

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



SRE GROUP LTD.

**SRE GROUP LIMITED**

**上置集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1207)**

**DISCLOSEABLE TRANSACTION:  
SUBSCRIPTION OF SHARES AND BONDS IN  
CHINA NEW TOWN DEVELOPMENT COMPANY LIMITED**

The Board wishes to announce that Sinopower, a wholly-owned subsidiary of the Company, on 28 July 2009 (a) entered into the Share Subscription Agreement with CNTD pursuant to which CNTD has conditionally agreed to issue and Sinopower has conditionally agreed to subscribe for the Subscription Shares at the Subscription Price; and (b) entered into the CB Subscription Agreement with CNTD pursuant to which CNTD has conditionally agreed to issue and Sinopower has conditionally agreed to subscribe for an aggregate principal amount of Bonds to be determined by CNTD on the Closing Date at the Issue Price.

The Share Subscription and the CB Subscription is not conditional upon each other.

Taking into account the 2009 March Subscription, the applicable ratios calculated under Rule 14.07 of the Listing Rules are greater than 5% but less than 25%, the Subscription constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

\* For identification purpose only

The Board wishes to announce that Sinopower, a wholly-owned subsidiary of the Company, on 28 July 2009 (a) entered into the Share Subscription Agreement in connection with the Share Subscription; and (b) entered into the CB Subscription Agreement in connection with the CB Subscription. The principal terms of each of the Share Subscription Agreement and the CB Subscription Agreement are set out below.

## **(A) THE SHARE SUBSCRIPTION AGREEMENT**

### **1. Date**

28 July 2009

### **2. Parties**

Issuer: CNTD, further information on which is set out in the paragraphs headed “Information of CNTD and the Group” and “Shareholding structure of CNTD” in this announcement below.

Subscriber: Sinopower, a wholly-owned subsidiary of the Company

### **3. Subject matter**

CNTD has conditionally agreed to issue and Sinopower has conditionally agreed to subscribe for up to 293,795,512 Subscription Shares at the Subscription Price of S\$0.07872 (equivalent to approximately HK\$0.420365) per Subscription Share. The maximum number of the Subscription Shares represents approximately 10.93% of the existing issued share capital of CNTD (excluding treasure shares) and approximately 9.85% of the enlarged issued share capital of CNTD immediately after completion of the Share Subscription (excluding treasury shares and assuming that no other CNTD Shares will be issued or repurchased by CNTD after signing of the Share Subscription Agreement until the completion of the Share Subscription Agreement).

Pursuant to the terms of the Share Subscription Agreement, in the event that (i) CNTD elects to exercise any of the Cash Settlement Options; or (ii) any but not all of the Purchase Agreements are terminated in accordance with their respective terms and conditions, the number of Subscription Shares which CNTD agreed to allot and issue and Sinopower agreed to subscribe and pay for at the Subscription Price, will be adjusted such that immediately following the completion of the Share Subscription and the completion of the Purchase, the interest of Sinopower in the resultant enlarged share capital of CNTD (excluding treasury shares) will be equal to 49.19%.

The Subscription Shares will be issued free from encumbrance and will rank pari passu in all respects with and carry all rights similar to the CNTD Shares in issue at the date of allotment of the Subscription Shares, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the completion of the Share Subscription.

#### **4. Conditions precedent**

The completion of the Share Subscription is conditional upon:

- (a) CNTD having, prior to the date of the completion of the Share Subscription, obtained approval from the shareholders of CNTD for the allotment and issue of the Subscription Shares to Sinopower;
- (b) approval in-principle for the Additional Listing Application being obtained from the SGX-ST and not having been revoked or amended and, where such approval is subject to conditions (which are not normally imposed by the SGX-ST for a transaction of a similar nature), to the extent that any conditions for the listing and quotation of the Subscription Shares on the Main Board of the SGX-ST are required to be fulfilled on or before the date of the completion of the Share Subscription, they are so fulfilled;
- (c) all of the Purchase Agreements (save for the Purchase Agreement entered into between (i) CNTD and (ii) Highbridge International LLC and Highbridge Asia Opportunities Master Fund, L.P.) not having been terminated in accordance with their respective terms and conditions;
- (d) all of the Cash Settlement Options not having been exercised in accordance with the terms and subject to the conditions of the respective Purchase Agreements;
- (e) the allotment, issue and subscription of the Subscription Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Share Subscription Agreement by any legislative, executive or regulatory body or authority of Singapore, British Virgin Islands, Hong Kong or elsewhere which is applicable to the CNTD and Sinopower;
- (f) permission of the Registrar of Corporate Affairs of the British Virgin Islands (or any other relevant authority) being given for the allotment and issue of the Subscription Shares (if necessary); and
- (g) the representations and warranties of CNTD in the Share Subscription Agreement being true, accurate and correct in all material respects as if made on the date of completion of the Share Subscription, with reference to the then existing circumstances and CNTD having performed in all material respects all of its obligations under the Share Subscription Agreement which are required hereunder to be performed on or before the date of completion of the Share Subscription.

Sinopower may waive compliance with the condition contained in paragraph (e) above and such condition if so waived shall be deemed to have been satisfied.

## **5. Consideration and Subscription Price**

The total consideration for the maximum number of the Subscription Shares is approximately S\$23,127,583 (equivalent to approximately HK\$123,501,293), and will be satisfied by bank transfer of such total consideration (or its equivalent in a currency other than S\$) to such account as CNTD or its nominee with such bank as CNTD may designate in writing to Sinopower not less than three Business Days prior to the date of completion of the Share Subscription.

The Subscription Price was arrived at after arm's length negotiations between Sinopower and CNTD and were determined on the basis of a discount of approximately 20% to the volume weighted average price of the CNTD Shares of approximately S\$0.0984 (equivalent to approximately HK\$0.525456) for the 30-business-day period of 15 May 2009 to 25 June 2009, representing approximately the period during which CNTD had approached to the Noteholders in relation to the Purchase of the High Yield Notes.

It is expected that the total consideration for the Subscription Shares will be financed by internal resources of the Group.

## **6. Termination**

If any of the following events shall occur since the date of the Share Subscription Agreement and prior to the completion of the Share Subscription that in the reasonable opinion of Sinopower exercised in good faith, is likely to render the transactions contemplated in the Share Subscription Agreement or any of them inadvisable or impracticable to proceed on the terms and in the manner contemplated in the Share Subscription Agreement, Sinopower may at any time prior to the completion of the Share Subscription (after consultation with CNTD) terminate the Share Subscription Agreement by notice in writing to CNTD:

- (a) if any of the conditions precedent of the Share Subscription Agreement has not been satisfied or if applicable, waived (if applicable) by Sinopower;
- (b) if there shall have come to the notice of Sinopower any material breach of the undertakings and warranties given by CNTD under the Share Subscription Agreement;
- (c) if there is a suspension by the SGX-ST of trading of the issued CNTD Shares on the Main Board of the SGX-ST for more than 2 consecutive Market Days (other than a trading halt on a temporary basis at the request of the CNTD) or a delisting of the issued CNTD Shares from the Main Board of the SGX-ST; or

(d) if there is any introduction of or any change in any law or regulation which materially or adversely affects the business of the CNTD or the CNTD Group taken as a whole.

If there shall have come to the notice of CNTD that Sinopower has breached any representations, warranties or undertakings given by Sinopower under the Share Subscription Agreement, CNTD shall be entitled to terminate the Share Subscription Agreement by notice in writing to Sinopower given at any time prior to the completion of the Share Subscription.

Upon such termination notice referred above being given, the Share Subscription Agreement shall in respect of CNTD and Sinopower terminate and the parties shall be released and discharged of their obligations, without prejudice to any rights in respect of any prior breach under the Share Subscription Agreement, and the Share Subscription Agreement shall be of no further effect and each party shall not be under any liability to the other in respect of the Share Subscription Agreement.

## **7. Completion**

Completion of the Share Subscription shall take place on the date falling three Business Days after the satisfaction of all conditions precedent (unless previously waived by Sinopower) or such other date as the parties may agree in writing, and which shall be in any event be no later than the date falling four months from the date of the Share Subscription Agreement (or such other date as the parties may agree in writing).

## **(B) CB SUBSCRIPTION AGREEMENT**

### **1. Date**

28 July 2009

### **2. Parties**

Issuer: CNTD, further information on which is set out in the paragraphs headed “Information of CNTD and the Group” and “Shareholding structure of CNTD” in this announcement below.

Subscriber: Sinopower, a wholly-owned subsidiary of the Company

### **3. Subject matter**

CNTD has conditionally agreed to issue and Sinopower has conditionally agreed to subscribe for an aggregate principal amount of Bonds to be determined by CNTD on the Closing Date (such principal amount shall in any event not more than RMB300,000,000 (equivalent to HK\$340,909,000)) at the Issue Price, and CNTD shall give Sinopower notice of such aggregate principal amount of Bonds on or before 10:00 a.m. (Hong Kong time) on the Closing Date.

The Bonds constitute direct, unsecured, unconditional and unsubordinated obligations of CNTD and will at all times rank pari passu, without any preference or priority among themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations (other than subordinated obligations and priorities created by law) of CNTD.

Assuming that the aggregate principal amount of the Bonds to be taken up by Sinopower on the Closing Date is RMB300,000,000, upon the exercise of the conversion rights attaching to such Bonds in full, 819,740,935 Conversion Shares will fall to be issued at the initial Conversion Price of S\$0.07872. Such number of Conversion Shares represent approximately 30.49% of the existing issued share capital of CNTD and approximately 23.37% of the issued share capital of CNTD as enlarged by the issue of such Conversion Shares (assuming that other than such Conversion Shares, no other CNTD Shares will be issued or repurchased by CNTD from the date of this announcement up to the exercise of the conversion rights attaching to the Bonds in full).

#### **4. Conditions precedent**

The obligations of Sinopower to subscribe and pay for the Bonds are subject to the following conditions precedent:

- (a) the representations and warranties given by CNTD being true and accurate in all material respects at, and as if made on, the Closing Date, and CNTD having performed all of its undertakings, agreements or obligations under the CB Subscription Agreement to be performed on or before the Closing Date (other than any obligations that may have been waived by the Sinopower and which waiver continues in effect);
- (b) the SGX-ST having granted approval in-principle for the listing of the Conversion Shares and such approval not having been withdrawn on or prior to the Closing Date;
- (c) CNTD has obtained the approval of its shareholders in a general meeting of its shareholders for the issuance of the Bonds to Sinopower;
- (d) the board of directors of CNTD having resolved (i) to issue the Bonds to Sinopower, (ii) the execution, delivery and performance of the CB Subscription Agreement and (iii) appropriate persons to execute and deliver the CB Subscription Agreement on behalf of CNTD and to take any action on behalf of CNTD in connection with the CB Subscription Agreement;
- (e) none of the events of default stated in the CB Subscription Agreement has occurred;

- (f) there being no outstanding breach which is material in the context of the issue and subscription of the Bonds or any of the obligations of CNTD under the CB Subscription Agreement or the Bonds which has not been expressly waived by CNTD on or prior to the Closing Date; and
- (g) the execution of at least one of the SP Agreements and such SP Agreement not being terminated on or prior to the Closing Date.

If any of the above conditions is not satisfied on or before the Closing Date, Sinopower shall thereupon and after consultation with CNTD be entitled (but not bound) to terminate the CB Subscription Agreement and in that event, the CB Subscription Agreement shall terminate and be of no further effect and the parties shall be released and discharged from their respective obligations under the CB Subscription Agreement, except that CNTD shall remain liable for the payment of all costs and expenses incurred prior to or in connection with such termination and CNTD shall remain liable for any antecedent breaches of the CB Subscription Agreement, and such termination shall be without prejudice to any accrued rights or obligations of any party under the CB Subscription Agreement.

Sinopower may, at its discretion and upon such reasonable terms as it may think fit, waive compliance with the whole or any part of the conditions above and any such condition or of any part thereof so waived shall be deemed to have been satisfied.

## **5. Principal terms of the Bonds**

The principal terms of the Bonds were determined after arm's length negotiations between CNTD and Sinopower and are summarised below:

- (a) Principal amount : up to RMB300,000,000 (equivalent to approximately HK\$340,909,000)
- (b) Interest : 2% per annum of the principal amount outstanding of the Bonds
- (c) Maturity Date : the seventh anniversary of the Issue Date
- (d) Conversion period : a Bondholder has the right to convert all or any of its Bonds into CNTD Shares at any time after the Issue Date up to the close of business on Maturity Date or, if such Bond shall have been called for redemption for taxation reasons by CNTD pursuant to the terms and conditions of the Bonds before the Maturity Date, then up to the close of business on a date no later than 7 Business Days prior to the date fixed for redemption thereof or if notice requiring redemption has been given by the Bondholder due to delisting or change of control of CNTD pursuant to the terms and conditions of the Bonds,



then up to the close of business on the day prior to the giving of such notice requiring redemption. If the Conversion Date in respect of a Bond would otherwise fall during the Book Closure Period, such Conversion Date shall be postponed to the first business day of the SGX-ST after the expiry of such Book Closure Period.

(e) Conversion Price : initially be fixed at S\$0.07872 per Conversion Share, but will be subject to adjustment in the event of an alteration to the number of issued CNTD Shares as a result of consolidation.

(f) Conversion Shares : The number of Shares to be issued on conversion of a Bond will be determined by dividing the principal amount of the Bond to be converted (translated into Singapore dollars at the fixed exchange rate of S\$1 = RMB4.649) by the Conversion Price in effect at the Conversion Date.

The Conversion Shares shall rank *pari passu* and carry the same rights and privileges in all respects as all other CNTD Shares then outstanding, and shall be entitled to all dividends, rights, allotments or other distributions declared or made, the books closure date of entitlement of which is on or after the date on which the name of Sinopower is entered into the register of members of CNTD as holder of the relevant Conversion Shares. CNTD has confirmed that it would make or cause to be made an application for the Conversion Shares to be listed on the SGX-ST.

(g) Redemption : the Bonds may be redeemed at the option of CNTD for taxation reasons in whole, but not in part, at any time on giving not less than 14 nor more than 30 days' notice to Sinopower prior to the Maturity Date, at their principal amount together with interest accrued to (but excluding) the date fixed for redemption pursuant to the terms and conditions of the Bonds.

Following the occurrence of a Relevant Event after the Issue Date, Sinopower will have the right at its option, to require CNTD to redeem in whole, but not in part, such Bonds on the 14th day after the expiry of the 30th day period following a Relevant Event or following the date upon which notice thereof is given to the bondholders in accordance with terms and condition of the Bonds by CNTD, as the case may be, at their principal amount together with interest accrued to (but excluding) the date fixed for redemption.



A “Relevant Event” occurs when (a) the CNTD Shares cease to be listed or admitted to trading or suspended for a period equal to or exceeding 30 days on the SGX-ST or, if applicable, the alternative stock exchange; or (b) there is a change of control of CNTD.

- (h) Transferability : A Bond may be transferred in whole or in part to a third party with the standard form of transfer duly completed and signed by the holder of the Bonds or his attorney duly authorised in writing.

## **6. Basis of the Conversion Price**

The initial Conversion Price of S\$0.07872 per Conversion Share was arrived at after arm’s length negotiations between Sinopower and CNTD and were determined on the basis of a discount of approximately 20% to the volume weighted average price of the CNTD Shares of approximately S\$0.0984 (equivalent to approximately HK\$0.525456) for the 30-business-day period of 15 May 2009 to 25 June 2009, representing approximately the period during which CNTD had approached to the Noteholders in relation to the Purchase of the High Yield Notes.

## **7. Termination**

Sinopower shall after consultation with CNTD be entitled (but not bound) to rescind or to terminate the CB Subscription Agreement, by notice in writing to CNTD given at any time prior to the payment of the Issue Price to CNTD in any of the following circumstances:

- (a) if there shall have come to the notice of Sinopower, any breach of any of the representations and warranties given by CNTD or any failure by CNTD to perform any of its undertakings or agreements in the CB Subscription Agreement to be performed on or before the Closing Date;
- (b) if any of the conditions precedent of the CB Subscription Agreement has not been satisfied or has not been waived by Sinopower; or
- (c) if there shall have been, in the reasonable opinion of Sinopower:
  - (i) any change or development involving a prospective change, in the condition, financial or otherwise, or in the earnings, business or operations, or in or affecting the properties, of CNTD and which materially and adversely affects CNTD; or

- (ii) an imposition of a new legal or regulatory restriction not in effect on the date hereof, or any change in the interpretation of existing legal or regulatory restrictions, that materially and adversely affects CNTD, or the issue or delivery of the Bonds or the Conversion Shares; or
- (iii) an event of default shall have occurred in respect of any Bonds, debentures, bonds or other similar securities of the Issuer issued and outstanding; or
- (iv) any change or development likely to lead to a change in monetary, political (including, but not limited to, changes by reason of military action), financial (including, but not limited to, stock market condition, currency exchange conditions in any of the financial markets and interest rates) or economic conditions in Singapore or internationally (including changes or developments in stock, bond, money and interest rate markets) or the occurrence of any combination of any such changes or developments which may impede or delay the exercise of Sinopower's right to sell, transfer or otherwise dispose of any of the Bonds subscribed or to be subscribed by it or materially and adversely affect or be likely to materially and adversely affect the business of financial position of CNTD.

Upon notice of termination pursuant to the above terms, the CB Subscription Agreement shall terminate and be of no further effect and the parties shall be released and discharged from their respective obligations under the CB Subscription Agreement, except that CNTD shall remain liable for the payment of all costs and expenses incurred prior to or in connection with such termination and no such termination shall affect any rights or obligations, accrued or incurred as at the effective date of such termination or which accrue thereafter in relation to any act or omission which occurred prior to such termination, under the CB Subscription Agreement.

## **8. Completion**

The completion of the CB Subscription shall take place on the Closing Date.

## **(C) INFORMATION OF CNTD AND THE GROUP**

CNTD is a limited liability company incorporated in the British Virgin Islands which shares are listed on the SGX-ST. The principal activities of CNTD and its subsidiaries are the planning and development of large scale new town projects in Shanghai, Wuxi, Shenyang and Changchun, the People's Republic of China.

On 5 March 2009, the Company announced that it had entered into an agreement for the subscription of 680,000,000 CNTD Shares at S\$0.051 per CNTD Shares ("**2009 March Subscription**"). Immediately prior to the 2009 March Subscription, the Group was interested in approximately 32.03% shareholding interest in CNTD and subsequent to such subscription, the Group's shareholding interest in CNTD increased to approximately 49.19%.

As at 31 December 2008, the audited consolidated net asset value of CNTD was RMB2,076 million (equivalent to approximately HK\$2,359 million). The audited consolidated net loss before and after taxation of CNTD for the year ended 31 December 2007 was RMB291 million (equivalent to approximately HK\$330 million) and RMB272 million (equivalent to approximately HK\$309 million) respectively and the audited consolidated net loss before and after taxation of CNTD for the year ended 31 December 2008 was RMB1,133 million (equivalent to approximately HK\$1,288 million) and RMB987 million (equivalent to approximately HK\$1,122 million) respectively.

The Group is an integrated property developer and is principally engaged in the development and sale of residential and commercial properties in Shanghai, Shenyang and Haikou, the People's Republic of China with a specific focus on the middle to high-end residential properties.

#### **(D) REASONS FOR THE SUBSCRIPTION**

As at the date of this announcement, the total issued CNTD Shares is 2,688,177,500. Upon completion of the Placement, the total issued CNTD Shares will become 2,991,609,671. In case Sinopower does not subscribe for any additional CNTD Shares, Sinopower's shareholding in CNTD will be diluted from 49.19% to 44.20%. As the Group holds CNTD as a long term investment and takes a positive view on its business and prospect, the Directors consider that the Share Subscription will enable the Group to avoid the dilution effect of the Placement and allow the Group to maintain its current shareholding of 49.19% in CNTD taking into account the adjustment mechanism as disclosed in the sub-paragraph headed "Subject matter" under the paragraph headed "The Share Subscription Agreement" above.

The Directors also consider that the CNTD Shares having been traded at a price undervalued on the SGX-ST, in view of the intention of CNTD to raise funds for the Purchase and to raise additional equity capital for development, the Directors consider that it is a good opportunity for Sinopower to subscribe for the Bonds which can be, at its own discretion, converted into CNTD Shares at a relatively low price in the future, which will give the flexibility to the Company to enhance return from its long term investment in CNTD and benefit the Company and the Shareholders in the long term.

The Directors are of the view that the Subscription is on normal commercial terms and the terms of the Subscription (including the Subscription Price, the Issue Price and the Conversion Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## (E) SHAREHOLDING STRUCTURE OF CNTD

CNTD is currently owned as to approximately 49.19% by the Company through Sinopower and upon completion of the Placement and the Share Subscription, the Company will still be interested in approximately 49.19% of CNTD's total issued share capital (assuming no CNTD Shares, other than the 303,432,171 CNTD Shares to be issued by way of Placement and the Subscription Shares, will be allotted and issued by CNTD after the date of the Share Subscription Agreement and until the completion of the Share Subscription). Accordingly, immediately upon completion of the Placement and the Subscription, CNTD will remain an associated company of the Company and the Company will equity account the total assets and liabilities of CNTD in its financial statements. However, after the completion of the Placement and the Subscription, if Sinopower exercises its conversion rights attaching to the Bonds in full, Sinopower's shareholding interest in CNTD will increase to 59.34% (assuming that after the completion of the Placement and the Subscription, other than the Conversion Shares, no other CNTD Shares will be issued or repurchased by CNTD), and CNTD will then become an indirect non-wholly owned subsidiary of the Company. As at the date of this announcement, the Company has no intention to exercise its conversion rights attaching to the Bonds. The Company will make a further announcement and comply with the requirements of the Listing Rules if in the future any conversion of the Bonds held by Sinopower into CNTD Shares will increase Sinopower's shareholding interest in CNTD and change CNTD into a subsidiary of the Group.

Set out below is a table showing the changes in Sinopower's interest in CNTD in the following circumstances:

	<b>As at the date of this announcement</b>	<b>Immediately after completion of the Placement but before the Subscription</b>	<b>Immediately after completion of the Placement and the Subscription</b>	<b>Assuming conversion of the Bonds in full (Note)</b>
Sinopower	1,322,401,000 (49.19%)	1,322,401,000 (44.20%)	1,616,196,512 (49.19%)	2,435,937,447 (59.34%)
Noteholders	655,275,756 (24.38%)	958,707,927 (32.05%)	958,707,927 (29.18%)	958,707,927 (23.34%)
Other shareholders	710,500,744 (26.43%)	710,500,744 (23.75%)	710,500,744 (21.63%)	710,500,744 (17.32%)
<b>Total:</b>	<b>2,688,177,500 (100%)</b>	<b>2,991,609,671 (100%)</b>	<b>3,285,405,183 (100%)</b>	<b>4,105,146,118 (100%)</b>

*Note: Assuming that after the completion of the Placement and the Subscription, other than the Conversion Shares, no other CNTD Shares will be issued or repurchased by CNTD.*

## **(F) GENERAL**

The Share Subscription and the CB Subscription is not conditional upon each other.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, other than being owned as to 49.19% by Sinopower as set out above, CNTD and its ultimate beneficial owners are independent of the Company and its connected persons as defined under the Listing Rules.

Save for (i) the 2009 March Subscription, details of which are disclosed in the Company's announcement dated 5 March 2009, and (ii) the Subscription, the Group has not acquired any CNTD Shares during the 12 months prior to the date of this announcement.

Taking into account the 2009 March Subscription, the applicable ratios calculated under Rule 14.07 of the Listing Rules are greater than 5% but less than 25%, the Subscription constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## **(G) DEFINITIONS**

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Additional Listing Application”	the application to the SGX-ST for the admission of all the Subscription Shares to the Official List of the SGX-ST and for the listing and quotation of all the Subscription Shares on the Main Board of the SGX-ST
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Bonds
“Bonds”	up to RMB300,000,000 in aggregate principal amount of 2% convertible bonds of CNTD due 2016
“Business Day(s)”	a day (excluding Saturdays, Sundays and gazetted public holidays) on which commercial banks are open for business in Singapore and Hong Kong
“Book Closure Period”	a period in which the register of members of CNTD is closed generally or for the purpose of establishing entitlement to any dividend or other rights attaching to the CNTD Shares
“Cash Settlement Options”	the Highbridge Cash Settlement Option and the OZF Cash Settlement Options

“CB Subscription”	the subscription of the Bonds pursuant to the terms and conditions of the CB Subscription Agreement
“CB Subscription Agreement”	the subscription agreement dated 28 July 2009 entered into between CNTD as the issuer and Sinopower as the subscriber in relation to the subscription of the Bonds
“Closing Date”	31 July 2009 (or such later date as CNTD and Sinopower may agree), on which the subscription of the Bonds will take place
“CNTD”	China New Town Development Company Limited, a company incorporated in the British Virgin Islands with limited liability, the shares of which are listed on the SGX-ST
“CNTD Group”	CNTD and its subsidiaries
“CNTD Share(s)”	ordinary share(s) of no par value in CNTD, excluding treasury shares
“Company”	SRE Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Conversion Date”	the date of conversion of the Bonds into Conversion Shares
“Conversion Price”	the price at which CNTD Shares will be issued upon conversion of the Bonds, which is initially be fixed at S\$0.07872 per Conversion Share, but will be subject to adjustment in the manner provided in the terms and conditions of the Bonds
“Conversion Shares”	the CNTD Shares to be issued by CNTD upon the conversion of the Bonds in accordance with the terms and conditions of the Bonds
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries

“Highbridge Cash Settlement Option”	the option exercisable at the discretion of CNTD to settle the aggregate consideration payable by CNTD for the repurchase of an aggregate RMB123,130,000 (equivalent to approximately HK\$139,920,455) in principal amount of High Yield Notes, together with all accrued and unpaid interests thereunder to any of Highbridge International LLC and Highbridge Asia Opportunities Master Fund, L.P entirely in cash in accordance with the terms and subject to the conditions of the purchase agreement between (i) CNTD and (ii) Highbridge International LLC and Highbridge Asia Opportunities Master Fund, L.P
“High Yield Notes”	the 17.75% U.S Dollar settled senior secured guaranteed notes in aggregate principal amount of RMB593,300,000 (equivalent to approximately HK\$674,204,545) due 2011 issued by CNTD to the Noteholders in September 2008
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Date”	the date of issue of the Bonds
“Issue Price”	the amount equivalent to 100% of the principal amount of the Bonds
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Market Day(s)”	a day or days on which the SGX-ST is open for trading in securities
“Maturity Date”	the seventh anniversary of the Closing Date
“Noteholders”	OZ Master Fund, Ltd., OZ Asia Master Fund, Ltd., OZ Global Special Investments Master Fund, L.P., Forum Asian Realty Income II, L.P., Highbridge International LLC and Highbridge Asia Opportunities Master Fund, L.P.. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, other than those disclosed in this announcement, the Noteholders are independent of the Company and its connected persons as defined under the Listing Rules.



“OZF Cash Settlement Options”	<p>the options exercisable by CNTD, subject to CNTD not obtaining the approval from its shareholders for the Placement, to either:</p> <p>(a) settle the entire consideration due to each of (i) OZ Master Fund, Ltd., OZ Asia Master Fund, Ltd. and OZ Global Special Investments Master Fund, L.P. or (ii) Forum Asian Realty Income II, L.P. under the repurchase of an aggregate RMB382,810,000 (equivalent to approximately HK\$435,011,364) in principal amount of High Yield Notes, together with all accrued and unpaid interests thereunder, entirely in cash; or</p> <p>(b) repurchase from OZ Master Fund, Ltd., OZ Asia Master Fund, Ltd., OZ Global Special Investments Master Fund, L.P. and Forum Asian Realty Income II, L.P. up to an aggregate RMB270,690,000 (equivalent to approximately HK\$307,602,273) in principal amount of High Yield Notes, together with all accrued and unpaid interests thereunder, entirely in cash</p>
“Placement”	the allotment and issue to the Noteholders of an aggregate of 303,432,171 CNTD Shares by way of a private placement as part consideration for the Purchase
“Purchase”	the repurchase of an aggregate RMB505,940,000 (equivalent to approximately HK\$574,931,818) in principal amount of High Yield Notes, together with all accrued and unpaid interests thereunder from the Noteholders
“Purchase Agreements”	the separate purchase agreements entered into between CNTD and each of the Noteholders on or about the date of the Share Subscription Agreement in relation to the Purchase
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“S\$”	Singapore dollars, the lawful currency of the Republic of Singapore
“SGX-ST”	the Singapore Exchange Securities Trading Limited
“Shareholders”	holders of shares of the Company
“Share Subscription”	the subscription of the Subscription Shares pursuant to the terms and conditions of Share Subscription Agreement

“Share Subscription Agreement”	the subscription agreement dated 28 July 2009 entered into between CNTD as the issuer and Sinopower as the subscriber in relation to the issue of the Subscription Shares
“Sinopower”	Sinopower Investments Limited, a wholly-owned subsidiary of the Company
“SP Agreements”	the sale and purchase agreements to be entered into between CNTD and (a) OZ Master Fund, Ltd., OZ Asia Master Fund, Ltd and OZ Global Special Investments Master Fund, L.P., (b) Forum Asian Realty Income II, L.P. and (c) Highbridge International LLC and Highbridge Asia Opportunities Master Fund, L.P. respectively for the sale and repurchase of part of the outstanding High Yield Notes issued by CNTD
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	collectively, the Share Subscription and the CB Subscription
“Subscription Price”	S\$0.07872 per Subscription Share
“Subscription Shares”	up to 293,795,512 new CNTD Shares
“%”	per cent.

By order of the Board of  
**SRE Group Limited**  
**Shi Jian**  
*Chairman*

Hong Kong, 28 July 2009

*As at the date of this announcement, the Board comprises ten Directors, five of whom are executive Directors, namely Mr. Shi Jian, Mr. Li Yao Min, Mr. Yu Hai Sheng, Mr. Jiang Xu Dong and Mr. Yue Wai Leung, Stan; two of whom are non-executive Directors, namely Mr. Cheung Wing Yui and Mr. Jin Bing Rong; and three of whom are independent non-executive Directors, namely Mr. Jiang Xie Fu, Mr. E Hock Yap and Mr. Pan Long Qing.*

*In this announcement, RMB has been converted to HK\$ at the rate of RMB0.88 = HK\$1, and S\$ has been converted to HK\$ at the rate of S\$1 = HK\$5.34 for illustration purpose only. No representation is made that any amounts in RMB, S\$ or HK\$ have been, could have been or could be converted at the above rates or at any other rates or at all.*