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SRE GROUP LTD.

SRE GROUP LIMITED

上置集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1207)

OVERSEAS REGULATORY ANNOUNCEMENT

This overseas regulatory announcement is issued pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

China New Town Development Company Limited (“CNTD”), a company listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) and a 61.54% owned subsidiary of SRE Group Limited, has on 18 August 2010 released to the SGX-ST an announcement (the “Announcement”) in relation to responses to SGX queries for unaudited second quarter and first half year financial statements for period ended 30 June 2010. The following is reproduction of the Announcement for information purpose only.

On behalf of the Board of Directors of
SRE Group Limited
Shi Jian
Chairman

Hong Kong, 18 August 2010

As at the date hereof, the Board comprises six executive directors, namely Mr. Shi Jian, Mr. Li Yao Min, Mr. Yu Hai Sheng, Mr. Jiang Xu Dong, Mr. Shi Pin Ren and Mr. Yue Wai Leung, Stan; two non-executive directors, namely Mr. Cheung Wing Yui and Mr. Jin Bing Rong and three independent non-executive directors, namely Mr. Jiang Xie Fu, Mr. E Hock Yap and Mr. Pan Long Qing.

* For identification purpose only



CHINA NEW TOWN DEVELOPMENT COMPANY LIMITED

中国新城镇发展有限公司

(Incorporated as a company limited by shares under the laws of the British Virgin Islands)
(Company Registration Number: 1003373)

**RESPONSES TO SGX QUERIES FOR
UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR PERIOD ENDED 31 JUNE 2010**

In response to The Singapore Exchange Limited's email dated 18 August 2010, the Directors of China New Town Development Company Limited (the "Company") wish to provide the following additional information in relation to the unaudited first quarter financial statements of the Company for period ended 30 June 2010 released on 13 August 2010.

Question 1

We note that other receivables increased by 21% to RMB430.8 million as at 30 June 2010. Please provide a breakdown of the major items contributing to the increase and the reasons for the significant increase.

Company's Reply

See breakdown below

| RMB' million | 30/06/2010 | 31/12/2009 | Note |
|--|------------|------------|------|
| Receivable of Changchun cessation of project | 294 | 323 | 1> |
| Deposit for land auction | 74 | - | 2> |
| Receivable from third party contractors | 41 | - | 3> |
| Others | 22 | 32 | |
| Total | 431 | 355 | |

Note

- 1> The decrease mainly due to the cash collection in the 1st half of 2010.
- 2> It represents the temporary deposit paid to the Land Resources Administration Bureau for land auction purpose, which has been collected in August 2010.
- 3> It represents the receivable from third party contractors related to Shenyang administrative fine and related losses. See company announcement on July 8th, 2010 for details.

Question 2

On page 5 of the results announcement, it is stated that the Group has classified the Senior Notes as current liability because the Company has breached certain covenants stated in the contract during 2009 and the 1st half of 2010. In this respect, please provide the following information:

- i. Details of the specific breaches committed during 2009 and 1st half of 2010; and
- ii. Reasons for not disclosing the breaches as and when they occurred.

Company's Reply

- i. The relevant covenants restrict us from, amongst others, entering into additional indebtedness, making restricted payments, entering into, renewing or extending any transaction or arrangement with any 10% or greater shareholder or any affiliate. The covenants also require us to obtain and maintain all government approvals, preserve and maintain good title to property and assets, and comply with all laws and regulations. We breached above covenants due to business necessities not foreseen at the time of the Senior Notes were issued.

- ii. We have disclosed the breaches in 2009 annual report note 22 and in 2010 Q1 announcement note II. The Company had engaged in discussion and during the process, the note holders had not taken any legal action against us, and no immediate payment or additional penalty was required due to our non-compliance with these covenants. Therefore, the breach of the senior notes covenants did not have material impact on the Company.

Question 3

On page 13 of the results announcement, it is stated that the holder of the Senior Notes, Forum Asian Realty Income II, L.P. (the "Holder"), has provided a one-time waiver to the issuer for the breaches. As a result, the Holder would not require immediate repayment of the outstanding principal and accrued and unpaid interest. In this respect, please provide the following information:

- i. When would the repayment of the outstanding principal fall due?
- ii. Are there any conditions attached to the waiver granted by the Holder?
- iii. What are the consequences and impact on the Company's financials if the Company fails to meet these conditions?

Company's Reply

- i. The repayment of the outstanding principal will be due in September 2011.
- ii. There are no conditions attached to the waiver granted by the Holder.
- iii. Not applicable.

By order of the Board

Song YiQing

Chief Financial Officer / Executive Director

18 August 2010