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PRESS RELEASE

HOME BUYERS TO RECEIVE GOVERNMENT SUPPORT IN THE YANGTZE RIVER DELTA CITIES

Beijing, China – Friday 17 October, 2008 –

This week, China Daily reported that new housing policies issued by the Shanghai and Hangzhou city governments, two major cities in the Yangtze River Delta, are aimed at boosting the sluggish housing market and to make homes more affordable by giving breaks to home buyers and developers. On Tuesday, the Shanghai Housing Provident Fund Management Center issued a notice raising the threshold of public housing fund lending to 600,000 yuan (\$87,732) from September 15. The supplementary lending quota for households with two or more borrowers was raised from 100,000 yuan to 200,000 yuan if the home buyer is purchasing the house for himself and is a first time buyer. Married couples with access to both basic and supplementary public housing funds are each entitled to borrow up to 200,000 yuan from the basic fund and 100,000 yuan from the supplementary fund.

Also on Tuesday, Hangzhou, (Zhejiang province), unveiled new policies aimed to boost the development of the housing market, such as granting permanent resident permits and subsidizing tax payments for individual housing purchasers, as well as expanding the developing period for realty developers. Going forward, those who purchase houses in designated areas with or above a certain amount of money will be granted Hangzhou permanent resident permits for the household (couples and their child). "Migrants account for no small part of the population in Hangzhou and the policy will certainly be attractive to them," said Zhao Hangsheng, director at the Zhejiang University Real Estate Investment Research Institution.

To offset deed tax and stamp tax payments on individual's purchase on both new and second-hand housing, the Hangzhou government promised to offer subsidies to cover the local proportion part of the taxes. Zhao believes that these policies will actively promote housing circulation and stimulate purchasing.

The policies are also aimed at encouraging the development of real estate by granting developers lower policies, lower corporate income taxes, and the local government will moderately adjust the

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payment term of land purchases and expand the starting and completing periods of construction projects. Adjusting the payment terms for land purchases will greatly alleviate the strained capital chain of real estate development enterprises, said a developer. "Expanding the starting and completing periods win time for developers to deal with the changing market," he said.

Scott Garner of Lehman, Lee & Xu commented that "for some time, Shanghai and the surrounding cities have encouraged individual home ownership through the granting of credit from local bank for people to buy their own homes and encouraging developers to build residential housing as opposed to strictly commercial buildings. This has been a strong trend over the past ten years or so as people in Shanghai have relied less on their companies and work units to provide housing to them. Today, most people own or rent their own homes, very few rely on work unit housing. And of course, a strong healthy housing market benefits local government as China levies land appreciation taxes as well as the housing property tax on the value of these properties."

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