

**THIS AGREEMENT** is dated June 29, 2009 and made

**BETWEEN:**

1. **SRE INVESTMENT HOLDING LIMITED**, a company incorporated in the British Virgin Island and whose registered office is at Pasea Estate, Road Town, Tortola, British Virgin Islands (the “Vendor”);
2. **SRE GROUP LIMITED**, a company incorporated in Bermuda and whose registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and whose principal place of business in Hong Kong is at Suite 2501, 25/F, Convention Plaza Office Tower, 1 Harbour Road, Wanchai, Hong Kong (the “Company”);
3. **CREDIT SUISSE (HONG KONG) LIMITED**, a company duly incorporated under the laws of Hong Kong whose registered office is at 45<sup>th</sup> Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong (“Credit Suisse”); and
4. **DEUTSCHE BANK AG, HONG KONG BRANCH**, whose principal place of business in Hong Kong is at 48<sup>th</sup> Floor, Cheung Kong Center, 2 Queen’s Road Central, Hong Kong (“Deutsche Bank”).

**WHEREAS:**

- (A) At the date hereof, the Company has an authorised capital of HK\$800,000,000 divided into 8,000,000,000 Shares (as defined below) of HK\$0.10 each, of which 2,933,881,195 Shares have been issued and are fully paid up. All of the issued Shares are currently listed on the Stock Exchange (as defined below).
- (B) The Vendor is the legal and beneficial owner of 1,248,400,938 Shares and the Vendor has agreed to sell up to 520,000,000 Shares on the terms and subject to the conditions set out in this Agreement.
- (C) The Vendor has agreed to appoint the Placing Agents as placing agents for the purpose of procuring, as agents of the Vendor, purchasers for the Placing Shares (as defined below), on a best efforts basis, on the terms and subject to the conditions set out in this Agreement.
- (D) The Company has agreed to issue, and the Vendor has agreed to subscribe for, the Subscription Shares subject to and on the terms set out in this Agreement.

**THE PARTIES AGREE THAT:**

1. **INTERPRETATION**

1.1 **Definitions:** In this Agreement (including the Recitals):

“Affiliate” the meaning specified in Rule 501(b) of Regulation D;

“Allocated Placing Shares” the Placing Shares which have been or will be successfully placed at the Placing Completion Date

	pursuant to this Agreement;
“Associates”	the meaning given to that term in the Listing Rules;
“Audited Accounts Date”	31st December, 2008;
“Business Day”	any day (excluding a Saturday) on which banks generally are open for business in Hong Kong;
“CB Offering”	the offering by the Company of RMB446,900,000 aggregate principal amount of USD Settled 6% convertible bonds due 2014;
“CCASS”	the Central Clearing and Settlement System operated by Hong Kong Securities Clearing Company Limited;
“Companies Ordinance”	the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time);
“Completion”	completion of the Placing in accordance with Clause 3;
“Group”	the Company and its Subsidiaries and the expression “member of the Group” shall be construed accordingly;
“HK\$”	Hong Kong dollar;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time);
“Placee”	any institutional and other professional investor procured by the Placing Agents to purchase any of the Placing Shares pursuant to the Placing Agents’ obligations hereunder;
“Placing”	the offer by way of a private placing of the Placing Shares procured by the Placing Agents to select investors on the terms and subject to the conditions set out in this Agreement;
“Placing Agents”	Credit Suisse and Deutsche Bank, and each a “Placing Agent”;
“Placing Announcement”	the announcement in the agreed form proposed to be issued by the Company in substantially such form immediately following the execution of this Agreement;

“Placing Completion Date”	July 3, 2009 or such other date as the Vendor and the Placing Agents shall agree;
“Placing Period”	the period commencing upon the execution of this Agreement and terminating at 5:00 p.m. on the Business Day prior to the Placing Completion Date, unless terminated earlier pursuant to the terms of this Agreement;
“Placing Price”	the price of HK\$0.96 per Placing Share;
“Placing Shares”	520,000,000 Shares;
“Proceedings”	any legal action or proceedings in connection with this Agreement;
“Regulation D”	Regulation D under the US Securities Act;
“Regulation S”	Regulation S under the US Securities Act;
“Settlement Agent”	Deutsche Bank;
“Shares”	fully paid ordinary shares of HK\$0.10 each in the capital of the Company;
“SFC”	the Securities and Futures Commission of Hong Kong;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription by the Vendor for the Subscription Shares on the terms and subject to the conditions set out in this Agreement;
“Subscription Completion Date”	the Business Day after the date upon which the last of the conditions set out in Clause 5.2 shall have been satisfied provided that the Subscription Completion Date shall not be later than the date falling 14 days after the date of this Agreement;
“Subscription Completion”	the meaning given to that term in Clause 5.5;
“Subscription Price”	HK\$0.96 per Subscription Share, which is the same as the Placing Price;
“Subscription Shares”	the same number of new Shares as the Allocated Placing Shares;

“Subsidiary”	has the same meaning as in Rule 1.01 of the Listing Rules;
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers;
“United States”	has the meaning given in Regulation S;
“USD”	United States Dollar;
“US Exchange Act”	the United States Securities Exchange Act of 1934, as amended; and
“US Securities Act”	the United States Securities Act of 1933, as amended.

1.2 **Agreed Form:** Any reference to a document being “in the agreed form” means in the form of a document or the draft thereof signed for identification on behalf of the Vendor, the Company and the Placing Agents with (in the case of a draft) such alterations (if any) as may be agreed between the Vendor, the Company and the Placing Agents.

1.3 **Reference:** References in this Agreement to persons include references to bodies corporate and references to the singular include references to the plural and vice versa. References to “Clauses” are references to the clauses of this Agreement.

1.4 **Headings:** Headings are inserted for convenience only and shall not affect the interpretation of this Agreement.

1.5 **Time:** References to dates and times of the day are, unless otherwise specified, to Hong Kong dates and times.

## 2. APPOINTMENT OF PLACING AGENTS

2.1 **Appointment:** The Vendor hereby agrees to appoint the Placing Agents and each of the Placing Agents, relying on the representations, warranties and undertakings herein contained, agrees to act severally (not jointly nor jointly and severally) as the placing agents for the Vendor in connection with the Placing to procure Placees to purchase, on a best efforts basis, the number of Placing Shares set out against its name in Schedule 1 at the Placing Price (together with such Stock Exchange trading fee, SFC transaction levy and brokerage as may be payable by purchasers) in connection with the Placing on the terms provided for in this Agreement. For the avoidance of doubt, neither of the Placing Agents shall be obliged to purchase as principal any of the Placing Shares if all or any part of the Placing Shares are not purchased by the Placees.

2.2 **Placing Agents’ powers:** The Vendor hereby confirms that this appointment confers on each Placing Agent, in accordance with the provisions hereof, all powers, authorities and discretion on behalf of the Vendor which are necessary for, or reasonably incidental to, the Placing (including, without limiting the foregoing and if necessary, the completion of the relevant contract notes on behalf of the Vendor and the submission of such contract notes and other documents for stamping and registration) and hereby agrees to ratify and confirm everything which the Placing Agent may lawfully, reasonably and properly do in the exercise of such powers, authorities and discretion in accordance with this

Agreement.

- 2.3 **Sub-placing agents:** Each Placing Agent may in turn appoint other sub-placing agents to procure purchasers for the Placing Shares. Each Placing Agent confirms and undertakes that it shall require any sub-placing agent or other person through whom it may effect the Placing or offer any Placing Shares to observe the provisions of this Agreement. Any transaction legally, properly and reasonably carried out by each Placing Agent (and any sub-placing agent) shall constitute a transaction carried out at the request of the Vendor and as its agent and not in respect of the Placing Agent's own account. All fees of any sub-placing agent so appointed shall be paid and borne by the Placing Agent that appointed it out of the commissions, costs, charges and expenses payable by the Vendor under Section 4.1. Each Placing Agent may enter into any agreements with any of the agents for such purpose provided that such Placing Agent shall remain responsible for any act or omission carried out by such Placing Agent in the performance of its obligations hereunder.
- 2.4 **Election:** Notwithstanding the above, at any time each Placing Agent may elect that some or all of the Placing Shares set out against its name in Schedule 1 are purchased by it or any of its Affiliates or Subsidiaries as principal from the Vendor at the Placing Price (together with such Stock Exchange trading fee, SFC transaction levy and brokerage as may be payable) and, in that event, the Placing Shares may subsequently be sold by that Placing Agent or its Affiliates or Subsidiaries (each a "Seller") as principal to purchasers at any price(s) as the Placing Agent in its discretion may determine, without being under any obligation to notify the Vendor of such election or of the number of Placing Shares so purchased as principal, or of the price(s) at which those Placing Shares are sold to purchasers provided that any stamp duty payable in respect of such sale by the Seller as principal shall be borne by the relevant Seller.
- 2.5 **Choice of investors:** The choice of the investors to be procured under the Placing shall be determined solely by the Placing Agents provided that the Placing Agents shall consult the Company and the Vendor so that the Company and the Vendor can determine whether any of the investors is a connected person of the Company or associate of a connected person of the Company.
- 2.6 **Information:** The Vendor and the Company shall:
- (a) provide to each Placing Agent, at its reasonable request, with all such information known to it or which on reasonable enquiry ought to be known to it and relating to the Group as may be reasonably required by that Placing Agent in connection with the Placing for the purposes of complying with all requirements of applicable law or of the Stock Exchange or of the SFC; and
  - (b) promptly provide to each Placing Agent particulars of every significant new factor known to it which is in their reasonable opinion capable of materially affecting assessment of the Placing Shares in the context of the Placing which arises between the date hereof and 12:00 noon on the Placing Completion Date.
- 2.7 **Free from encumbrances:** The Vendor shall sell the Allocated Placing Shares at completion of the Placing pursuant to the Placing free from all liens, charges and encumbrances and together with all rights attaching to them, being rights which rank

pari passu to other ordinary shares of the Company in issue, including the right to receive all dividends declared, made or paid after the Placing Completion Date.

- 2.8 **Responsibility:** Any transaction legally and reasonably carried out by any Placing Agents (and any Sub-placing Agents under and in accordance with this Agreement) on behalf of the Vendor or the Company (and not as principal) shall constitute a transaction carried out at the request of the Vendor or the Company (as the case may be) and as its agents and not in respect of the Placing Agent's own account and neither Placing Agent shall be responsible for any loss or damage to any persons (including the Vendor and the Company) arising from any such transaction except for any loss or damage arising out of any fraud, wilful default or gross negligence on the part of the relevant Placing Agent.
- 2.9 **Further assurances:** The Vendor undertakes with each Placing Agent that it shall do all such other acts and things and execute such documents as may be reasonably required to be done by it to carry into effect the Placing, including vesting legal and beneficial ownership of the Allocated Placing Shares in the Placees, in accordance with the terms of this Agreement.
- 2.10 **Several liability:** The Vendor and the Company acknowledge and agree that the appointment of each of the Placing Agents is several and not joint, and that all obligations of each of the Placing Agents under this Agreement are incurred on a several, and not joint and several, basis independently from the other. Accordingly, the Vendor and the Company agree that each Placing Agent shall have no liability to the Vendor or the Company or their security holders for any actions or omissions of the other Placing Agent or the performance by the other Placing Agent of its obligations under this Agreement. Notwithstanding the foregoing, each of the Placing Agents shall be entitled to enforce any or all of its rights under this Agreement either alone or jointly with the other Placing Agent.
- 2.11 **Press Announcement:** The Company hereby authorises the Placing Agents to release or cause to be released for publication on its behalf, as soon as possible upon the execution of this Agreement, copies of the Placing Announcement.

### 3. **COMPLETION**

- 3.1 **Deposit of shares into CCASS:** To the extent that the Placing Shares (if any) are not already deposited and held in CCASS, the Vendor will take all steps required to deposit the Placing Shares into a CCASS account maintained with the Settlement Agent on or before 9:30 a.m. (Hong Kong time) on the date immediately following the date of this Agreement (or such other time and date as may be agreed between the Vendor and the Placing Agents) and provide sufficient confirmation of the same to the Placing Agents.
- 3.2 **Vendor's obligations:** By no later than 12:00 noon on the Business Day prior to the Placing Completion Date, the Vendor shall deliver to the Settlement Agent to facilitate settlement on the Placing Completion Date, evidence satisfactory to the Settlement Agent that the Vendor has given an irrevocable delivery instruction to effect a book-entry settlement of the Placing Shares through CCASS to credit to the CCASS stock account of the Settlement Agent, which the Settlement Agent shall have notified the Vendor on the date of this Agreement.

- 3.3 **Legal Opinions:** The Vendor shall at Completion deliver to each of the Placing Agents a copy (with one original to be delivered as soon as possible) of an opinion addressed to the Placing Agents issued and signed by the Company's Bermuda legal advisers in a form and substance satisfactory to the Placing Agents.
- 3.4 **Placing Agent's obligations:** Against compliance by the Vendor with its obligations under Clauses 3.1 and 3.2 and subject to Clause 7, Credit Suisse (or its nominees or agents) shall, in respect of the number of Allocated Placing Shares placed by it at or before 4:00 p.m. on the Placing Completion Date make or procure the making of payments to the Settlement Agent in cleared funds in Hong Kong dollars of the aggregate Placing Price of the number of Allocated Placing Shares placed by it without any deductions. Against compliance by the Vendor of its obligations under Clauses 3.1 and 3.2 and subject to Clause 7, the Settlement Agent (or its nominees or agents) shall, at or before 4:00 p.m. on the Placing Completion Date make or procure the making of payments to the Vendor in cleared funds in Hong Kong dollars of (i) the aggregate Placing Price of the number of Allocated Placing Shares placed by it; and (ii) on behalf of Credit Suisse, any amounts received by the Settlement Agent pursuant to Credit Suisse's obligations under this Clause 3.4. The payment by Credit Suisse of the aggregate Placing Price of the number of Allocated Placing Shares placed by it to the Settlement Agent shall constitute a complete discharge of the obligations of Credit Suisse to place the relevant Placing Shares. The payment by the Settlement Agent of the aggregate Placing Price of the number of Allocated Placing Shares placed by it to the Vendor and, on behalf of Credit Suisse, any amounts received by the Settlement Agent pursuant to Credit Suisse's obligations under this Clause 3.4 shall constitute a complete discharge of the obligations of the Settlement Agent (also acting as a Placing Agent) to place the relevant Placing Shares hereunder and such payment shall be made for value on the Placing Completion Date to such bank account held with a bank in Hong Kong as may be notified by the Vendor to the Settlement Agent no later than 12:00 noon one Business Day before Placing Completion Date. The Placing Agents shall effect book-entry settlements of the number of Allocated Placing Shares through CCASS to credit to the CCASS Stock account(s) of the relevant participants of the Placees. The parties agree that the Settlement Agent shall be entitled to withhold (for itself and on behalf of the other Placing Agent) from the proceeds payable to the Vendor under Clause 3.2 the amount which may be deducted pursuant to Clause 4.1.

#### 4. **PAYMENT OF FEES COMMISSIONS AND EXPENSES**

- 4.1 **Placing Agent fees and expenses:** In consideration of the services of each Placing Agent in relation to the Placing, the Vendor shall pay to each Placing Agent:
- (a) provided that completion of the Placing occurs in accordance with Clause 3, in Hong Kong dollars a placing fee of 2% of the amount equal to the Placing Price multiplied by the number of Allocated Placing Shares placed by such Placing Agent;
  - (b) provided that completion of the Placing occurs in accordance with Clause 3, the Vendor may, in its sole and absolute discretion, pay an incentive fee equal to up to 0.5% of the amount equal to the Placing Price multiplied by the number of Allocated Placing Shares placed by such Placing Agent (as the same may be

notified by the Vendor to such Placing Agent prior to the Placing Completion Date);

- (c) Hong Kong seller's ad valorem stamp duty (if any) at the relevant rate on the amount equal to the Placing Price multiplied by the number of Allocated Placing Shares placed by such Placing Agent;
- (d) seller's Stock Exchange trading levy, SFC transaction levy and investor compensation levy, if any, and fixed stamp duty on the instrument of transfer as may be payable in respect of the sale and transfer of the Allocated Placing Shares placed by such Placing Agent to the Placees; and
- (e) its legal fees and any out-of-pocket expenses incurred by that Placing Agent in connection with the Placing and/or the Subscription (provided that such out-of-pocket expenses shall be subject to a maximum of USD50,000 including any expenses in connection with the CB Offering).

which amounts the Settlement Agent is hereby authorised to deduct from the payments to be made by it to the Vendor pursuant to Clause 3.4.

The Settlement Agent shall pay to Credit Suisse, by no later than 4:00 pm on the date that is three Business Days after the Placing Completion Date, all amounts which Credit Suisse is entitled to receive from the Vendor pursuant to this Agreement to the bank account notified by Credit Suisse to the Settlement Agent.

- 4.2 **Placing not completed:** If for any reason (other than any breach by a Placing Agent of its obligations hereunder) this Agreement is terminated or the Placing is not completed, the Vendor shall remain liable for the payment of all costs and expenses referred to in Clause 4.1(c), (d) and (e) only to the extent already incurred.
- 4.3 **Brokerage:** The Vendor hereby acknowledges that, in addition to the commissions, costs, charges and expenses referred to in Clause 4.1, the Placing Agent shall be entitled to keep for its own account any brokerage that it may receive from the Placees.
- 4.4 **No deductions:** All payments to be made by the Vendor pursuant to this Clause 4 shall be made in full without any set-off, deduction or withholding whatsoever.

## 5. **SUBSCRIPTION**

- 5.1 **Subscription:** Subject to the fulfilment of the conditions set out in Clause 5.2, the Vendor agrees to subscribe as principal for the Subscription Shares and the Company agrees to issue the Subscription Shares at the Subscription Price on the Subscription Completion Date.
- 5.2 **Conditions:** Completion of the Subscription is conditional upon:
  - (a) the Stock Exchange granting listing of and permission to deal in the Subscription Shares;
  - (b) completion of the Placing having occurred pursuant to the terms of this



Agreement; and

- (c) the SFC granting a waiver to the Vendor from compliance with Rule 26 of the Takeover Code in relation to making an general offer for the Shares.

5.3 **Fulfilment:** The Company and the Vendor shall each use their respective best endeavours to procure the fulfilment of the conditions set out in Clauses 5.2(b) and (c) and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may reasonably be required by each other, the SFC and/or the Stock Exchange in connection with the fulfilment of such conditions.

5.4 **Non-Fulfilment:** If the conditions set out in Clause 5.2 are not fulfilled on or prior to 14 days from the date of this Agreement, the obligations of the Company and the Vendor under this Clause 5 shall terminate and neither of the parties shall have any claim against the others for costs, damages, compensation or otherwise in respect of the Subscription.

5.5 **Completion:** Subject to the fulfilment of the conditions set out in Clause 5.2, completion of the Subscription (“Subscription Completion”) shall take place at the office of the Company at or before 4:00 p.m. on the Subscription Completion Date or such other time as the Company and the Vendor may agree (subject to compliance with the Listing Rules) all but not some only of the following business shall be transacted:

(a) the Company shall :

- (i) allot and issue to the Vendor or its nominee the Subscription Shares and shall promptly thereafter register the Vendor or its nominee as the holder of the Subscription Shares and shall cause to be delivered to the Vendor definitive certificates of title in respect of the Subscription Shares in the name of the Vendor or its nominee; and

- (ii) deliver to the Vendor certified copies of the resolutions of the board of directors of the Company allotting the Subscription Shares pursuant to Clause 5.5(a)(i); and

(b) the Vendor shall make or procure the making of payment in Hong Kong dollars for value on the Subscription Completion Date to the Company of the aggregate Subscription Price of the Subscription Shares less the expenses properly incurred by it in connection with the Placing and the Subscription to the bank account nominated for the purpose by the Company (such nomination being made not less than one Business Day prior to the Subscription Completion Date) or in such other manner as may be agreed between the Vendor and the Company, which shall constitute a complete discharge of the Vendor’s obligations in respect thereof.

## 6. **REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS**

6.1 **Representations, Warranties and Undertakings:** In consideration of the Placing Agents entering into this Agreement and agreeing to perform their respective obligations

hereunder, each of the Vendor and the Company hereby jointly and severally represent, warrant and undertake (except in respect of matters which relate only to the Vendor on which the Company gives no warranty, representation or undertaking and the Company will not be jointly and severally liable for statements relating to such matters) to the Placing Agents as follows:

- (a) all facts stated in Recitals (A) and (B) are true and accurate;
- (b) the Vendor is the legal and beneficial owner of the Placing Shares and the Vendor has the necessary power and authority and has obtained all necessary consents and approvals to enable it to sell or procure the sale of the Placing Shares hereunder and to enter into this Agreement. This Agreement constitutes valid and legally binding and enforceable obligations of the Vendor and the Company.
- (c) the Placing Shares are fully paid up, rank pari passu in all respects with the existing Shares in issue, include the right to receive all dividends and distributions which may be declared, made or paid after the Placing Completion Date and are free and clear of all liens, encumbrances, equities or other third party rights;
- (d) the Vendor is duly incorporated and validly existing under the laws of the place of its incorporation;
- (e) all information (whether oral, written, electronic or in any other form) supplied by or on behalf of the Vendor or the Company or any of their respective officers, directors, employees or advisers, for the purpose of or in connection with the Placing, and all publicly available information and records of the Vendor and the Company (including information contained in annual reports, statutory filings and registrations) is and was, when supplied or published, true and accurate in all material respects and not misleading in any material respect;
- (f) all statements of fact contained in the Placing Announcement are true and accurate in all material respects and not misleading in any material respect in the context of the Placing and all statements of opinion, intention or expectation of the directors of the Company in relation to the Company or any of its Subsidiaries contained therein are truly and honestly held based on facts the directors of the Company knew or should have known and have been made after due and careful consideration and there is no other fact or matter omitted therefrom the omission of which would make any statement therein misleading in any material respect or which is otherwise material in the context of the Placing;
- (g) each member of the Group is duly incorporated and validly existing under the laws of the place of its incorporation with power to own its assets and to conduct its business in the manner presently conducted and there has been no petition filed, order made or effective resolution passed for the liquidation or winding up of any member of the Group which is material to the operations and results of the Group taken as a whole;

- (h) save as disclosed in a formal announcement made by the Company in the preceding twelve months, each member of the Group has obtained such authorisations and licences (if any) as are required under the provisions of any applicable law in connection with the operation of its business and there is no breach by any member of the Group of the provisions of any ordinance, statute or regulation governing such authorisations or licences nor is there any reason why any such authorisation or licence should be withdrawn or cancelled (except to the extent that the failure to obtain such authorisations and licences or any such breach would not have a material adverse effect on the Group as a whole);
- (i) save as previously disclosed by the Company to the public by way of a formal announcement during the preceding twelve months, there is no litigation, arbitration or other legal proceedings in progress or pending against any member of the Group which if decided adversely to the relevant member of the Group would have or have had during the twelve months preceding the date hereof a material adverse effect on the financial position of the Group (taken as a whole) or the Company and which is material in the context of the Placing;
- (j) the Company is not in breach in any material respect of any rules, regulations or requirements of the Stock Exchange or any applicable law, decree, judgment, legislation, order, regulation, statute, ordinance, treaty or other legislative measure;
- (k) no material outstanding indebtedness of any member of the Group has become payable or repayable by reason of any event of default of such member of the Group and no event has occurred which, with the lapse of time or the fulfilment of any condition or the giving of notice or the compliance with any formality, may result in such indebtedness becoming payable or repayable (as a result of a demand being made or otherwise) prior to its maturity date;
- (l) no member of the Group is in breach of or in default of any contract or agreement which could reasonably be expected to have or has had a material adverse effect upon the condition, financial or otherwise or the earnings, business affairs or business prospects (whether or not arising in the ordinary course of business) of the Group (taken as a whole) or which is individually or in the aggregate material in the context of the Placing;
- (m) save as previously disclosed by the Company to the public by way of formal announcement during the preceding twelve months or otherwise than in the ordinary course of business, no member of the Group has entered into a material contract or commitment of an unusual or onerous nature which, in the context of the Placing, might be material for disclosure and each such company has carried on its business in the ordinary and usual course;
- (n) the audited consolidated accounts of the Group for the financial year ended on the Audited Accounts Date:

- (i) have been prepared on a recognised and consistent basis and in accordance with generally accepted accounting principles, standards and practice in Hong Kong;
  - (ii) comply in all material respects with all applicable ordinances, statutes and regulations and show a true and fair view of the state of affairs of the Group and of its results for the period in question;
  - (iii) are not materially and adversely affected by any unusual or non-recurring items and do not include material transactions not normally undertaken by the relevant member of the Group (save as disclosed in the said accounts); and
  - (iv) make adequate provision for all taxation whether in Hong Kong or any other part of the world in accordance with Hong Kong Financial Reporting Standards in respect of all accounting periods ended on or before the respective date for which the relevant member of the Group was then or would reasonably be expected to at any time thereafter become or have been liable;
- (o) save as previously disclosed by the Company to the public by way a formal announcement, there has been no material adverse change in the condition, financial or otherwise, or the earnings, net assets, business affairs or business prospects (whether or not arising in the ordinary course of business) of the Group as a whole since 31 December 2008;
- (p) there is no order, decree or judgment of any court or governmental agency or regulatory body outstanding or anticipated against any member of the Group nor, to the best of the knowledge, information and belief of the Vendor, having made due and careful enquiries, is there any investigation or enquiry by any governmental agency or regulatory body outstanding or anticipated against any member of the Group which may have or has had a material adverse effect upon the condition, financial or otherwise or the earnings, business affairs or business prospects (whether or not arising in the ordinary course of business) of the Group or which is material in the context of the Placing;
- (q) except as disclosed to the Placing Agents in writing through the offering circular submitted to the Stock Exchange on June 26, 2009 and except in relation to any convertible bonds offering under the CB Offering and save as publicly announced or disclosed by way of a formal announcement by the Company prior to the date hereof or pursuant to options granted or hereafter to be granted under the share option scheme of the Company, no person has the right (whether exercisable now or in the future and whether contingent or not) to call for the allotment, conversion, issue, sale or transfer of any share or loan capital or any other security giving rise to a right over the capital of any member of the Group under any option or other agreement (including conversion rights and rights of pre-emption) and there are no encumbrances on the shares of any member of the Group or any arrangements or obligations to create any encumbrances; and

- (r) the execution and delivery of, and the performance by the Vendor and the Company of their respective obligations, under this Agreement do not and will not:
  - (i) result in a breach in any respect of any provision of the articles of association of any member of the Group or the Vendor; or
  - (ii) result in a breach in any material respect of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which any member of the Group or the Vendor is a party or by which any member of the Group or any of their respective properties is bound; or
  - (iii) result in a breach in any respect of any laws to which any member of the Group or the Vendor are subject or by which any member of the Group or the Vendor or any of their respective properties are bound; or
  - (iv) result in the creation of imposition of any encumbrance on any of its assets pursuant to the provisions of any mortgage, contract or other undertaking or instrument to which any member of the Group or the Vendor is a party or which is binding upon it or its assets;
- (s) save as previously disclosed by the Company to the public by way of formal announcement during the preceding twelve months and except for the employee share options (if any) of the Company in issue as at the date hereof or to be granted hereafter, no unissued share capital of any member of the Group is under any option or agreed conditionally or unconditionally to be put under any option and no person has an outstanding warrant, pre-emptive right or any other right of any description to require shares to be allotted or issued by any member of the Group;
- (t) (i) none of the Company nor the Vendor nor any of its or their Affiliates nor any person acting on its or their behalf (other than the Placing Agents and any sub-placing agents appointed by the Placing Agents) has engaged or will engage in any directed selling efforts (as defined in Regulation S under the US Securities Act) with respect to the Placing Shares; (ii) the Vendor, the Company, their Affiliates and any person (other than the Placing Agent) acting on its or their behalf have complied with and will comply with the offering restrictions requirement of Regulation S under the US Securities Act; and (iii) the Company is a “foreign issuer” as such term is defined in Rule 902 under the US Securities Act and is not subject to the reporting requirements of the US Exchange Act and there is no “substantial U.S. market interest” (as defined in Regulation S) in the Placing Shares or securities of the Company of the same class as such Placing Shares;
- (u) neither the Company nor the Vendor nor any of its or their Affiliates nor any person acting on its or their behalf (other than the Placing Agents and any sub-placing agents appointed by the Placing Agents) has offered or sold, or will offer or sell, any securities under circumstances that would require the registration of any of the Placing Shares under the US Securities Act provided

that this representation and warranty shall, to the extent that it relates only to actions of the Vendor or its affiliates, be given only by the Vendor;

- (v) the Company is not, and after giving effect to the issuance of the Subscription Shares and the application of proceeds thereof, will not be, an investment company as defined in the United States Investment Company Act of 1940, as amended;
- (w) each of the Vendor and the Company will promptly provide the Placing Agent, at its reasonable request, with all such information known to it or which on reasonable enquiry ought to be known to it relating to the Group or the Vendor as may be required by the Placing Agent in connection with the Placing for the purpose of complying with any applicable law, regulation or direction (including the establishment of any defence to any action under any of the same, whether relating to due diligence or otherwise) or any requirement of the Stock Exchange, the SFC or any other applicable regulatory body;
- (x) the Vendor shall use its best endeavors to ensure that none of its Associates shall purchase the Placing Shares under the Placing;
- (y) the Vendor is not in possession of any non-public information with respect to the Company or the Group which is price sensitive in relation to the Shares or other securities of the Company (or otherwise material for public disclosure) and there exists no price sensitive information in relation to the Group which the Company is obliged to disclose under Listing Rules but not having so disclosed. Each of the Company and the Vendor has not been, is not and shall not be at any time engage in insider dealing for the purposes of the Securities and Futures Ordinance of Hong Kong in connection with the Placing and the related transactions entered into pursuant to this Agreement, neither the Company, the Vendor nor any person acting on their respective behalf (other than the Placing Agents or any sub-placing agents appointed by the Placing Agents) or under their respective control has taken or shall take, directly or indirectly, any action designed or which was designed, or which constitutes or has constituted or might reasonably be or have been expected to cause or result in, stabilization or manipulation of the price of any Shares or other securities of the Company;
- (z) the Vendor and the Company shall make all appropriate disclosures pursuant to, and shall comply in all respects with, the Listing Rules, the Takeovers Code, the Securities and Futures Ordinance and all other applicable laws and regulations in connection with the Placing.
- (aa) all of the existing issued Shares are listed on the Stock Exchange and will continue to be listed on the Stock Exchange at the Placing Completion Date and the Vendor and/ or the Company are not aware of any circumstances whereby such listing will be cancelled or revoked;
- (bb) the creation, allotment and issue of the Subscription Shares will be within the Company's power and in accordance with its memorandum and articles of

association and the Company will comply with all statutory requirements, including the Companies Ordinance and with the rules and regulations of the Stock Exchange, the SFC or regulatory authority or governmental agency; and

- 6.2 **Warranties repeated:** The representations and warranties set out in this Clause 6 are given as at the date hereof and shall be deemed to be repeated by Vendor and the Company at all times up to and including the Placing Completion Date as if given or made at such time, with reference in each case to the facts and circumstances then subsisting. The Vendor undertakes up to and until Completion or its earlier termination to notify the Placing Agents of any matter or event coming to its attention prior to the Placing Completion Date which would or would reasonably be considered to render or have rendered any of the representations and warranties made by it set out in Clause 6.1 untrue, inaccurate or misleading in any material respect. The Vendor and the Company shall not, and shall use their respective best endeavours to procure that no member of the Group shall, at any time prior to or on the Placing Completion Date do or omit to do anything which may cause any of the representations and warranties made by it and set out in Clause 6.1 to be untrue in any material respect.
- 6.3 **Indemnity:** Each of the Vendor and the Company undertakes on demand to indemnify each of the Placing Agents or any person appointed as a sub-placing agent pursuant to Clause 2.3 or any of their respective associates (as defined in the Listing Rules) and any of their respective directors, officers, agents and employees which shall have been involved in effecting the Placing (the “Indemnified Parties”) against all or any claims, actions, liabilities, demands, proceedings or judgments brought or established against any of the Indemnified Parties by any purchaser of any of the Placing Shares or by any governmental agency, regulatory body or other person, directly or indirectly arising out of or in connection with the Placing and against all losses and all reasonable costs, charges and expenses (including legal fees) which any of the Indemnified Parties may suffer or incur (except for any loss, costs, charge or expense suffered or incurred which is finally judicially determined by a court of a competent jurisdiction to have resulted primarily from any fraud, wilful default or gross negligence on the part of the relevant Indemnified Party) (including, but not limited to, all such losses, costs charges or expenses suffered or incurred in disputing or defending any Proceedings).
- 6.4 **No claims:** No claim shall be made against any one of the Placing Agents or any person appointed as a sub-placing agent pursuant to Clause 2.3 by the Vendor or the Company to recover any damage, cost, charge or expense which the Vendor or (as the case may be) the Company may suffer or incur by reason of or arising from the carrying out by that Placing Agent of the work to be done by it pursuant hereto or the performance of its obligations hereunder or otherwise in connection with the Placing unless such damage, cost, charge or expense is suffered or incurred and is finally judicially determined by a court of a competent jurisdiction to have resulted primarily from any fraud, wilful default or gross negligence on the part of that Placing Agent.
- 6.6 **No merger:** The foregoing provisions of this Clause 6 shall remain in full force and effect notwithstanding completion of the Placing.
- 6.7 **Undertaking by the Vendor:** The Vendor undertakes to accept the Subscription Shares subject to the constitutional documents of the Company and (subject to and conditional upon Subscription Completion) to pay to the Company any interest accrued on the net

proceeds from the Placing for the period commencing on the Placing Completion Date and ending on the Subscription Completion Date.

6.8 **Moratorium on the Vendor:** The Vendor undertakes to the Placing Agents that for a period commencing from the date of this Agreement and ending on the 90th day from the Placing Completion Date, it will not and will procure that none of its nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) will:

6.8.1 offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Subscription Shares) or any interests therein beneficially owned or held by the Vendor or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests;

6.8.2 enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in Clause 6.8.1 or 6.8.2 is to be settled by delivery of Shares or such other securities, in cash or otherwise; or

6.8.3 announce any intention to enter into or effect any such transaction described in Clause 6.8.1 or 6.8.2,

except (a) for the sale the Placing Shares pursuant to this Agreement, (b) for any share lending by the Vendor to facilitate the hedging of any convertible bonds issued by the Company pursuant to the CB Offering, or (c) with the prior written consent of the Placing Agents.

6.9 **Moratorium on the Company:** The Company undertakes to the Placing Agents that for a period commencing from the date of this Agreement and ending on the 90th day from the Placing Completion Date, the Company will not:

6.9.1 allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares;

6.9.2 agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in Clause 6.9.1; or

6.9.3 announce any intention to enter into or effect any such transaction described in Clause 6.9.1 or 6.9.2,



except (a) for the issue and allotment of the Subscription Shares, (b) pursuant to the terms of any employee share option scheme of the Company, (c) for any bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with its articles of association, (d) for the issue of any convertible bonds pursuant to the CB Offering, (e) for the issue and allotment of any Shares in connection with the conversion of the convertible bonds issued in the CB Offering, (f) for the issue and allotment of any Shares in connection with the conversion of the HK\$165,000,000 convertible bond due December 29, 2013 initially issued to Well Fortune Investments Limited and Citic Capital China Access Fund Limited or (g) with the prior written consent of the Placing Agents.

## 7. **TERMINATION**

7.1 **Termination:** Notwithstanding anything contained in this Agreement, if, at any time prior to 12:00 noon on the Placing Completion Date:

- (a) there comes to the knowledge of a Placing Agent of any breach of any of the representations, warranties and undertakings set out in Clause 6.1; or
- (b) there develops, occurs or comes into force:
  - (i) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof in relevant jurisdictions; or
  - (ii) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, including without limitation, any outbreak or escalation of hostilities, declaration by the United States or Hong Kong of a national emergency or other calamity or crisis; or
  - (iii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
  - (iv) a general moratorium on commercial banking activities in Hong Kong, London or New York declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong, Singapore, the United Kingdom or the United States; or
  - (v) a change or development involving a prospective change in taxation in Hong Kong or the People's Republic of China or the United States or the

implementation of exchange controls in Hong Kong or the People's Republic of China which shall or might materially and adversely affect the Company; or

- (vi) any suspension of dealings in the Shares for any period whatsoever (other than as a result of, or in connection with the Placing, the Subscription and the CB Offering); or
- (vii) there is any such adverse change, or development involving a prospective adverse change in the general affairs, condition, results of operations or prospects, management, business, stockholders' equity or in the financial or trading position of the Company and/or of the Group as a whole; or
- (viii) the commencement by any regulatory or political body or organisation of any action against any director of the Company or an announcement by any regulatory or political body or organisation that it intends to take any such action,

which in the sole opinion of a Placing Agent (a) is or will be or is likely to be adverse, in any material respect, to the business, financial or prospects of the Group as a whole, (b) has or will have or is likely to have a material adverse effect on the success of the Placing, or (c) makes it impracticable, inadvisable or inexpedient for that Placing Agent to proceed with the Placing,

then and in any such case, each of the Placing Agents may terminate this Agreement without liability to the Vendor, the Company or the other Placing Agent by giving notice in writing to the Vendor, provided that the Vendor shall remain liable for all costs and expenses referred to in Clause 4.1 already incurred or to be incurred in consequence of such termination and that the provision of Clause 6.3 shall remain in full force and effect.

- 7.2 **Termination:** In the event that a Placing Agent terminates this Agreement pursuant to Clause 7.1 it shall as soon as practicable thereafter return to the Vendor all Placing Shares received by it pursuant to Clause 3.1 (i) by crediting the CCASS account of the Vendor (as notified by the Vendor to that Placing Agent) or (ii) at the option of the Vendor, by returning share certificates in respect of the relevant Placing Shares to the Vendor at the Vendor's cost, and subject thereto all obligations of that Placing Agent, the Vendor and the Company under this Agreement as against one another, save for Clauses 4, 6, 7.2, 8, 9 and 10, shall cease and determine and not one of them shall have any claim against the other in respect of any matter arising out of or in connection with this Agreement except for any breach arising prior to such termination.

## 8. GENERAL

- 8.1 **Announcements:** Save for the Placing Announcement and save as required by law or by the Stock Exchange or the SFC or any other regulatory authority, the Vendor hereby undertakes to use its best endeavours to procure that no public announcement or communication to the press, the Stock Exchange or the shareholders of the Company concerning the Company and/or its Subsidiaries which is material in relation to the

Placing shall be made by or on behalf of the Company between the date hereof and the Placing Completion Date without prior written approval from the Placing Agents as to the content, timing and manner of making thereof, such approval not to be unreasonably withheld or delayed.

- 8.2 **Time of the essence:** Any time, date or period mentioned in this Agreement may be extended by mutual agreement between the Vendor, the Company and the Placing Agents but, as regards any time, date or period originally fixed or any date or period so extended as aforesaid, time shall be of the essence.
- 8.3 **Waiver:** No failure or delay by any party in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy. Without limiting the foregoing, no waiver by any Party of any breach of any provision hereof shall be deemed to be a waiver of any subsequent breach of that or any other provision hereof.
- 8.4 **Assignment:** No other party hereto shall assign any of its rights under this Agreement (all of which shall be incapable of assignment) or purport to do so. This Agreement shall be binding on and enure for the benefit of each party's successors and permitted assigns.
- 8.5 **Counterparts:** This Agreement may be executed in any number of counterparts by the parties hereto on separate counterparts, each of which when executed shall constitute an original and all of which when taken together shall constitute one and the same document.
- 8.6 **No fiduciary duties:** The Vendor and Company acknowledge and agree that:
- (a) each Placing Agent has been retained solely to act as a placing agent and that no fiduciary, advisory or other agency relationship between the Vendor, the Company and the Placing Agents has been created in respect of any of the transactions contemplated by this Agreement irrespective of whether the Placing Agents have advised or are advising the Company or Vendor on other matters;
  - (b) the Placing Price was established by the Company and Vendor following discussions and arms-length negotiations with the Placing Agents and the Company and Vendor is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated by this Agreement;
  - (c) each of them has been advised that the Placing Agents and their respective Affiliates are engaged in a broad range of transactions which may involve interests that differ from those of the Vendor and Company and that the Placing Agents have no obligation to disclose such interests and transactions to the Company or Vendor by virtue of any fiduciary, advisory or agency relationship; and
  - (d) each of them waives, to the fullest extent permitted by law, any claims it may have against the Placing Agents for breach of fiduciary duty or alleged breach of fiduciary duty and agrees that the Placing Agents shall have no liability (whether direct or indirect) to the Company or Vendor in respect of such a fiduciary duty

claim or to any person asserting a fiduciary duty claim on behalf of or in right of the Company or Vendor, including their shareholders, employees or creditors.

9. **NOTICES**

9.1 **Notices:** All notices delivered hereunder shall be in writing in the English language and shall be communicated to the following addresses :-

If to the Vendor :

SRE Investment Holding Limited  
c/o SRE Group Limited  
Suite 2501, 25/F, Convention Plaza Office Tower  
1 Harbour Road, Wanchai  
Hong Kong

Facsimile : +852 2891 2378  
Attention : Shi Jian

If to the Company :

SRE Group Limited  
Suite 2501, 25/F, Convention Plaza Office Tower  
1 Harbour Road, Wanchai  
Hong Kong

Facsimile : +852 2891 2378  
Attention : Stan Yue

If to Credit Suisse :

Credit Suisse (Hong Kong) Limited  
Level 21  
International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

Facsimile : +852 39697725  
Attention : Legal and Compliance Department

If to Deutsche Bank :

Deutsche Bank AG, Hong Kong Branch  
56<sup>th</sup> Floor, Cheung Kong Center  
2 Queen's Road Central  
Hong Kong

Facsimile : +852 2203 7202  
Attention : Pierre-Alexis Renaudin/Edward Lau

9.2 **Deemed service:** Any such notice shall be served either by hand or by facsimile. Any notice shall be deemed to have been served, if served by hand, when delivered and if sent by facsimile, on receipt of confirmation of transmission. Any notice received on a day which is not a Business Day shall be deemed to be received on the next Business Day.

10. **GOVERNING LAW**

10.1 **Hong Kong Law:** This Agreement is governed by and shall be construed in accordance with the laws of Hong Kong for the time being in force and the parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of the Hong Kong courts in connection herewith.

10.2 **Vendor's service agent:** The Vendor irrevocably appoints the Company as its process agent to receive on its behalf service of process of any proceedings in Hong Kong. If for any reason the process agent ceases to be able to act as process agent or no longer has an address in Hong Kong, the Vendor irrevocably agrees to appoint a substitute process agent with an address in Hong Kong acceptable to the Placing Agents and to deliver to each of the Placing Agents a copy of the substitute process agent's acceptance of that appointment within 30 days. In the event that the Vendor fails to appoint a substitute process agent, it shall be effective service for the Placing Agents to serve the process upon the last known address in Hong Kong of the last known process agent for that Vendor notified to the Placing Agents notwithstanding that such process agent is no longer found at such address or has ceased to act provided that a copy of the proceedings is also sent to that the Vendor's current registered office or principal place of business wherever situated. Nothing in this Agreement shall affect the right to serve process in any other manner permitted by law.

### Schedule 1

#### Details of Placing Shares for each Placing Agent

Name of Placing Agent	Number of Placing Shares
Credit Suisse	260,000,000
Deutsche Bank	260,000,000

AS WITNESS the hands of the duly authorised representatives of the Parties on the day and year first before written.

SIGNED BY )  
 )  
for and on behalf of )  
**SRE INVESTMENT** )  
**HOLDING LIMITED** )

SIGNED BY )  
 )  
for and on behalf of )  
**SRE GROUP LIMITED** )

SIGNED BY )  
 )  
 )  
for and on behalf of )  
**CREDIT SUISSE** )  
**(HONG KONG) LIMITED** )

SIGNED BY )  
 )  
and )  
 )  
for and on behalf of )  
**DEUTSCHE BANK AG,** )  
**HONG KONG BRANCH** )

Dated June 29, 2009

**(1) SRE INVESTMENT HOLDING LIMITED**

**(2) SRE GROUP LIMITED**

**(3) CREDIT SUISSE (HONG KONG) LIMITED**

**and**

**(4) DEUTSCHE BANK AG, HONG KONG BRANCH**

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**PLACING AND SUBSCRIPTION AGREEMENT**

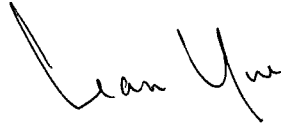
relating to  
shares in the capital of  
**SRE GROUP LIMITED**

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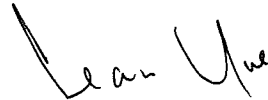


AS WITNESS the hands of the duly authorised representatives of the Parties on the day and year first before written.

SIGNED BY )  
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for and on behalf of )  
**SRE INVESTMENT** )  
**HOLDING LIMITED** )



SIGNED BY )  
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for and on behalf of )  
**SRE GROUP LIMITED** )



SIGNED BY )  
 )  
for and on behalf of )  
**CREDIT SUISSE** )  
**(HONG KONG) LIMITED** )

SIGNED BY )  
 )  
and )  
 )  
for and on behalf of )  
**DEUTSCHE BANK AG,** )  
**HONG KONG BRANCH** )

AS WITNESS the hands of the duly authorised representatives of the Parties on the day and year first before written.

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for and on behalf of )  
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**HOLDING LIMITED** )

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**SRE GROUP LIMITED** )

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for and on behalf of )  
**CREDIT SUISSE** )  
**(HONG KONG) LIMITED** )



SIGNED BY )  
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and )  
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for and on behalf of )  
**DEUTSCHE BANK AG,** )  
**HONG KONG BRANCH** )

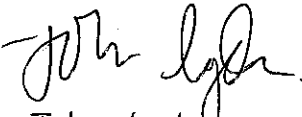
AS WITNESS the hands of the duly authorised representatives of the Parties on the day and year first before written.


SIGNED BY )  
 )  
for and on behalf of )  
**SRE INVESTMENT** )  
**HOLDING LIMITED** )

SIGNED BY )  
 )  
for and on behalf of )  
**SRE GROUP LIMITED** )

SIGNED BY )  
 )  
for and on behalf of )  
**CREDIT SUISSE** )  
**(HONG KONG) LIMITED** )

SIGNED BY )  
 )  
and )  
 )  
for and on behalf of )  
**DEUTSCHE BANK AG,** )  
**HONG KONG BRANCH** )

  
John Lydon  
Managing Director,  
Co-Head of Equity Capital Markets, Asia

  
Jorge Munoz  
Managing Director,  
Head of Equity Syndicate, Asia