

Investment Report of China Real Estate Industry In Manner of M & A and Share Participations, 2008



During 1981-1997, China real estate industry experienced two growth periods: first period was from 1981 to 1989, the industry was initially formed after this period; second period was from 1992 to 1997, the industry developed rapidly during this period but turned down in 1997. In the year of 2000, the industry has started its third growth period.

In Jan-Jul 2008, real estate investment in china was CNY1.588 trillion, up 30.9% compared to the same period of 2007; moreover, the investment in residential house was CNY1.149 trillion, up 33.7% compared to the same period of 2007, of which CNY45.9 billion was invested in affordable housing, up 25.2% compared to the same period of 2007.



Investment Growth Rate of China Real Estate Industry, 1994-1H 2008 (%)

| 1994- 2000 | 2001 | 2002 | 203 | 2004 | 2005 | 2006 | 2007 | 1H 2008 |
|---------------|------|------|------|------|------|------|------|------------|
| 18.7 | 25.3 | 35 | 29.7 | 28.1 | 19.8 | 25.4 | 32.2 | 30.9 |

Source: National Bureau of Statistics, ResearchInChina

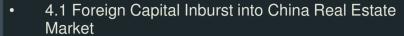
China real estate industry is characterized as over-number developers, small-scale, low industrial concentration degree and inadequate capital supply. For example, the total asset of National Real Estate Development Group Corporation (the largest real estate developer in China) is only CNY 60 billion, much lower than global giants. Therefore, the further development of china real estate industry is calling for mergers and acquisitions.



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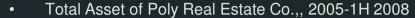
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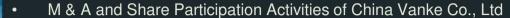
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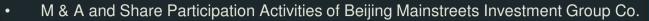
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