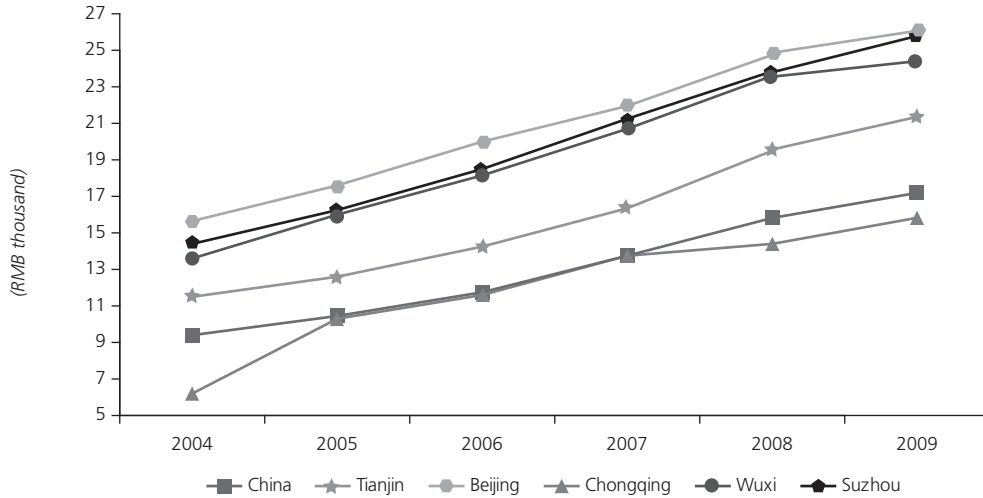


Source: National Bureau of Statistics of China, People's Bank of China

## INDUSTRY OVERVIEW

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:

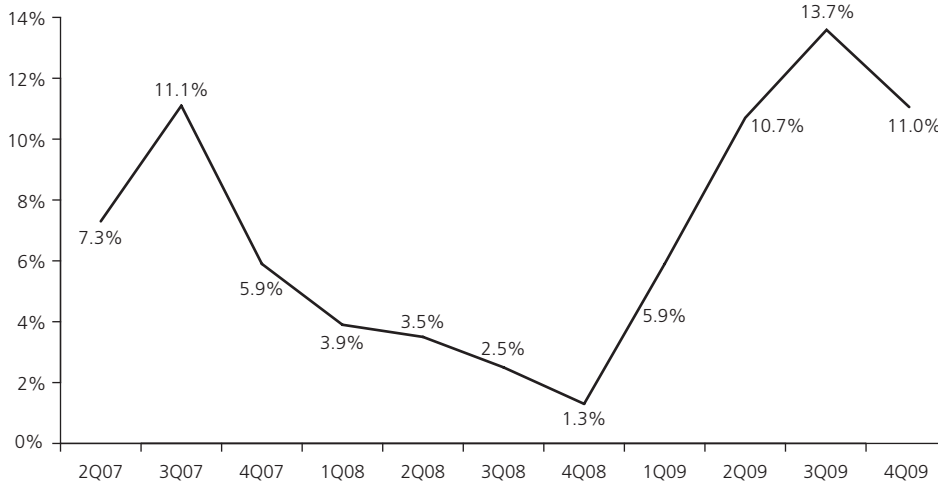
**Per Capita Disposable Income for Urban Households, 2004-2009**



Source: National Bureau of Statistics of China

According to the PBOC, the growth in total medium 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 2009 as the medium to long-term consumption loan balance recorded increases of 5.9%, 10.7%, 13.7% and 11.0% for the first to fourth quarters of 2009, respectively.

**Quarterly Movement of Medium to Long-Term Consumption Loan Balance**



Source: PBOC

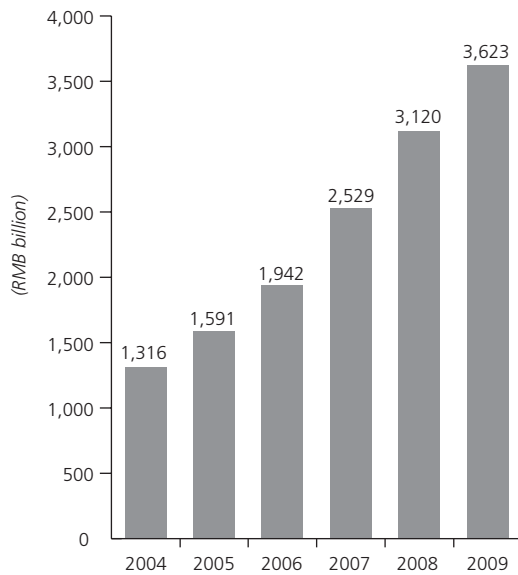
## INDUSTRY OVERVIEW

### THE PRC REAL ESTATE MARKET INDUSTRY OVERVIEW

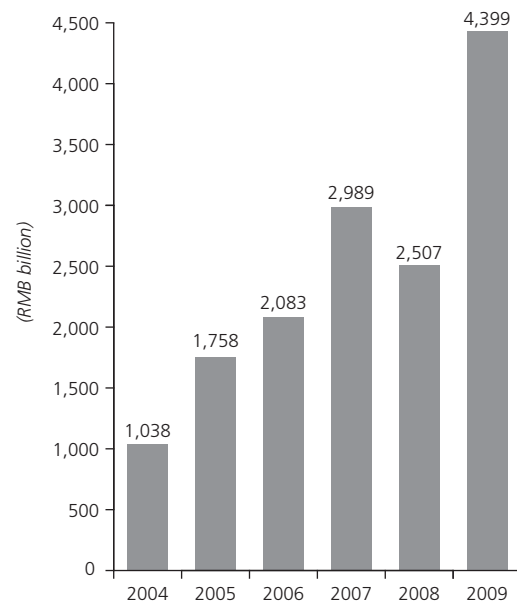
#### Demand, Supply and Price

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 937 million sq.m. in 2009, representing a CAGR of 19.7%. 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 RMB3,623 billion in 2009, representing a CAGR of 22.5%.

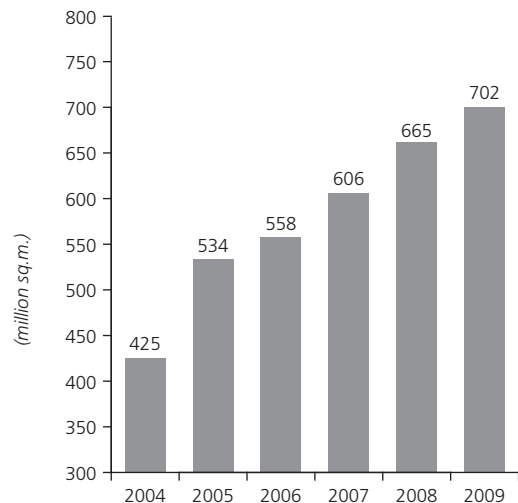
**Investment in Property Development,  
2004-2009 (CAGR: 22.5%)**



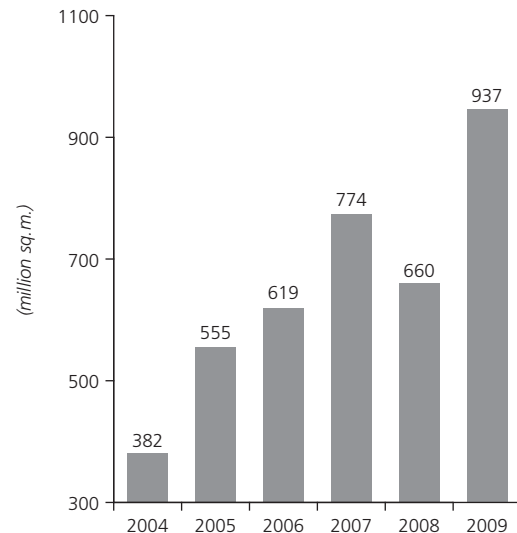
**Total Sales of Commodity Properties,  
2004-2009 (CAGR: 33.5%)**



**GFA of Commodity Properties Completed,  
2004-2009 (CAGR: 10.6%)**



**GFA of Commodity Properties Sold,  
2004-2009 (CAGR: 19.7%)**

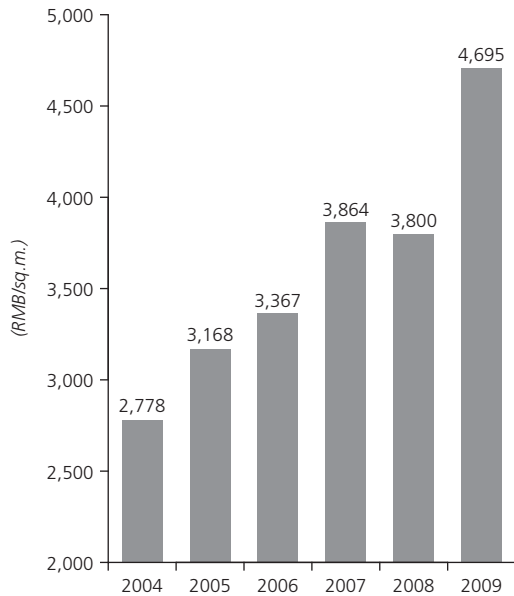


---

## INDUSTRY OVERVIEW

---

### Average Price of Commodity Properties Sold, 2004-2009 (CAGR: 11.1%)



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, in 2009, China's property market rebounded in terms of both total GFA and average price of commodity properties sold. Compared to 2008, the total sales of commodity properties in China increased by 75.5% to RMB4,399 billion in 2009 and the average price of commodity properties sold increased by 23.6% to RMB4,695 per sq.m. As a result of the recent austerity measures adopted by the PRC Government, China's property market has shown a general slowdown in growth. According to the National Bureau of Statistics of China, the year-on-year growth of total GFA of commodity properties sold in the second quarter of 2010 was 5.2%, compared to 35.8% in the first quarter of 2010, and the year-on-year growth of average selling price per sq.m. of commodity properties sold in the second quarter of 2010 was 4.8%, compared to 16.1% in the first quarter of 2010. While property prices in many cities in China remained relatively stable in the second quarter of 2010, they may decrease in the near future if the property market continues to weaken. Nonetheless, we believe that China's property market would likely grow in the long term, driven by certain of the key factors discussed in "Industry Overview – Key Drivers of the PRC Real Estate Industry."

## INDUSTRY OVERVIEW

### 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.

## INDUSTRY OVERVIEW

According to the Tianjin Municipal Bureau of Statistics, Tianjin had a population of approximately 12.3 million at the end of 2009. In 2009, Tianjin's GDP reached approximately RMB750 billion, representing a per capita GDP of RMB62,403. The table below sets forth selected economic indicators relating to Tianjin for the years indicated.

<b>Tianjin economic indicator</b>							<b>2004-2009 CAGR</b>	
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Tianjin average</b>	<b>China</b>
GDP (RMB billion) . . . . .	311	370	434	505	635	750	19.3%	16.0%

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

<b>Tianjin per capita economic indicators</b>							<b>% over 2009 China</b>	
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>average</b>	<b>average</b>
GDP (RMB) . . . . .	30,575	35,783	41,163	45,829	55,473	62,403	25,188	147.7%
Disposable income for urban households (RMB). . . . .	11,467	12,639	14,283	16,357	19,422	21,430	17,175	24.6%

*Source:* Tianjin Municipal Bureau of Statistics

## INDUSTRY OVERVIEW

According to the Tianjin Municipal Bureau of Statistics, in 2007 and 2008, commodity properties with a total GFA of approximately 17.0 million sq.m. and 18.0 million sq.m., respectively, were completed and commodity properties with a total GFA of approximately 15.5 million sq.m., 12.5 million sq.m. and 15.9 million sq.m., respectively, were sold in Tianjin. The average selling price per sq.m. in 2007, 2008 and 2009 was RMB5,811, RMB6,015 and RMB6,886, respectively.

### Tianjin property market indicators

	2004	2005	2006	2007	2008	2009	2004-2009 CAGR	
							Tianjin	China
Investments in property development (RMB billion) . . . . .	26.4	32.8	40.2	50.5	65.4	73.5	22.7%	22.5%
GFA completed (million sq.m.) . . . . .	10.1	14.8	15.2	17.0	18.0	N/A	N/A	10.6%
GFA sold for commodity properties (million sq.m.) . . . . .	8.5	9.4	14.6	15.5	12.5	15.9	13.3%	19.7%
Total sales for commodity properties (RMB billion) . . . . .	26.4	36.8	69.7	90.1	75.3	109.5	32.9%	33.5%
Average selling price (RMB/sq.m.) . . . . .	3,115	3,918	4,774	5,811	6,015	6,886	17.2%	11.1%

Source: Tianjin Municipal Bureau of Statistics



## INDUSTRY OVERVIEW

### 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 17.6 million at the end of 2009. In 2009, its GDP reached approximately RMB1,187 billion, representing a per capita GDP of RMB68,788. The table below sets forth selected economic indicators relating to Beijing for the years indicated.

<b>Beijing economic indicator</b>							<b>2004-2009 CAGR</b>	
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>China Beijing average</b>	<b>China</b>
GDP (RMB billion) . . .	606	689	786	935	1,049	1,187	14.4%	16.0%

Source: Beijing Municipal Bureau of Statistics

<b>Beijing per capita economic indicators</b>							<b>% over 2009 China China</b>	
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>average</b>	<b>average</b>
GDP (RMB) . . . . .	41,099	45,444	50,407	58,204	63,029	68,788	25,188	173.1%
Disposable income for urban households (RMB). . . . .	15,638	17,653	19,978	21,989	24,725	26,738	17,175	55.7%

Source: Beijing Municipal Bureau of Statistics

## INDUSTRY OVERVIEW

According to the Beijing Municipal Bureau of Statistics, in 2007, 2008 and 2009, commodity properties with a total GFA of approximately 28.9 million sq.m., 25.6 million sq.m. and 26.8 million sq.m., respectively, were completed and commodity properties with a total GFA of approximately 21.8 million sq.m., 13.4 million sq.m. and 23.6 million sq.m., respectively, were sold in Beijing. The average selling price per sq.m. in 2007 and 2008 was RMB11,553 and RMB12,418, respectively.

### Beijing property market indicators

	2004	2005	2006	2007	2008	2009	2004-2009 CAGR	
							Beijing	China
Investments in property development (RMB billion) . . . . .	147.3	152.5	172.0	199.6	199.3	233.8	9.7%	22.5%
GFA completed for commodity properties (million sq.m.) . . . . .	30.7	37.7	31.9	28.9	25.6	26.8	-2.7%	10.6%
GFA sold for commodity properties (million sq.m.) . . . . .	24.7	28.0	26.1	21.8	13.4	23.6	-0.9%	19.7%
Total sales for commodity properties (RMB billion) . . . . .	124.9	175.9	216.1	251.9	165.8	N/A	N/A	33.5%
Average selling price (RMB/sq.m.) . . . . .	5,053	6,274	8,280	11,553	12,418	N/A	N/A	11.1%

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 among cities 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 28.6 million at the end of 2009. In 2009, Chongqing's GDP reached approximately RMB653 billion, representing a per capita GDP of RMB22,916. The table below sets forth selected economic indicators relating to Chongqing for the years indicated.

<b>Chongqing economic indicator</b>								<b>2004-2009 CAGR</b>	
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Chongqing</b>	<b>China</b>	
								<b>average</b>	<b>average</b>
GDP (RMB billion) . . . . .	269	307	345	412	510	653	19.4%	16.0%	

Source: Chongqing Municipal Bureau of Statistics

<b>Chongqing per capita economic indicators</b>								<b>% over 2009 China</b>	
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>China</b>	<b>China</b>	
								<b>average</b>	<b>average</b>
GDP (RMB) . . . . .	9,624	10,982	12,316	14,660	18,025	22,916	25,188	-9.0%	
Disposable income for urban households (RMB) . . . . .	9,221	10,244	11,570	12,591	14,368	15,749	17,175	-8.3%	

Source: Chongqing Municipal Bureau of Statistics

## INDUSTRY OVERVIEW

According to the Chongqing Municipal Bureau of Statistics, in 2007, 2008 and 2009, commodity properties with a total GFA of approximately 22.5 million sq.m., 23.7 million sq.m. and 29.1 million sq.m., respectively, were completed and commodity properties with a total GFA of approximately 35.5 million sq.m., 28.7 million sq.m. and 40.0 million sq.m., respectively, were sold in Chongqing. The average selling price per sq.m. in 2007, 2008 and 2009 was RMB2,723, RMB2,785 and RMB3,442, respectively.

### Chongqing property market indicators

	2004	2005	2006	2007	2008	2009	2004-2009 CAGR	
							Chongqing	China average
Investments in property development (RMB billion) . . .	40.5	51.8	63.0	85.0	99.1	123.9	25.1%	22.5%
GFA completed for commodity properties (million sq.m.) . .	15.9	22.1	22.2	22.5	23.7	29.1	12.8%	10.6%
GFA sold for commodity properties (million sq.m.) . .	13.3	20.2	22.3	35.5	28.7	40.0	24.6%	19.7%
Total sales for commodity properties (RMB billion) . . .	23.3	43.1	50.6	96.7	80.0	137.8	42.7%	33.5%
Average selling price (RMB/sq.m.) . . .	1,751	2,135	2,269	2,723	2,785	3,442	14.5%	11.1%

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 Municipal Bureau of Statistics, Wuxi had a population of approximately 4.7 million at the end of 2009. In 2009, Wuxi’s GDP reached approximately RMB499 billion, representing a per capita GDP of RMB81,151, which was 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							2004-2009 CAGR	
	2004	2005	2006	2007	2008	2009	China		
							Wuxi	average	
GDP (RMB billion) . . .	235	281	330	386	442	499	16.3%	16.0%	

Source: Wuxi Municipal Bureau of Statistics

	Wuxi per capita economic indicators							% over 2009 China	
	2004	2005	2006	2007	2008	2009	China		
							average	average	
GDP (RMB) . . . . .	50,592	50,958	57,709	65,203	73,053	81,151	25,188	222.2%	
Disposable income for urban households (RMB) . . . . .	13,588	16,005	18,189	20,898	23,605	25,027	17,175	43.1%	

Source: Wuxi Municipal Bureau of Statistics

## INDUSTRY OVERVIEW

According to the Wuxi Municipal Bureau of Statistics, in 2007, 2008 and 2009, commodity properties with a total GFA of approximately 6.1 million sq.m., 7.1 million sq.m. and 6.8 million sq.m., respectively, were completed and commodity properties with a total GFA of approximately 7.4 million sq.m., 5.4 million sq.m. and 10.1 million sq.m., respectively, were sold in Wuxi. The average selling price per sq.m. in 2007, 2008 and 2009 was RMB4,579, RMB5,375 and RMB6,266, respectively.

### Wuxi property market indicators

	2004	2005	2006	2007	2008	2009	2004-2009 CAGR	
							Wuxi	China average
Investments in property development (RMB billion) . . . . .	19.6	22.7	27.7	37.8	45.0	46.3	18.8%	22.5%
GFA completed (million sq.m.) . . . . .	4.8	5.7	6.6	6.1	7.1	6.8	7.2%	10.6%
GFA sold for commodity properties (million sq.m.) . . . . .	4.1	6.0	6.5	7.4	5.4	10.1	19.8%	19.7%
Total sales for commodity properties (RMB billion) . . . . .	10.4	22.0	25.9	33.6	28.9	63.1	43.4%	33.5%
Average selling price (RMB/sq.m.) . . . . .	2,534	3,679	4,000	4,579	5,375	6,266	19.8%	11.1%

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 Municipal Bureau of Statistics, Suzhou had a population of approximately 6.3 million at the end of 2009. In 2009, Suzhou's GDP reached approximately RMB774 billion, representing a per capita GDP of RMB122,222. The table below sets forth selected economic indicators relating to Suzhou for the years indicated.

	Suzhou economic indicator							2004-2009 CAGR	
	2004	2005	2006	2007	2008	2009	China		
							Suzhou average	16.0%	
GDP (RMB in billions) . . . . .	345	403	482	570	670	774	17.5%	16.0%	

Source: Suzhou Municipal Bureau of Statistics

	Suzhou per capita economic indicators							% over 2009	
	2004	2005	2006	2007	2008	2009	China		
							average	average	
GDP (RMB) . . . . .	57,992	66,766	78,802	91,911	106,863	122,222	25,188	385.2%	
Disposable income for urban households (RMB). . . . .	14,451	16,276	18,532	21,260	23,867	26,320	17,175	53.2%	

Source: Suzhou Municipal Bureau of Statistics

## INDUSTRY OVERVIEW

According to the Suzhou Municipal Bureau of Statistics, in 2007, 2008 and 2009, commodity properties with a total GFA of approximately 18.7 million sq.m., 14.8 million sq.m. and 23.5 million sq.m., respectively, were completed and commodity properties with a total GFA of approximately 17.4 million sq.m., 10.1 million sq.m. and 23.5 million sq.m., respectively, were sold in Suzhou. The average selling price per sq.m. in 2007 and 2008 was RMB5,676 and RMB5,692, respectively.

### Suzhou property market indicators

	2004	2005	2006	2007	2008	2009	2004-2009 CAGR	
							Suzhou average	China
Investments in property development (RMB billion) . .	33.4	42.0	47.1	60.2	71.8	72.4	16.7%	22.5%
GFA completed (million sq.m.) .	11.3	16.0	18.2	18.7	14.8	18.8	10.7%	10.6%
GFA sold for commodity properties (million sq.m.) .	7.1	7.9	13.9	17.4	10.1	23.5	27.0%	19.7%
Total sales for commodity properties (RMB billion) . .	22.6	30.3	63.9	98.5	57.3	N/A	N/A	33.5%
Average selling price (RMB/sq.m.) . . .	3,203	3,863	4,591	5,676	5,692	N/A	N/A	11.1%

Source: Suzhou Municipal Bureau of Statistics