

EXECUTION COPY

Dated June 29, 2009

SRE Group Limited,
Credit Suisse (Hong Kong) Limited
and
Deutsche Bank AG, Hong Kong Branch

SUBSCRIPTION AGREEMENT

relating to the issue of up to RMB 446,900,000 USD Settled 6% Convertible Bonds due 2014
convertible into ordinary shares of SRE Group Limited

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This Agreement is made on June 29, 2009 between:

- (1) **SRE Group Limited** (the “**Issuer**”);
- (2) **Credit Suisse (Hong Kong) Limited** (“**CS**”); and
- (3) **Deutsche Bank AG, Hong Kong Branch** (“**DB**”, and together with CS, the “**Joint Bookrunners**”).

WHEREAS:

- (A) The Issuer proposes to issue up to RMB 446,900,000 in aggregate principal amount of USD Settled 6% Convertible Bonds due 2014 (the “**Bonds**”, which expression shall, where the context so admits, include Bonds evidenced by a global certificate (the “**Global Certificate**”)) which will be convertible into fully paid ordinary shares of HK\$0.10 each (the “**Shares**”) of the Issuer.
- (B) The Bonds are being offered outside the United States in reliance on Regulation S (“**Regulation S**”) under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) (the “**Offering**”).
- (C) The Bonds will be constituted by a Trust Deed expected to be dated the Closing Date (as defined herein) (the “**Trust Deed**”) between the Issuer and a trustee (the “**Trustee**”) to be appointed by the Issuer and approved by the Joint Bookrunners. Payments of principal, interest and premium (if any) on the Bonds will be made on behalf of the Issuer by paying agents appointed under a paying, conversion and transfer agency agreement expected to be dated the Closing Date (the “**Agency Agreement**”) between the Issuer, the Trustee and the registrar and agents named therein (the “**Agents**”). The Bonds will be in registered form in the denomination of RMB 100,000 each. Each Bond will be convertible at the option of the holder thereof into fully paid Shares at an initial conversion price of HK\$1.056 per Share with a fixed exchange rate applicable to the conversion of RMB0.8818 = HK\$1.00.
- (D) The Issuer confirms that it has made an application for the Bonds to be listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) by way of selectively marketed securities and the Issuer confirms that it will, in accordance with the terms of this Agreement, make or cause to be made an application for the Shares to be issued on conversion of the Bonds (the “**New Shares**”) to be listed on the Hong Kong Stock Exchange.
- (E) Concurrently with the Offering, SRE Investment Holding Limited (the “**Share Lender**”) will be lending to Credit Suisse Securities (Europe) Limited and Deutsche Bank AG, Hong Kong Branch (the “**Share Borrowers**”) up to an aggregate of 150,000,000 Shares (the “**Borrowed Shares**”), pursuant to two respective stock borrow agreements dated the date hereof, between the Share Lender and the Share Borrowers (the “**Stock Borrow Agreements**”). The Share Borrowers are affiliates of the Joint Bookrunners.
- (F) The Issuer and SRE Investment Holding Limited (the “**Selling Shareholder**”) are also concurrently entering into a placement agreement with CS and DB (both acting as placement agents, the “**Placement Agents**”) pursuant to which the Issuer has agreed to issue and place up to 520,000,000 Shares, and the Selling Shareholder has agreed to sell up to 520,000,000 Shares, in each case ordinary shares in the capital of the Issuer (the “**Placing**”).

- (G) The Issuer wishes to record the arrangements agreed between it and the Joint Bookrunners for the issue and subscription of the Bonds as follows:

1 Subscription of the Bonds and Publicity

- 1.1** Subject to and in accordance with the provisions of this Agreement, the Issuer agrees to issue the Bonds for which subscribers have been procured, and each of the Joint Bookrunners agrees, on a best efforts basis, severally and not jointly, to procure subscribers to subscribe and pay for the principal amount of Bonds, in the proportion set forth opposite such Joint Bookrunner's name in Schedule 1 to this Agreement, on the Closing Date at the issue price of the US Dollar Equivalent of 100% of the aggregate principal amount of the Bonds for which subscribers have been procured, provided that the Issuer will pay the commission and concession referred to in Clause 5. The "**US Dollar Equivalent**" shall mean the equivalent in US dollars of any RMB amounts calculated at the exchange rate of US\$1.00 = RMB 6.8340.
- 1.2** The Issuer undertakes to prepare an Offering Circular (the "**Offering Circular**"), to be dated not later than three business days prior to the Closing Date or such other date as may be agreed between the Issuer and each of the Joint Bookrunners (the "**Publication Date**"), in connection with the Offering. Any reference hereinafter to the Offering Circular shall be deemed to include any amendments or supplements thereto. The Issuer hereby authorises each of the Joint Bookrunners and its affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act ("**Regulation D**")) to distribute copies thereof in connection with the offering and sale of the Bonds subject to and in accordance with Clause 9.
- 1.3** In connection with the issue and sale of the Bonds, each of the Joint Bookrunners represents to the Issuer that it has observed and undertakes to the Issuer that it will observe the restrictions on the offering of the Bonds and distribution of documents relating to the Bonds and the Shares (including the Offering Circular) set forth in Clause 9 below.
- 1.4** Each of the Joint Bookrunners may, to the extent permitted by applicable laws, over-allot and effect transactions in any over-the-counter market or otherwise in connection with the distribution of the Bonds with a view to supporting the market price of the Bonds and/or the Shares at a level higher than that which might otherwise prevail in the open market but in doing so each of the Joint Bookrunners shall act as principal and not as agent of the Issuer and any loss resulting from over-allotment or stabilisation shall be borne, and any profit arising therefrom shall be beneficially retained, by each of the Joint Bookrunners. Nothing contained in this Clause 1.4 shall be construed so as to require the Issuer to issue in excess of total amount of the Bonds.
- 1.5** The Issuer confirms the arrangements made on its behalf by the Joint Bookrunners for announcements in respect of the Bonds to be published on such dates and in such newspapers or other publications as it may agree with the Joint Bookrunners.
- 1.6** The terms and conditions of the Bonds (the "**Terms and Conditions**") shall be set out in the Trust Deed and summarised in the Offering Circular and will be in the form set out in Schedule 3 to this Agreement, with such changes as may be agreed between the Issuer and the Joint Bookrunners.

2 Listing

- 2.1** The Issuer confirms that it has made an application for the Bonds to be listed on the Hong Kong Stock Exchange.
- 2.2** The Issuer agrees to deliver to the Hong Kong Stock Exchange copies of the Offering Circular and to take such other steps as may be required for the purpose of obtaining a listing of the Bonds on the Hong Kong Stock Exchange on or prior to the Closing Date, provided that if such listing has not been obtained by the Closing Date, the Issuer agrees that it shall use its reasonable endeavours to obtain a listing of the Bonds on the Hong Kong Stock Exchange or on another stock exchange mutually acceptable to each of the Joint Bookrunners and the Issuer as soon as practicable following the Closing Date, which shall include the preparation of listing particulars based on the Offering Circular and containing the relevant information required by the relevant stock exchange to obtain such listing.
- 2.3** The Issuer will use its reasonable endeavours to maintain such listing for as long as any Bond is outstanding. If, however, it is unable to do so, having used such endeavours, or if the maintenance of such listing is unduly onerous, the Issuer will instead use its reasonable endeavours promptly to obtain and thereafter to maintain a listing for the Bonds on such other stock exchange as is commonly used for the quotation or listing of debt securities (an “**Alternate Stock Exchange**”) as it may (with the approval of each of the Joint Bookrunners or, after the Closing Date, the Trustee) decide or, failing such decision, as each of the Joint Bookrunners or, after the Closing Date, the Trustee may reasonably determine.

3 Representations, Warranties and Indemnity

- 3.1** The Issuer represents, warrants and agrees to and with the Joint Bookrunners that:
- 3.1.1** (i) each of the Issuer and the Subsidiaries (as defined in the Terms and Conditions) (a) is a company duly incorporated and validly existing under the laws of its jurisdiction of incorporation, and has full power and authority (corporate or otherwise) to own its properties and to conduct its business; and (b), except as disclosed in the Offering Circular, has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts business so as to require such qualification, (ii) the Issuer is in good standing in its jurisdiction of incorporation, to the extent applicable, and has full power and authority to enter into and perform its obligations under the Bonds, this Agreement, the Trust Deed and the Agency Agreement;
- 3.1.2** no winding-up or liquidation proceedings have been commenced against the Issuer or any of the Subsidiaries, and no proceeding has been started for the purpose of, and no judgment has been rendered, declaring that the Issuer or any of the Subsidiaries is bankrupt or is in insolvency proceedings, liquidation or receivership;
- 3.1.3** Note 21 to the Financial Statements included in the Issuer’s 2008 Annual Report sets forth all Subsidiaries which principally affected the 2008 financial results or formed a substantial portion of the net assets as of December 31, 2008 of the Issuer and the Subsidiaries taken as a whole under the Hong Kong Financial Reporting Standards (“**HKFRS**”);

- 3.1.4 except as disclosed in the Offering Circular, neither the Issuer nor any of the Subsidiaries acts or carries on business in partnership with any other person or is a member of any corporate or unincorporated body, undertaking or association or holds or is liable for any share or security that is not fully paid up or that carries any liability; neither the Issuer nor any of the Subsidiaries is engaged in any business activity nor has any material asset or liability (whether actual, contingent or otherwise) that is not directly or indirectly (i) related to the business or (ii) used for the advancement of the business (including any new business) of the Issuer and the Subsidiaries;
- 3.1.5 this Agreement has been duly authorised, executed and delivered by the Issuer and, assuming due execution and delivery by the Joint Bookrunners, constitutes, and each of the Trust Deed and the Agency Agreement will be duly authorised by the Issuer prior to the Closing Date and upon execution and delivery by the parties thereto prior to or on the Closing Date will constitute, valid, binding and enforceable obligations of the Issuer;
- 3.1.6 the Bonds have been duly authorised by the Issuer and, when duly executed, authenticated, issued and delivered in accordance with the Trust Deed, the Agency Agreement and this Agreement, the Bonds will constitute valid, binding and enforceable obligations of the Issuer; there are no restrictions on transfer of the Bonds other than restrictions under applicable laws;
- 3.1.7 the New Shares, when issued and delivered by the Issuer in the manner contemplated by the Bonds and the Trust Deed, will:
- (i) be duly and validly issued, fully-paid and non-assessable;
 - (ii) conform to the description thereof to be contained in the Offering Circular;
 - (iii) be entitled to all dividends and other distributions declared, paid or made by the Issuer;
 - (iv) rank *pari passu* with and, carry the same rights in all aspects as, the other Shares then outstanding; and
 - (v) be freely transferable, free and clear of all liens, encumbrances, security interests or claims of third parties and will not be subject to calls for further payments;
- 3.1.8 except for 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 (the "Citic Bonds"), there are no outstanding securities issued by the Issuer or the Subsidiaries convertible into or exchangeable for Shares, or warrants, rights or options to purchase Shares from the Issuer or the Subsidiaries, nor are there other or similar arrangements approved by the Board of Directors of the Issuer or the general meeting of shareholders of the Issuer providing for the issue or purchase of Shares (other than in connection with the Placing) or the subscription for Shares and no unissued share capital of the Issuer is under option or agreed conditionally or unconditionally to be put under option;
- 3.1.9 the Issuer has an authorised capitalisation as will be set forth in the Offering Circular under the heading "Capitalisation"; and all the outstanding shares of capital stock or other equity interests of each Subsidiary have been duly and validly

authorised and issued, are fully paid; and, except as disclosed in the Offering Circular, the Issuer's shareholding or equity interest in each Subsidiary is owned directly or indirectly by the Issuer, free and clear of any lien, charge, encumbrance, security interest, restriction on voting or transfer or any other claim of any third party. Except as to be disclosed in the Offering Circular, there are no outstanding rights, warrants, or options to acquire, or instruments convertible into or exchangeable for, any shares of capital stock of, or direct interest in, any of the Subsidiaries. Subsequent to the date as of which information is to be given in the Offering Circular, the Issuer has not purchased any of its outstanding capital stock, nor declared, paid or otherwise made any dividend or distribution of any kind on its capital stock;

- 3.1.10 the Issuer has or, prior to the Closing Date will have, sufficient authorised share capital to satisfy the issue of such number of New Shares as would be required to be issued on conversion of all the Bonds. The issue of the New Shares will not be subject to any pre-emptive or similar rights; as of the date of the Offering Circular, no Shares will be subject to issuance pursuant to presently existing options or agreements, other than those Shares that may be issued in connection with the Placing;
- 3.1.11 all of the currently outstanding Shares have been, and the New Shares will be, when issued, duly listed on the Hong Kong Stock Exchange;
- 3.1.12 the Issuer is in compliance with and will comply with all applicable laws and the applicable requirements of The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), in each case with respect to the Shares, and in particular, the Issuer is in compliance with its disclosure obligations under the Listing Rules, and the Issuer will comply with the Listing Rules in connection with the issue of the Bonds;
- 3.1.13 except as disclosed in the Offering Circular, no consent, clearance, approval, authorisation, order, registration or qualification of or with any court, governmental agency or regulatory body having jurisdiction over the Issuer is required and no other action or thing is required to be taken (other than issuance and delivery of the New Shares upon conversion of the Bonds), fulfilled or done for the execution and delivery by the Issuer of this Agreement, the Trust Deed and the Agency Agreement, the issue or offer of the Bonds, the delivery of the New Shares upon conversion of the Bonds or the consummation of the other transactions contemplated by this Agreement, the Trust Deed and the Agency Agreement except for those which have been, or will on or prior to the Closing Date be, obtained and are, or will on the Closing Date be, in full force and effect;
- 3.1.14 the execution and delivery of this Agreement, the Trust Deed, the Agency Agreement, the Bonds, the issue, offer and delivery of the Bonds, the offer and delivery of the Borrowed Shares, the consummation of the transactions contemplated herein and compliance with the terms hereof and thereof do not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the documents constituting the Issuer, or any indenture, trust deed, mortgage or other agreement or instrument to which the Issuer or any of the Subsidiaries is a party or by which it or any of its properties are bound or infringe any existing applicable law, rule, regulation, judgment, order, authorisation or decree of any government, governmental body or court, domestic or foreign,

having jurisdiction over the Issuer or any of the Subsidiaries or any of their properties or assets or infringe the rules of any stock exchange on which securities of the Issuer or any Subsidiaries of the Issuer are listed;

- 3.1.15 the Bonds (when issued) will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will at all times rank *pari passu* without any preference among themselves and with all other present and future unconditional, unsecured and unsubordinated obligations of the Issuer other than those preferred by statute or applicable law;
- 3.1.16 there are no restrictions on transfers of the Shares under Bermuda and Hong Kong law; there are no restrictions applicable to the Shares generally upon the voting or transfer of any of the Shares pursuant to the Issuer's constitutional documents or pursuant to any agreement or other instrument to which the Issuer is a party or by which the Issuer may be bound;
- 3.1.17 (a) the Offering Circular will contain, as at the Publication Date, all information with respect to the Issuer and Subsidiaries taken as a whole (the "**Group**") and to the Bonds and the New Shares which is material in the context of the issue and offering of the Bonds, (b) all statements of fact to be contained in the Offering Circular will be true and accurate in all material respects and not misleading in any material respect as at the Publication Date, and (c) all statements of opinion, intention or expectation contained therein will be truly and honestly held and will have been made after due and proper consideration of all relevant circumstances and will be based on reasonable assumptions, and (d) no other material fact or matter will be omitted from the Offering Circular which (i) will be necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Group and of the rights attaching to the Bonds and the Shares or (ii) the omission of which will make any statement therein, in light of the circumstances under which they were made, misleading in any material respect or (iii) in the context of the issue of the Bonds will be material for disclosure therein;
- 3.1.18 the statements in the Offering Circular, including but not limited to those under the headings "Risk Factors", "Dividends", "Business", "Sale and Subscription", and "Taxation", insofar as they purport to describe the provisions of the laws and documents referred to therein, are true and accurate and correct in all material respects;
- 3.1.19 all statistical, industry-related and market-related data included in the Offering Circular are based on or derived from official and other publicly available sources that the Issuer reasonably and in good faith believes to be reliable and accurate, such data agree with the sources from which they are derived, and the Issuer has obtained the written consent (where required) for the use of such data from such sources;
- 3.1.20 (i) neither the Issuer nor any of the Subsidiaries has factored any of its debts or engaged in financing of a type that would not be required to be shown or reflected in its audited accounts, other than any factoring or financing, the existence of which would not, individually or in the aggregate, result in a material adverse change in the financial condition, or in the earnings, operations, business or prospects of the Issuer and the Subsidiaries taken as a whole, whether or not arising in the ordinary

course of business (a “**Material Adverse Effect**”), and (ii), except as disclosed in the Offering Circular, all of the Issuer’s or the Subsidiaries’ borrowing facilities have been duly executed and are in full force and effect, and no event of default has occurred and, to the Issuer’s best knowledge, no circumstances exist which could cause any undrawn amount under any such borrowing facilities to be unavailable for drawing as required;

- 3.1.21 except as disclosed in the Offering Circular, (i) neither the Issuer nor any of the Subsidiaries has any outstanding liabilities, term loans, other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and loans, debt securities, or similar indebtedness, hire purchase commitments or any mortgages and charges, other than any trade liabilities, loans, borrowings or indebtedness, the existence of which would not, individually or in the aggregate, have a Material Adverse Effect; (ii) no outstanding indebtedness of either the Issuer or any of the Subsidiaries has become repayable before its stated maturity, nor has any security in respect of such indebtedness become enforceable by reason of default by either the Issuer or any of the Subsidiaries; (iii) no person to whom any indebtedness of either the Issuer or any of the Subsidiaries which is repayable on demand is owed has demanded or threatened to demand repayment of, or to take step to enforce any security for, the same; and (iv) no circumstance has arisen such that any person is now entitled to require payment of any indebtedness of any liability of either the Issuer or any of the Subsidiaries by reason of default by the Issuer or any of the Subsidiaries and, to the Issuer’s best knowledge, no circumstance has arisen such that any person is now entitled to require payment under any guarantee of any liability of either the Issuer or any of the Subsidiaries by reason of default of any other person of any guarantee given by either the Issuer or any of the Subsidiaries.
- 3.1.22 without the consent of the Joint Bookrunners, the Issuer (including its agents and representatives) has not made, used, prepared, authorized, approved or referred to and will not prepare, make, use, authorize, approve or refer to any Supplemental Offering Material (defined below), except that the Issuer does not make any representation or warranty with respect to actions taken by the Joint Bookrunners. “**Supplemental Offering Material**” means any “written communication” (within the meaning of the rules promulgated under the Securities Act), prepared by or on behalf of the Issuer, that constitutes an offer to sell or a solicitation of an offer to buy the Bonds other than the Offering Circular, including without limitations, any roadshow relating to the Bonds that constitutes such a written communication;
- 3.1.23 (i) the audited consolidated financial statements of the Group for the two years ended December 31, 2008 provided to the Joint Bookrunners and to be included in the Offering Circular were prepared in accordance with HKFRS and present a true and fair view of the financial position of the Group as at the dates, and the results of operations and changes in financial position of the Group for the periods in respect of which they have been prepared. Except as disclosed in the Offering Circular, since December 31, 2008, there has been no change nor any development or event likely to involve a prospective change which is adverse to the condition (financial or other), prospects, results of operations, management, stockholders’ equity, business or properties of the Group;

- 3.1.24 each of the Issuer and the Subsidiaries maintains systems of internal controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorisations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with applicable laws and regulations of Hong Kong and HKFRS and to maintain asset accountability; (iii) access to material assets is permitted only in accordance with management's general or specific authorisations; (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and (v) each of the Issuer and the Subsidiaries has made and kept books, records and accounts which, in reasonable detail, which accurately and fairly reflect the transactions and dispositions of assets of such entity and provide a sufficient basis for the preparation of the Issuer's consolidated financial statements in accordance with HKFRS; and current management information and accounting control system of the Issuer has been in operation for at least 12 months during which neither the Issuer nor any of the Subsidiaries has experienced any difficulties with regard to (i) through (v) above;
- 3.1.25 except as disclosed in the Offering Circular, there are no outstanding guarantees or contingent payment obligations of the Issuer nor any of the Subsidiaries in respect of indebtedness of third parties; each of the Issuer and the Subsidiaries is in compliance with all of its obligations under any outstanding guarantees or contingent payment obligations as described in such financial statements, except for such non-compliance that would not, individually or in the aggregate, result in a Material Adverse Effect;
- 3.1.26 Neither the Issuer nor any of the Subsidiaries has any relationships with unconsolidated entities that are contractually limited to narrow activities that facilitate the transfer of or access to assets by the Issuer or any of the Subsidiaries, such as structured finance entities and special purpose entities, that are likely to have a material adverse effect on the liquidity of the Issuer or any of the Subsidiaries or the availability thereof or the requirements of the Issuer or any of the Subsidiaries for capital resources;
- 3.1.27 except as disclosed in the Offering Circular, the Issuer and the Subsidiaries have good and marketable title to all properties and to all assets necessary to conduct the business now operated by them in each case free from liens, encumbrances and title defects that would affect the value thereof or interfere with the use made or to be made thereof by them, except for such failure to maintain good and marketable title that would not, individually or in the aggregate, result in a Material Adverse Effect; and any real property and buildings held under lease by the Issuer or any of the Subsidiaries are held by it under leases that are valid and in full force and effect in all material respects;
- 3.1.28 except as disclosed in the Offering Circular, each of the Issuer and the Subsidiaries (i) possesses or has obtained all licences, permits, concessions, certificates, consents, orders, approvals and other authorisations ("**Licences**") from, and has made all declarations and filings with, all national, state, local and other governmental authorities (including foreign regulatory agencies), all self-regulatory organisations and all courts and other tribunals, domestic or foreign, to own or lease, as the case may be, and to operate its properties and to carry on its

business as conducted as of the date hereof and as described in the Offering Circular, including, but are not limited to, the relevant real estate developer qualification certificates, property management enterprise certificates and construction enterprise qualification certificates, except for such failure to possess or obtain such Licences that would not, individually or in the aggregate, result in a Material Adverse Effect; and (ii) has not received and does not expect to receive any notice of proceedings relating to the revocation or modification of any such license, permit, certificate, consent, order, approval or other authorisation; and (iii) is in compliance in all material respects with all laws and regulations relating to the conduct of its business as conducted as of the date hereof and as described in the Offering Circular;

- 3.1.29 with respect to each real property that the Issuer will disclose in the Offering Circular as completed, under development or held for future development (the “**Properties**”), except as disclosed in the Offering Circular, (i) the Issuer or the relevant Subsidiary has legal and valid land use right certificates granted by the relevant government authorities, except for such failure to obtain the certificates that would not, individually or in the aggregate, result in a Material Adverse Effect, (ii) all necessary payment in connection with the grant, transfer or otherwise in connection with the acquisitions of the land has been paid, (iii) there are no liens, charges, encumbrance, claims or restrictions on or affecting any of the Properties, except for such lien charges, encumbrance, claims or restrictions that would not , individually or in the aggregate, result in a Material Adverse Effect, (iv) the construction and development of each of the Properties comply in all material respects with all the national and local codes, laws and regulations applicable to such development (including, without limitation, the national and local urban planning regulations), and (v) the Issuer has no knowledge of any pending or threatened proceeding or action that would affect the size of, use of, improvements on, construction on or access to any of the Properties;
- 3.1.30 except as disclosed in the Offering Circular, neither the Issuer nor any Subsidiary has sustained, since the date of the latest audited financial statements, any loss or interference with its business from fire, explosion, flood, or other calamity, whether or not covered by insurance, that would result in a Material Adverse Effect;
- 3.1.31 no labour problem or dispute with employees of the Issuer or any of the Subsidiaries exists or, to the best knowledge of the Issuer, is threatened or imminent that would result in a Material Advise Effect, and the Issuer is not aware of any existing or imminent labour disturbance by the employees of any of the Subsidiaries’ principal suppliers or contractors that would result in a Material Advise Effect;
- 3.1.32 (i) each of the Issuer and the Subsidiaries owns, possesses, or has the right to use pursuant to licence, sublicense, agreement, permission or otherwise to use all patents, patent rights, licenses, inventions, copyrights, trademarks, service marks, domain names, trade names and know-how, including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems, processes or procedures and other intellectual property (collectively “**Intellectual Property**”) necessary to conduct its business as of the date hereof in each country in which it operates and as described in the Offering Circular; (ii) each of the Issuer and the Subsidiaries has taken all steps necessary to secure assignments of such

Intellectual Property from its employees and contractors; (iii) each of the Issuer and the Subsidiaries has taken and will maintain reasonable measures to prevent the unauthorised dissemination or publication of its confidential information; (iv) all such Intellectual Property owned by the Issuer or any of the Subsidiaries is validly registered, if applicable; (v) no litigation or proceeding is pending or, to the Issuer's best knowledge, threatened that would challenge the registration of such Intellectual Property, if applicable, or the Issuer's or any of the Subsidiaries' rights thereto;

- 3.1.33 (i) each of the Issuer and the Subsidiaries is not infringing or in conflict with, or using in violation of any applicable law or contractual obligation binding upon any of the foregoing, and each of the Issuer and the Subsidiaries has not received any notice of infringement of, or conflict in any jurisdiction with, asserted rights of others with respect to its Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Issuer or any of the Subsidiaries therein; (ii) the discoveries, inventions, products or processes of the Issuer or any of the Subsidiaries do not infringe or conflict with any right or patent of any third party, or any discovery, invention, product or process which is the subject of a patent application filed by any third party; (iii) neither the Issuer nor any of the Subsidiaries is obliged to pay a royalty, grant a licence or provide other consideration to any third party in connection with the Intellectual Property used by it which could, in the absence of such payment, result in a Material Adverse Effect; and (iv) no third party, including any academic or governmental or industry organisation, possesses rights to the Intellectual Property used by the Issuer or any of the Subsidiaries which have not been licensed to the Issuer or the relevant Subsidiary;
- 3.1.34 each of the Issuer and the Subsidiaries is and will comply in all material respects with all applicable Environmental Laws. For the purpose of this Clause 3.1.34, "**Environmental Laws**" means any and all supra-national, national, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licences, agreements or other governmental restrictions relating to the protection of the environment (including, without limitation, human, animal and plant life, ambient air, surface water, ground water, or land), the protection of property and proprietary rights or for the compensation of harm to the environment whether by clean-up, remediation, containment or other treatment or the payment of monies to any competent authority;
- 3.1.35 the auditors who (i) audited the consolidated financial statements of the Group for the two years ended December 31, 2008 and the notes thereto and delivered an audit report thereon, which will appear in the Offering Circular, and (ii) reviewed the condensed consolidated financial statements of the Group for the three months ended March 31, 2009 and delivered a review report thereon, are independent auditors with respect to the Issuer as described in the audit and review reports;
- 3.1.36 no information requested by the auditors was withheld from such auditors for the purposes of preparation of their reports contained in each of the Offering Circular and the comfort letters to be issued by the auditors to the Joint Bookrunners in connection with the offer and sale of the Bonds and all information given to the auditors for such purpose was given in good faith and the factual contents of such

information are true and accurate in all material aspects and no fact or matter that is material for such purpose has been omitted;

- 3.1.37** no stamp or other duty is assessable or payable in, and no withholding or deduction for any taxes, duties, assessment or governmental charges of whatever nature is imposed or made for or on account of any income, registration, transfer or turnover taxes, customs or other duties or taxes of any kind, levied, collected, withheld or assessed by or within the Bermuda or Hong Kong or any other relevant jurisdiction in connection with the creation, issue, offering or sale of the Bonds or the execution or delivery of this Agreement or the Trust Deed or the Agency Agreement;
- 3.1.38** except as disclosed in the Offering Circular, there are no police, governmental or regulatory investigation nor any pending actions, suits or proceedings against or affecting the Issuer or any of the Subsidiaries or any of their respective directors (with respect to non-executive directors, the representation and warranty under this Clause 3.1.38 is limited to the Issuer's best knowledge) or properties which if determined adversely to the Issuer or any of the Subsidiaries or any of their respective directors would, individually or in the aggregate, have a Material Adverse Effect, or would materially and adversely affect the ability of the Issuer to perform its obligations under this Agreement, the Trust Deed or the Agency Agreement, or which are otherwise relevant in the context of the issue of the Bonds, and no such investigation, actions, suits or proceedings are, to the Issuer's best knowledge, threatened or contemplated;
- 3.1.39** neither the Issuer nor any of the Subsidiaries is in violation or default of, (i) the provisions of the memoranda and articles of association, business licences or other constituent documents of the Issuer or any of the Subsidiaries, as the case may be, and (ii) any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument binding upon the Issuer or any of the Subsidiaries, except in (ii) for such violation or default that would not, individually or in the aggregate, result in a Material Adverse Effect;
- 3.1.40** except as disclosed in the Offering Circular, each of the Issuer and the Subsidiaries has in place all policies of insurance sufficient and customary for the conduct of its businesses as currently operated and for compliance with all requirements of law, such policies are in full force and effect, and all premiums with respect thereto have been paid, and no notice of cancellation or termination has been received with respect to any such policy, and the Issuer and the Subsidiaries have complied in all material respects with the terms and conditions of such policies. Neither the Issuer nor any of the Subsidiaries has been refused any insurance coverage sought or applied for, and neither the Issuer nor any of the Subsidiaries has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business;
- 3.1.41** each of the Issuer and the Subsidiaries has duly and timely filed all tax returns that are required to be filed in all jurisdictions or has duly requested extensions thereof and has paid all taxes required to be paid by any of them in all jurisdictions and any related assessments, fines or penalties, except for any such tax, assessment, fine or penalty that is being contested in good faith and by appropriate proceedings or where the failure to file or make payment would not, singly or in the aggregate,

have a Material Adverse Effect. Adequate charges, accruals and reserves have been provided for in the financial statements referred to in Clause 3.1.23 in respect of all taxes for all periods as to which the tax liability of the Issuer or any of the Subsidiaries has not been finally determined or remains open to examination by applicable taxing authority;

- 3.1.42** all information supplied or disclosed in writing or orally including, without limitation, the answers and documents provided at due diligence meetings (and any new or additional information serving to update or amend such information supplied or disclosed by the Issuer to the Joint Bookrunners or the legal and other professional advisers to the Joint Bookrunners) is and was, when supplied or published, and all publicly available information and records of the Issuer (including information contained in annual reports, statutory filings and registrations and publications made under the Listing Rules) was, when published, true and accurate in all material respects and not misleading in any material respect and all forecasts and estimates relating to the Issuer and the Subsidiaries so supplied or disclosed have been made after due and proper consideration, are based on reasonable assumptions and represent reasonable and fair expectations honestly held based on facts known to such persons (or any of them); there has been no development or occurrence relating to the to the condition (financial or other), prospects, results of operations, business or properties of the Issuer or the Group which is not in the public domain and which would reasonably be expected to be material to potential purchasers of the Bonds or the Shares; and the Issuer has disclosed all information regarding the condition (financial or other), prospects, results of operations, business or properties of the Issuer and the Group, which is relevant and material in relation to the Issuer or the Group, in the context of the issuance and sale of the Bonds and there is not in existence any material or information relating to the Issuer or the Group which is required to be disclosed by the Issuer under the Listing Rules or the disclosure of which would have a material effect on the trading price of the Shares;
- 3.1.43** the Issuer is a "foreign issuer" (as defined in Regulation S) and the Issuer reasonably believes that there is no "substantial U.S. market interest" in the Issuer's "equity securities" or "debt securities" (as those terms are defined in Regulation S);.
- 3.1.44** neither the Issuer nor any of its affiliates nor any persons acting on behalf of any of them has engaged or will engage in any "directed selling efforts" (as defined in Regulation S) with respect to the Bonds or the Shares to be issued upon conversion of the Bonds, except that the Issuer does not make any representation or warranty with respect to actions taken by or on behalf of the Joint Bookrunners;
- 3.1.45** neither the Issuer nor any of its affiliates (as defined in Rule 501(b) of Regulation D), nor any person acting on behalf of any of them has taken or will take, directly or indirectly, any action designed to cause or to result in, or that has constituted or which might reasonably be expected to cause or result in, the stabilisation in violation of applicable laws or manipulation of the price of any security to facilitate the sale or resale of the Bonds, except that the Issuer does not make any representation or warranty with respect to actions taken by or on behalf of the Joint Bookrunners;

- 3.1.46** neither the Issuer nor any of its affiliates (as defined in Rule 501(b) of Regulation D), nor any person acting on behalf of any of them has taken or will take any action that would require the registration of the Bonds or the Shares under the Securities Act, except that the Issuer does not make any representation or warranty with respect to actions taken by or on behalf of the Joint Bookrunners;
- 3.1.47** there are no material relationship or transactions between the Issuer or any of the Subsidiaries, on one hand, and their respective affiliates, officers and directors or their shareholders, customers or suppliers, on the other hand, including loans to an individual or entity, which are not disclosed in the Offering Circular;
- 3.1.48** none of the Issuer, any of the Subsidiaries or, to the knowledge of the Issuer, any existing or former director, existing or former officer, agent, employee or affiliate of the Issuer or any of the Subsidiaries is subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury (“**OFAC**”). The Issuer will not directly or indirectly use the proceeds of the offering of the Bonds, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partners or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC. Neither the execution of this Agreement nor the performance of any transactions contemplated herein would cause the Issuer or any of the Subsidiaries, any of the Joint Bookrunners or any of their affiliates (as defined in Rule 501(b) of Regulation D), or any of the Issuer’s or each of the Joint Bookrunner’s advisors to violate U.S. sanctions administered by OFAC applicable to such person;
- 3.1.49** none of the Issuer, any of the Subsidiaries or, to the knowledge of the Issuer, any senior management, directors, supervisors, managers, employees or agents of the Issuer or any of the Subsidiaries, has, directly or indirectly, (i) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency, authority or instrumentality in the People’s Republic of China (the “**PRC**”) or any other jurisdiction, (ii) made any contribution to any candidate for public office, in the case of clause (i) or this clause (ii), where either the payment or gift or the purpose of such contribution, payment or gift was or is prohibited under any applicable laws, rules or regulations or (iii) made any bribe, illegal rebate, payoff, influence payment, kickback or other unlawful payment in connection with the business activities of such entity.
- 3.2** Subject to Clause 10, the representations and warranties contained in, or given pursuant to, Clause 3.1 shall be deemed to have been repeated at each of the Publication Date and the Closing Date taking into account facts and circumstances subsisting at such date.

3.3 Indemnity

The Issuer undertakes to pay each of the Joint Bookrunners on demand an amount equal to any liability, damages, costs, loss or expense (including legal fees) (together “**Losses**”) incurred by each of the Joint Bookrunners arising out of, in connection with or based on all claims, actions, proceedings, investigations, demands, judgements and awards (together “**Claims**”) which may be instituted, made, threatened or alleged against or otherwise involve each of the Joint Bookrunners, in connection with or arising out of:

- (i) any breach or alleged breach by the Issuer of the representations, warranties or covenants given by it under Clauses 3 or 4 or of any other provision of this Agreement; or
- (ii) the failure or alleged failure by the Issuer or any of the Subsidiaries or any of their respective directors or officers to comply with any requirements of statute or regulation in relation to the offering and sale of the Bonds; or
- (iii) the Offering Circular not containing, or being alleged not to contain, all information material in the context of the offering and sale of the Bonds, whether required by statute or not, or any statement of a material fact contained therein being, or being alleged to be, untrue, incorrect or misleading in any material respect. Such Losses shall include (without limitation), losses which each of the Joint Bookrunners may incur in investigating, preparing, disputing or defending, or providing evidence in connection with, any Claim (whether or not each of the Joint Bookrunners is an actual or potential party to such Claim) or in establishing any Claim or mitigating any Loss on its part or otherwise enforcing its rights under this Clause 3.3 which shall be additional and without prejudice to any rights which each of the Joint Bookrunners may have at common law or otherwise; or
- (iv) the services rendered or duties performed by the Joint Bookrunners pursuant to this Agreement,

except to the extent that such Loss is finally judicially determined by a competent court to have resulted from the Joint Bookrunners’ fraud, gross negligence or wilful default.

3.4 For the purposes of Clause 3.3 only, the expression “**Joint Bookrunners**” shall mean the Joint Bookrunners, their subsidiaries and holding company and the subsidiaries of that holding company and their respective directors, officers, employees and agents (which parties, other than the Joint Bookrunners, shall be defined herein as “**Relevant Parties**”). However, except to the extent required by law, the Joint Bookrunners shall have no duty or obligation, whether as fiduciary or trustee, for any Relevant Parties or otherwise, to recover any payment or to account to any person for any amount paid to it under Clause 3.3. The Relevant Parties shall have the benefit of Clause 3.3 and has the right under the Contracts (Rights of Third Parties) Act 1999 to enforce Clause 3.3.

4 Covenants of the Issuer

The Issuer undertakes and covenants with the Joint Bookrunners that:

4.1 the Issuer will pay any stamp, issue, registration, documentary or other similar taxes and duties, including interest and penalties in Bermuda, Hong Kong and all other relevant jurisdictions payable on or in connection with the creation, issue, initial offering or sale by

the Joint Bookrunners of the Bonds or the execution or delivery of this Agreement, the Trust Deed or the Agency Agreement, and any value added, turnover (excluding tax on net income to be paid by the Joint Bookrunners) or similar tax payable in respect thereof (and references in this Agreement to such amount shall be deemed to include any such taxes so payable in addition to it);

- 4.2** in connection with the Offering of the Bonds, the Issuer will:
- (i) use its reasonable efforts to co-operate and participate in the due diligence procedures required to prepare the Offering Circular; and
 - (ii) prepare an Offering Circular, (a) which, as at the Publication Date, will contain all material information with respect to the Issuer and the Group and to the Bonds and the New Shares which is required by the Listing Rules in the context of the issue and offering of the Bonds, (b) all statements of fact contained in which will be true and accurate in all material respects and not misleading in any material respect, and (c) all statements of opinion, intention or expectation contained in which will be truly and honestly held and will have been made after due and proper consideration of all relevant circumstances and will be based on reasonable assumptions, and (d) from which no other material fact or matter will be omitted (i) which will be necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Group and of the rights attaching to the Bonds and the Shares or (ii) the omission of which will make any statement therein misleading in any material respect or (iii) which in the context of the issue of the Bonds will be relevant for disclosure, and ensure that its reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all the foregoing information and statements;
- 4.3** the Issuer will deliver to the Joint Bookrunners, without charge, on the Publication Date and thereafter from time to time as reasonably requested, such number of copies of the Offering Circular and all amendments and supplements thereto as the Joint Bookrunners may reasonably request;
- 4.4** if at any time until the latter of the date falling 40 days after the Closing Date or the completion of resale of the Bonds by the Joint Bookrunners, any event shall have occurred as a result of which the Offering Circular, as then amended or supplemented, would include an untrue statement of material fact or omit to state any fact necessary to make the statements therein, in the light of the circumstances under which they are made when such Offering Circular is delivered, not misleading in any material respect or if for any other reason it shall be necessary to amend or supplement the Offering Circular, the Issuer will notify each of the Joint Bookrunners, and, upon reasonable request from the Joint Bookrunners, will prepare and furnish without charge to the Joint Bookrunners as many copies as the Joint Bookrunners may from time to time reasonably request of an amended Offering Circular or a supplement to the Offering Circular which will correct such statement or omission;
- 4.5** the Issuer will forthwith notify each of the Joint Bookrunners promptly of any change affecting any of its representations, warranties, agreements and indemnities herein at any time prior to payment being made to the Issuer on the Closing Date and take such steps as may be reasonably requested by the Joint Bookrunners to remedy and/or publicise the same;

- 4.6** in connection with the application to list the Bonds on the Hong Kong Stock Exchange or an Alternative Stock Exchange, the Issuer will furnish from time to time any and all documents, instruments, information and undertakings and publish all advertisements or other material that are necessary in order to effect such listing and maintain such listing until none of the Bonds is outstanding or until such time as payment in respect of principal and interest in respect of all the Bonds has been duly provided for, whichever is earlier;
- 4.7** the Issuer shall use its best endeavours to obtain and maintain all necessary consents, clearances, permits, licences, approvals, authorisations, orders, filings, registrations or qualifications of or with any governmental agency or regulatory body in the PRC (the “**PRC approvals**”), for transactions requiring approvals from, and registrations with, the relevant bodies of the State Administration of Foreign Exchange in the PRC and the Ministry of Commerce in the PRC, in order that it is legally permitted under applicable PRC laws and regulations to (i) remit all or part of the proceeds of the Offering into the PRC and (ii) expatriate the required funds from the PRC to the extent required to fulfil its obligations under the Bonds, including the payment of interest and any redemption amount under the Bonds; the Issuer will not, and will procure that the Subsidiaries not to, (i) remit any part of the proceeds from the Offering into the PRC nor (ii) expatriate the required funds from the PRC to the extent required to fulfil its obligations under the Bonds, until it has obtained all the necessary PRC approvals required in order to legally remit such funds under applicable PRC laws and regulations;
- 4.8** so long as any of the Bonds remains outstanding the Issuer will furnish to each of the Joint Bookrunners, electronic copies of each document filed with the Hong Kong Stock Exchange and electronic copies of financial statements and other periodic reports that the Issuer may furnish generally to holders of its debt securities;
- 4.9** the Issuer will issue and deliver, in accordance with the Trust Deed and the Terms and Conditions of the Bonds, the New Shares free and clear of all liens, claims, charges, security, encumbrances or like interests upon conversion of the Bonds;
- 4.10** between the date hereof and 40 calendar days after the Closing Date (both dates inclusive), the Issuer will, and will cause any member of the Group, any affiliates and all other parties acting on its or their behalf to, notify each of the Joint Bookrunners (unless prevented by applicable law or regulations) prior to issuing any announcement concerning, or which could be material in the context of, the offering and distribution of the Bonds and shall procure that any requests that each of the Joint Bookrunners may reasonably make with respect to such announcement be taken into account by the entity making such announcement;
- 4.11** the Issuer will use the net proceeds received by them from the issue of the Bonds pursuant to this Agreement in the manner specified in the Offering Circular under the caption “Use of Proceeds”;
- 4.12** to reserve and keep available at all times, free of pre-emptive rights, Shares for the purposes of enabling the Issuer to satisfy any obligations to issue New Shares upon conversion of the Bonds;
- 4.13** not to take, directly or indirectly, any action designed to or that could be constituted or that might reasonably be expected to cause or result in the stabilisation in violation of applicable laws or manipulation of the price of any security to facilitate the sale or resale of the Bonds; and

- 4.14** the Issuer will use its reasonable endeavours to maintain or cause the maintenance of the listing of the Shares on the Hong Kong Stock Exchange provided that, if it is unable to do so, having used such endeavours, or if the maintenance of such listing is unduly onerous, the Issuer will instead use its reasonable endeavours to obtain and thereafter to maintain a listing for the Shares on an Alternate Stock Exchange;
- 4.15** neither the Issuer nor any of the Subsidiaries or affiliates over which they exercise management or voting control, nor any person acting on behalf of any of them will, for a period from the date of this Agreement up to 90 days after the Closing Date, issue, offer, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal), any Shares or securities convertible or exchangeable into or exercisable for Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Shares, including equity swaps, forward sales and options representing the right to receive any Shares (whether or not such contract is to be settled by delivery of Shares or such other securities, in cash or otherwise), except (a) for the issue and allotment of the Shares pursuant to the Placing, (b) for the grant of share-based awards pursuant to the terms of any employee share option scheme of the Issuer, (c) for the grant of any bonus or scrip dividend or enter into similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Issuer's Articles of Association, (d) for the issue and allotment of the Shares in connection with the conversion of the Bonds, (e) for the issue and allotment of the Shares in connection with the conversion of the Citic Bonds, or (f) with the prior written consent of the Joint Bookrunners.
- 4.16** on the date of this Agreement, the Issuer will procure that SRE Investment Holding Limited and each of Mr. Shi Jian, Mr. Li Yao Min, Mr. Yu Hai Sheng, Mr. Jiang Xu Dong and Mr. Yue Wai Leung, Stan shall have executed a lock-up agreement in the form set out in Schedule 4, whereby it undertakes, except as set forth in the lock-up agreement, not to sell any Shares or enter into other transactions with a similar effect for a period from the date of this Agreement up to 90 days after the Closing Date;
- 4.17** **Section 3(a)(9) Compliance:** in connection with the conversion of the Bonds into the Shares, neither the Issuer nor any person acting on its behalf will take any action which would result in the Shares being exchanged by the Issuer other than with the Issuer's existing security holders exclusively where no commission or other remuneration is paid or given directly or indirectly for soliciting such exchange; and
- 4.18** neither the Issuer nor any of its affiliates (as defined in Rule 501(b) of Regulation D), nor any person acting on behalf of any of them (other than the Joint Bookrunners) will, directly or indirectly, make offers or sales of any security, or solicit offers to buy, or otherwise negotiate in respect of, any security, under circumstances that would require the registration of the Bonds or of the Shares to be issued upon conversion of the Bonds under the Securities Act;
- 4.19** the Issuer will not, without the prior approval of the Joint Bookrunners, distribute, prior to the completion of the distribution of the Bonds, any offering material in connection with the offering and sale of the Bonds other than the Offering Circular.

5 Fees

In consideration of the agreement by each of the Joint Bookrunners to act as the agent of the Issuer in relation to the issue of the Bonds and to procure, on a best efforts basis, subscribers for the Bonds, the Issuer will pay to the Joint Bookrunners an aggregate combined management and underwriting commission and selling concession of 2.0% of the gross proceeds of the Offering as the base fees and an additional discretionary incentive of 0.5% of the gross proceeds of the Offering payable at the Issuer's discretion based on the successful consummation of the Offering, to be divided among the Joint Bookrunners in the same proportion as the principal amount of Bonds set forth opposite the Joint Bookrunners' names in Schedule 1. Such fee shall be deducted from the subscription monies for the Bonds as provided in Clause 7.

6 Expenses

6.1 The Issuer shall bear all costs and expenses incurred in connection with the Offering whether or not the Offering proceeds to completion, which shall include, but not limited to, (i) the costs and expenses incurred by the Issuer and the Joint Bookrunners (reimbursement for out-of-pocket expenses of the Joint Bookrunners shall be limited by the next sentence and without duplication), (ii) the costs and expenses of the Joint Bookrunners' international counsel and PRC counsel, (iii) any expenses associated with preparing and filing the offer documentation with any stock exchange or any other regulatory authorities, (iv) any expenses relating to the printing and distribution of the Offering Circular or listing of the Bonds and the New Shares, including listing fees and listing agents, and (v) the fees and expenses of the Agents and the Trustee in relation to the preparation and execution of the Trust Deed and the Agency Agreement (including, without limitation, the fees and expenses of the Trustee's legal advisers), the issue and authentication of the Global Certificate and the performance of their duties under the Trust Deed and the Agency Agreement. The Issuer's reimbursement obligation for the Joint Bookrunners' out-of-pocket expenses for the Offering, together with the Placement Agents' out-of-pocket expenses for the Placing (collectively, "OPE"), including, without limitation, travelling and accommodation expenses and printing and telecommunication expenses, shall be limited to US\$50,000 (the "OPE Cap"). Each Joint Bookrunner's entitlement to reimbursement of out-of-pocket expenses by the Issuer is as follows:

(a) in the event that the total out-of-pocket expenses incurred by both Joint Bookrunners (the "Total OPE") are within the OPE Cap, each Joint Bookrunner shall be reimbursed in full by the Issuer for the out-of-pocket expenses so incurred;

(b) in the event that the Total OPE exceeds the OPE Cap, one Joint Bookrunner has incurred OPE of less than US\$25,000 and the other Joint Bookrunner has incurred OPE in excess of US\$25,000, the Joint Bookrunner who has incurred OPE of less than US\$25,000 shall be reimbursed in full by the Issuer ("Full Reimbursement Amount") and the Joint Bookrunners who has incurred OPE in excess of US\$25,000 shall be reimbursed by the Issuer for up to the difference between the OPE Cap and the Full Reimbursement Amount; and

(c) in the event that the Total OPE exceeds the OPE Cap and each of the Joint Bookrunners has incurred OPE in excess of US\$25,000, each of the Joint Bookrunners shall be reimbursed by the Issuer for US\$25,000.

6.2 The Issuer shall be liable for the costs and expenses of its own legal and other professional advisers (including auditors) incurred in connection with the issue of the Bonds.

6.3 All payments in respect of the costs, fees and expenses referred to in this Clause payable to the Joint Bookrunners shall be satisfied by the Issuer making them to the Joint Bookrunners. The Joint Bookrunners are authorised to deduct such payments from the proceeds from the offering of the Bonds, and any amount exceeding such deduction will be paid by Issuer.

7 Closing

7.1 Subject to the terms and conditions of this Agreement (and in particular, but without limitation, the satisfaction of the conditions set out in Clause 8), on the Closing Date as defined below, the Issuer will issue such principal amount of the Bonds as notified by the Joint Bookrunners (which amount shall be based on the number of the Bonds that the Joint Bookrunners have, pursuant to their best efforts obligation, procured purchasers for) and procure the entry in the register of Bondholders of the names of the persons designated by the Joint Bookrunners to be the holders of the Bonds and will deliver to the Joint Bookrunners or their order in such place as the Joint Bookrunners may require the Global Certificate duly executed and authenticated representing such aggregate principal amount of the Bonds. Delivery of the Global Certificate and completion of the register of Bondholders shall constitute the issue and delivery of the Bonds. The "**Closing Date**" shall mean 5 p.m. (Hong Kong time) on July 23, 2009 or such other time or date as shall be agreed between the Issuer and the Joint Bookrunners;

7.2 Against such delivery the Joint Bookrunners will, severally and not jointly, pay or cause to be paid to the Issuer the net subscription moneys for the Bonds for which subscribers have been procured less the amounts specified in Clause 5 and Clause 6. Such payment shall be made in US dollars in same day settlement funds for value on the Closing Date to such US dollar account as shall have been notified by the Issuer to each of the Joint Bookrunners not later than five days prior to the Closing Date, evidence of such payment taking the form of a confirmation from the paying bank that it has made such payment.

8 Conditions Precedent

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

8.1 the Joint Bookrunners shall have been satisfied with the results of its due diligence investigations on the Issuer and the Subsidiaries for the purposes of the preparation of the Offering Circular, and the Offering Circular shall have been prepared in form and content satisfactory to the Joint Bookrunners;

8.2 the Trust Deed and the Agency Agreement, each in a form reasonably satisfactory to the Joint Bookrunners, shall have been executed by all parties thereto on or prior to the Closing Date;

8.3 the Hong Kong Stock Exchange shall have agreed, subject to any conditions reasonably satisfactory to the Joint Bookrunners, to list the Bonds and the New Shares upon conversion of the Bonds (or, in each case, the Joint Bookrunners being satisfied that such listing will be granted);

- 8.4** the issuance of the Bonds and the Shares issuable upon their conversion shall have been duly approved by the Issuer's shareholders;
- 8.5** upon the Publication Date and on the Closing Date, there shall have been delivered to the Joint Bookrunners comfort letters, dated the Publication Date in the case of the first letter and dated the Closing Date in the case of subsequent letters, from Ernst & Young, Certified Public Accountants to the Issuer, in a form satisfactory to the Joint Bookrunners;
- 8.6** The Share Lender shall have delivered all the shares deliverable to the Share Borrowers under the Stock Borrow Agreements.
- 8.7** on or prior to the Closing Date, there shall have been delivered to each of the Joint Bookrunners, each in a form satisfactory to each of the Joint Bookrunners, opinions, dated the Closing Date, of:
- 8.7.1** Conyers Dill & Pearman, legal advisers to the Issuer, as to Bermuda and British Virgin Islands law;
 - 8.7.2** Skadden, Arps, Slate, Meagher & Flom, legal advisers to the Issuer, as to English law,
 - 8.7.3** Jingtian & Gongcheng Attorneys at Law, legal advisers to the Joint Bookrunners, as to PRC law; and
 - 8.7.4** Latham & Watkins, legal advisers to the Joint Bookrunners, as to English law,
- and such other resolutions, consents, authorities and documents relating to the issue of the Bonds, as each of the Joint Bookrunners may reasonably require;
- 8.8** at the Closing Date, (i) the representations and warranties of the Issuer herein shall be true, accurate and correct in all respects at, and as if made on such date; (ii) the Issuer shall have performed all of its obligations hereunder expressed to be performed on or before such date; and (iii) there shall have been delivered to the Joint Bookrunners a certificate (in the form attached as Schedule 2), dated as of such date, of a duly authorised officer of the Issuer to such effect; and
- 8.9** at the Closing Date, there shall not have occurred any change, or any development or event reasonably likely to involve a prospective change, in the condition (financial or other), prospects, operations, business or properties of the Issuer or the Group, take as a whole, the effect of which, in the opinion of the Joint Bookrunners, is material and adverse and which makes it, in the opinion of the Joint Bookrunners, impracticable to market the Bonds on the terms and in the manner contemplated herein,

provided that the Joint Bookrunners may, at their discretion and upon such terms as they think fit, waive compliance with the whole or any part of this Clause 8 (other than 8.2 and 8.3).

9 Selling Restrictions

The Joint Bookrunners acknowledge that no action has been or will be taken in any jurisdiction by the Issuer that would permit a public offering of the Bonds or the New Shares, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Each of the Joint Bookrunners, severally and not jointly, represents to the Issuer and agrees to comply with the selling restrictions set out in Schedule 5 to this Agreement.

10 Termination

10.1 Notwithstanding anything contained herein, each of the Joint Bookrunners may, by notice to the Issuer given at any time prior to payment of the net subscription monies for the Bonds to the Issuer, terminate this Agreement in any of the following circumstances:

10.1.1 if there shall have come to the notice of the Joint Bookrunners any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in this Agreement or any failure by the Issuer to perform any of its undertakings or agreements in this Agreement;

10.1.2 if any of the conditions specified in Clause 8 has not been satisfied on or before the Closing Date or waived by each of the Joint Bookrunners;

10.1.3 if there shall have been, since the date of this Agreement:

- (i) any material adverse change in the financial condition or in the prospects, earnings, business or operations, undertakings, assets or properties, of the Issuer and the Subsidiaries, taken as a whole; or
- (ii) any introduction of or any change in any statute, regulation, order, policy or directive (whether or not having the force of law and including, without limitation, any directive or request issued by the Hong Kong Stock Exchange) or in the interpretation or application thereof by any court or other competent authority, which in the opinion of the Joint Bookrunners makes it impractical to market the Bonds; or
- (iii) any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions or currency exchange rates or foreign exchange controls which would in each of the Joint Bookrunners' view be likely to prejudice materially the success of the Offering or the distribution of the Bonds or dealings in the Bonds in the secondary market; or
- (iv) a general moratorium on commercial banking activities in the PRC or the United Kingdom or United States or Hong Kong by any PRC, United Kingdom, New York State, United States Federal or Hong Kong authorities which would in each of the Joint Bookrunners's view be likely to prejudice the success of the Offering and distribution of the Bonds or dealings in the Bonds in the secondary market; or
- (v) any change or any development involving a prospective change in taxation or exchange control in Hong Kong, the PRC or Bermuda, which, in each of the Joint Bookrunners' view would or would be likely have a material adverse effect on the financial position of the Issuer or the Subsidiaries, taken as a whole, or the terms of the Bonds; or
- (vi) an outbreak or escalation of hostilities or act of terrorism which would in each of the Joint Bookrunners's view be likely to prejudice the success of the Offering or the distribution of the Bonds or dealings in the Bonds in the secondary market; or
- (vii) a suspension or limitation of trading in securities generally on the Shanghai Stock Exchange, the New York Stock Exchange, the Nasdaq Stock Market, Inc., the London Stock Exchange plc or the Hong Kong Stock Exchange; or

- (viii) a suspension in trading in the Issuer's securities on the Hong Kong Stock Exchange, which would in the Joint Bookrunners' view be likely to prejudice the success of the Offering or the distribution of the Bonds or dealings in the Bonds in the secondary market.

10.2 Upon the termination of this Agreement under this Clause 10, this Agreement shall be of no further effect and no party shall be under any liability to any other in respect of this Agreement, except that (i) the Issuer shall remain liable for the payment of all costs and expenses referred to in Clause 6 and already incurred or incurred in consequences of such termination, and (ii) the respective obligations of the parties pursuant to Clause 10 which would have continued had the arrangements for the subscription and issue of the Bonds been completed, shall continue.

11 Survival of Representations and Obligations

The representations, warranties, agreements, undertakings and indemnities herein shall continue in full force and effect notwithstanding completion of the arrangements for the subscription and issue of the Bonds or any due diligence investigation made by or on behalf of the Joint Bookrunners.

12 Notices

Any notice or notification in any form to be given hereunder may be delivered in person or sent by letter or facsimile transmission addressed to:

- 12.1** the Issuer at SRE Group Limited, Suite 2501, 25/F, Convention Plaza Office Tower, 1 Harbour Road, Wanchai, Hong Kong; fax: +852 2891 2378 (Attention: Stan Yue, Co-Chief Executive Officer);
- 12.2** CS at Credit Suisse (Hong Kong) Limited, Level 21, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong ; fax: +852 3969 7725 (Attention: Legal and Compliance Department); and
- 12.3** DB at 48/F, Cheung Kong Center, 2 Queen's Road Central, Central, Hong Kong; fax: +852 2203 7202 (Attention: Pierre-Alexis Renaudin/Edward Lau).

Any such notice shall take effect, in the case of a letter, at the time of delivery, or in the case of facsimile transmission, at the time of despatch.

13 Time

Time shall be of the essence of the obligations to be performed by the parties under this Agreement.

14 Contracts (Rights of Third Parties) Act 1999

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement except and to the extent (if any) that this Agreement expressly provides for such Act to apply to any of its terms. The Relevant Parties, as defined in Clause 3.4, shall have the benefit of Clause 3.3 and have the right under the Contracts (Rights of Third Parties) Act 1999 to enforce Clause 3.3. The Joint Bookrunners and the Issuer may agree to terminate this Agreement or vary any of its terms without the consent of any Relevant Party.

15 Governing Law

- 15.1** This Agreement, as to which time shall be of the essence, shall be governed by and construed in accordance with English law.
- 15.2** In relation to any legal action or proceedings arising out of or in connection with this Agreement (“**Proceedings**”) the Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts whether on the grounds that the Proceedings have been brought in an inconvenient forum or otherwise. These submissions are made for the benefit of each of the Joint Bookrunners and shall not affect the right of each of the Joint Bookrunners to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any court of competent jurisdiction preclude it from taking Proceedings in any other court of competent jurisdiction (whether concurrently or not).
- 15.3** The Issuer irrevocably appoints Law Debenture Corporate Service Limited as its authorised agent for service of process in England. If for any reason such agent shall cease to be such agent for service of process, the Issuer shall forthwith, on request of any Joint Bookrunner, appoint a new agent for service of process in England and deliver to each of the Joint Bookrunners a copy of the new agent’s acceptance of that appointment within 30 days. Nothing in this Agreement shall affect the right to serve process in any other manner permitted by law.

16 Entire Agreement

This Agreement constitutes the whole and only agreement between the parties relating to the subscription of the Bonds.

17 Acknowledgments

The Issuer acknowledges and agrees that:

- 17.1** the purchase and sale of the Bonds pursuant to this Agreement is an arm’s-length commercial transaction between the Issuer, on the one hand, and the several Joint Bookrunners, on the other;
- 17.2** in connection therewith and with the process leading to such transaction each Joint Bookrunner is acting solely as a principal and not the agent or fiduciary of the Issuer;
- 17.3** no Joint Bookrunner has assumed an advisory or fiduciary responsibility in favour of the Issuer with respect to the Offering or the process leading thereto (irrespective of whether such Joint Bookrunner has advised or is currently advising the Issuer on other matters) or any other obligation to the Issuer except the obligations expressly set forth in this Agreement; and
- 17.4** the Issuer has consulted its own legal and financial advisors to the extent it deemed appropriate.

The Issuer agrees that it will not claim that the Joint Bookrunners, or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Issuer, in connection with the Offering or the process leading thereto.

18 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original.

This Agreement has been entered into on the date stated at the beginning.

SRE Group Limited

By: _____
Name:
Title:

Credit Suisse (Hong Kong) Limited

By: _____
Name:
Title:

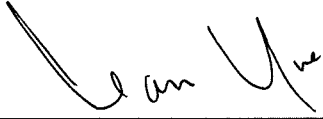
Deutsche Bank AG, Hong Kong Branch

By: _____
Name:
Title:

By: _____
Name:
Title:

This Agreement has been entered into on the date stated at the beginning.

SRE Group Limited

By: 
Name: Mr. Stan Yue
Title: Director

Credit Suisse (Hong Kong) Limited

By: _____
Name:
Title:

Deutsche Bank AG, Hong Kong Branch

By: _____
Name:
Title:


By: _____
Name:
Title:

This Agreement has been entered into on the date stated at the beginning.

SRE Group Limited

By: _____
Name:
Title:

Credit Suisse (Hong Kong) Limited


By: _____
Name: Mervyn Chou
Title: Managing Director

Deutsche Bank AG, Hong Kong Branch

By: _____
Name:
Title:

By: _____
Name:
Title:

This Agreement has been entered into on the date stated at the beginning.

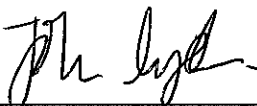
SRE Group Limited


By: _____
Name:
Title:

Credit Suisse (Hong Kong) Limited

By: _____
Name:
Title:

Deutsche Bank AG, Hong Kong Branch

By:  _____
Name: John Lydon
Title: Managing Director, Co-Head of Equity Capital Markets, Asia

By:  _____
Name: Jorge Munoz
Title: Managing Director, Head of Equity Syndicate, Asia

SCHEDULE 1
PRINCIPAL AMOUNT OF BONDS TO BE SUBSCRIBED AT CLOSING

Principal Amount of Bonds to be Subscribed
on a Best Efforts Basis (expressed as a
percentage of the aggregate principal amount
of the Bonds)

CREDIT SUISSE (HONG KONG) LIMITED	50%
DEUTSCHE BANK AG, HONG KONG BRANCH	50%

SCHEDULE 2
FORM OF CERTIFICATE CONFIRMING NO MATERIAL ADVERSE CHANGE

[•] 2009

[•]

Dear Sirs

Pursuant to the Subscription Agreement dated June 29, 2009 (the “**Agreement**”) made between (1) SRE Group Limited (the “**Issuer**”); and (2) yourselves as Joint Bookrunners, I hereby confirm, on behalf of the Issuer, that as at today’s date (i) the representations and warranties of the Issuer set forth in the Agreement are accurate and correct in all respects at, and as if made on, today’s date and (ii) the Issuer has performed all of its obligations under the Agreement expressed to be performed on or before today’s date.

Yours faithfully

For and on behalf of
SRE Group Limited

By: _____
Name: Stan Yue
Title: Co-Chief Executive Officer

SCHEDULE 3

TERMS AND CONDITIONS OF THE BONDS

The following (other than the paragraphs in italics) is the text of the Terms and Conditions of the Bonds which will appear on the reverse of each of the definitive certificates evidencing the Bonds:

The issue of the RMB 446,900,000 aggregate principal amount of USD Settled 6% Convertible Bonds due 2014 (the "Bonds", which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) of SRE Group Limited (the "Company") and the right of conversion into Shares (as defined in Condition 6(A)(v)) of the Company were authorised by resolutions of the Board of Directors of the Company passed on July [●], 2009 and resolutions of the shareholders of the Company passed on July [13], 2009. All amounts due under, and all claims arising out of or pursuant to, the Bonds and/or the Trust Deed from or against the Company shall be payable and settled in US dollars only in accordance with the provisions of these Conditions and of the Trust Deed. The Bonds are constituted by a trust deed (as amended or supplemented from time to time, the "Trust Deed") to be dated on or about July 23, 2009 (the "Issue Date") made between the Company and [Deutsche Bank AG, Hong Kong Branch] as trustee for the holders of the Bonds (the "Trustee", which term shall, where the context so permits, include all other persons or companies for the time being acting as trustee or trustees under the Trust Deed) and are subject to the paying, conversion and transfer agency agreement to be dated on or about July 23, 2009 (as amended or supplemented from time to time, the "Agency Agreement") with the Trustee, [●] as principal paying and conversion agent (the "Principal Agent"), [●] as transfer agent and registrar (the "Registrar") and the other paying, conversion and transfer agents appointed under it (each a "Paying Agent", "Conversion Agent", "Transfer Agent" and together with the Registrar and the Principal Agent, the "Agents") relating to the Bonds. References to the "Principal Agent", "Registrar" and "Agents" below are references to the principal agent, registrar and agents for the time being for the Bonds. The statements in these terms and conditions (these "Conditions") include summaries of, and are subject to, the detailed provisions of the Trust Deed. Unless otherwise defined, terms used in these Conditions have the meaning specified in the Trust Deed. Copies of the Trust Deed and the Agency Agreement are available for inspection at the registered office of the Trustee being at the date hereof at [●] and at the specified offices of each of the Agents. The Bondholders are entitled to the benefit of the Trust Deed and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

1. Status and Form

A. Status

The Bonds constitute direct, unsubordinated, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

B. Form and Denomination

The Bonds are issued in registered form in the denomination of RMB100,000 or higher integral multiples thereof, without coupons attached. A Bond certificate (each a "Certificate") will be issued to each Bondholder in respect of its registered holding of Bonds. Each Bond and each Certificate

will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders which the Company will cause to be kept by the Registrar.

Upon issue, the Bonds will initially be represented by one or more Global Certificates deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream. The Conditions are modified by certain provisions contained in the Global Certificates.

2. Title

Title to the Bonds passes only by transfer and registration in the register of Bondholders as described in Condition 3. The holder of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Terms and Conditions, "Bondholder" and (in relation to a Bond) "holder" mean the person in whose name a Bond is registered.

3. Transfers of Bonds; Issue of Certificates

A. Register

The Company will cause to be kept at the specified office of the Registrar outside Hong Kong and the United Kingdom and in accordance with the terms of the Agency Agreement a register on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers of the Bonds (the "Register"). Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

B. Transfer

Subject to Condition 3(E) and the terms of the Agency Agreement, a Bond may be transferred by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of the Registrar or any of the Agents. No transfer of a Bond will be valid unless and until entered on the Register.

Transfers of interests in the Bonds evidenced by the Global Certificates will be effected in accordance with the rules of the relevant clearing systems.

C. Delivery of New Certificates

Each new Certificate to be issued upon a transfer of Bonds will, within [three to five] business days of receipt by the Registrar or, as the case may be, any other relevant Agent of the original certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such other relevant Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder and at the Company's expense) to the address specified in the form of transfer. The form of transfer is available at the specified office of the Principal Agent.

Except in the limited circumstances described herein (see "Global Certificates"), owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.

Where only part of a principal amount of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred or converted, a new Certificate in respect of the Bonds not so transferred or converted will, within [three to five] business days of delivery of the

original Certificate to the Registrar or other relevant Agent, be made available for collection at the specified office of the Registrar or such other relevant Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred or converted (but free of charge to the holder and at the Company's expense) to the address of such holder appearing on the Register.

For the purposes of this Condition 3, "business day" shall mean a day (other than a Saturday, Sunday or public holiday) on which banks are open for business in the city in which the specified office of the Registrar (if a Certificate is deposited with it in connection with a transfer or conversion) or the Agent with whom a Certificate is deposited in connection with a transfer or conversion, is located.

D. Formalities Free of Charge

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Company or any of the Agents, but upon payment (or the giving of such indemnity as the Company or any of the Agents may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

E. Closed Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of [seven to fifteen] days ending on (and including) the dates for payment of any principal pursuant to the Conditions; (ii) during the period of [seven to fifteen] days ending on (and including) the dates for redemption pursuant to Condition 8(B) and Condition 8(C); (iii) after a Conversion Notice (as defined in Condition 6(B)) has been delivered and not withdrawn with the consent of the Company with respect to a Bond; or (iv) after a Relevant Event Redemption Notice (as defined in Condition 8(D)) or a Put Exercise Notice (as defined in Condition 8(E)) has been deposited and not withdrawn with the consent of the Company in respect of such Bond. Each such period is a "Closed Period".

F. Regulations

All transfers of Bonds and entries on the register of Bondholders will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Company, with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge to the Bondholder and at the expense of the Company) by the Registrar to any Bondholder upon request.

4. Negative Pledge

(a) Negative Pledge

The Company undertakes that, so long as any of the Bonds remains outstanding (as defined in the Trust Deed) or any amount is due under or in respect of any Bond or otherwise under the Trust Deed, it will not, and will procure that none of its Subsidiaries will, create or permit to subsist or arise any Encumbrance upon the whole or any part of their respective present or future assets or revenues to secure any Relevant Indebtedness of the Company or any other Subsidiary of the Company or to secure any guarantee of or indemnity in respect of any such Relevant Indebtedness unless, at the same time or prior thereto, the Company's obligations under the Bonds are secured equally and rateably by the same Encumbrance or, at the option of the Company by such other security as the Bondholders by Extraordinary Resolution may approve.

(b) *Interpretation*

In these Conditions

- (i) any reference to an “Encumbrance” is to a mortgage, charge, pledge, lien or other encumbrance or security interest securing any obligation of any person;
- (ii) any reference to “Relevant Indebtedness” is to any future and present indebtedness in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depository receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are, or are issued with the intention on the part of the issuer thereof that they should be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or on any other securities market (whether or not initially distributed by way of private placement);
- (iii) any reference to a “Subsidiary” of any person is to:
 - (a) any company or other business entity of which that person (either directly or through one or more other Subsidiaries): (aa) controls the affairs of such company or other business entity; (bb) owns, holds or controls more than 50% of the voting rights at a meeting of the board of directors or a meeting of a similar body of that company or other business entity; or (cc) owns, holds or controls more than 50% of the issued share capital or other ownership interest or contractual rights having ordinary voting power to elect directors, managers or trustees of such company or other business entity or
 - (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the Bermuda or Hong Kong law, regulations or generally accepted accounting principles from time to time, should have its accounts consolidated with those, or be accounted for as a jointly controlled entity or associate, of that person; and
- (iv) for the purposes of this Condition 4, China New Town Development Company Limited shall not be deemed to be a Subsidiary unless it is a Subsidiary by virtue of clause (iii)(a)(bb) or (iii)(a)(cc) of the definition of “Subsidiary” above.

5. Interest

A. Interest Rate and Interest Payment Dates

The Bonds bear interest on their principal amount from and including July 23, 2009 (the “Issue Date”) at the rate of 6% per annum. Interest is payable semi-annually in arrear on January 23 and July 23 of each year (each an “Interest Payment Date”) commencing January 23, 2010.

B. Interest Accrual

Each Bond will cease to bear interest (a) (subject to Condition 6(B)(iv)) from and including the Interest Payment Date last preceding its Conversion Date (as defined below) (or if such Conversion Date falls on or before the first Interest Payment Date, July 23, 2009) subject to conversion of the relevant Bond in accordance with the provisions of Condition 6(B), or (b) from and including the due date for redemption thereof unless, upon surrender in accordance with Condition 8, payment of the full amount due is improperly withheld or refused or default is otherwise made in respect of any such payment. In such event, interest will continue to accrue on

the overdue amount at the rate of 10% (both before and after any judgment) up to but excluding the date on which all sums due in respect of the relevant Bond are received by or on behalf of the relevant holder. Except as provided in Condition 6(B)(ix), no payment or adjustment will be made on conversion for any interest accrued on converted Bonds since the last Interest Payment Date last preceding the relevant Conversion Date, or, if the Bonds are converted on or before the first Interest Payment Date, since the Issue Date.

C. Calculation of Interest

If interest is required to be calculated for a period of less than a full year, it will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

6. Conversion

A. Conversion Right

- (i) *Conversion Period:* Subject as hereinafter provided, Bondholders have the right to convert their Bonds into Shares at any time during the Conversion Period referred to below.

The right of a Bondholder to convert any Bond into Shares is called the "Conversion Right". Subject to and upon compliance with the provisions of this Condition, the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time on and after [41 days after Closing Date] 2009 up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on [10 days prior to Maturity Date] 2014 (but, except as provided in Condition 6(A)(iv), in no event thereafter) or if such Bond shall have been called for redemption by the Company before the Maturity Date (as defined in Condition 8(A)), then up to the close of business (at the place aforesaid) on a date no later than seven business days (in the place aforesaid) prior to the date fixed for redemption thereof (the "Conversion Period").

The number of Shares to be issued on conversion of a Bond will be determined by dividing the RMB principal amount of the Bond to be converted (translated into Hong Kong dollars at the fixed exchange rate of HK\$1.00= RMB 0.8818) by the Conversion Price in effect at the Conversion Date (both as hereinafter defined). A Conversion Right may only be exercised in respect of one or more Bonds. If more than one Bond held by the same holder is converted at any one time by the same holder, the number of Shares to be issued upon such conversion will be calculated on the basis of the aggregate RMB principal amount of the Bonds to be converted.

- (ii) *Fractions of Shares:* Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Shares to be issued on conversion are to be registered in the same name, the number of such Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Shares. Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after June [29], 2009 which reduces the number of Shares outstanding, the Company will upon conversion of Bonds pay in cash (in US dollars by means of a US dollar cheque drawn on a bank in New York City) the US Dollar Equivalent of a sum equal to such portion of the RMB principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 6(A)(i) as corresponds to any

fraction of a Share not issued as a result of such consolidation or re-classification aforesaid if such sum exceeds US\$10.00. Any such sum shall be paid not later than three Stock Exchange Business Days (as defined in Condition 6(B)(i)) after the relevant Conversion Date.

- (iii) *Conversion Price*: The price at which Shares will be issued upon conversion (the "Conversion Price") will initially be HK\$1.056 per Share but will be subject to adjustment in the manner provided in Conditions 6(C) and 6(D).

The initial conversion price represents an initial conversion ratio of 107,390.5304 Shares per RMB100,000 principal amount of Bonds, determined by dividing the RMB100,000 principal amount (translated into HK dollars at the fixed exchange rate of HK\$1.00 = RMB 0.8818) by the initial conversion price.

- (iv) *Revival and/or survival after Default*: Notwithstanding the provisions of Condition 6(A)(i), if (a) the Company shall default in making payment in full in respect of any Bond which shall have been called for redemption on the date fixed for redemption thereof, (b) any Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events under Condition 10 or (c) any Bond is not redeemed on the Maturity Date in accordance with Condition 8(A), the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders and, notwithstanding the provisions of Condition 6(A)(i), any Bond in respect of which the Certificate and Conversion Notice are deposited for conversion prior to such date shall be converted on the relevant Conversion Date (as defined below) notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.
- (v) *Meaning of "Shares"*: As used in these Conditions, the expression "Shares" means ordinary shares of par value HK\$0.10 each of the Company or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Company.

B. Conversion Procedure

- (i) *Conversion Notice*: To exercise the Conversion Right attaching to any Bond, the holder thereof must complete, execute and deposit at his own expense during normal business hours at the specified office of any Conversion Agent a notice of conversion (a "Conversion Notice") in duplicate in the form (for the time being current) obtainable from the specified office of each Agent, together with the relevant Certificate and any amounts required to be paid by the Bondholder under Condition 6(B)(ii).

The conversion date in respect of a Bond (the "Conversion Date") must fall at a time when the Conversion Right attaching to that Bond is expressed in these Conditions to be exercisable (subject to the provisions of Condition 6(A)(iv) above) and will be deemed to be the Stock Exchange Business Day (as defined below) immediately following the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion

Notice and, if applicable, any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right. A Conversion Notice once delivered shall be irrevocable and may not be withdrawn unless the Company consents in writing to such withdrawal. "Stock Exchange Business Day" means any day (other than a Saturday or Sunday) on which The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") or the Alternative Stock Exchange (as defined in Condition 6(C) below), as the case may be, is open for business of dealing in securities.

- (ii) *Stamp Duty etc.:* A Bondholder delivering a Certificate in respect of a Bond for conversion must pay to the relevant Conversion Agent any taxes and capital, stamp, issue and registration duties arising on conversion (other than any taxes or capital or stamp duties payable in Bermuda, Hong Kong and, if relevant, in the place of the Alternative Stock Exchange, by the Company in respect of the allotment and issue of Shares and listing of the Shares on the Hong Kong Stock Exchange or the Alternative Stock Exchange on conversion) (the "Taxes") and such Bondholder must pay all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond in connection with such conversion. The Company will pay all other expenses arising on the issue of Shares on conversion of Bonds. The Bondholder (and, if applicable, the person other than the Bondholder to whom the Shares are to be issued) must provide the Agent with details of the relevant tax authorities to which the Agent must pay monies received in settlement of Taxes payable pursuant to this Condition 6(B)(ii). The Agent is under no obligation to determine whether a Bondholder is liable to pay any Taxes including capital, stamp, issue, registration or similar taxes and duties or the amounts payable (if any) in connection with this Condition 6(B)(ii).
- (iii) *Registration:* As soon as practicable, and in any event not later than five Stock Exchange Business Days (as defined below) after the Conversion Date, the Company will, in the case of Bonds converted on exercise of the Conversion Right and in respect of which a duly completed Conversion Notice has been delivered and the relevant Certificate and amounts payable by the relevant Bondholder deposited as required by sub-paragraphs (i) and (ii), register the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of Shares in the Company's share register and will, if the Bondholder has also requested in the Conversion Notice and to the extent permitted under the rules and procedures of the Central Clearing and Settlement System of Hong Kong (the "CCASS") effective from time to time, take all necessary actions to procure that Shares are delivered through the CCASS for so long as the Shares are listed on the Hong Kong Stock Exchange; or will make such certificate or certificates available for collection at the office of the Company's share registrar in Hong Kong (currently Standard Registrars Ltd.) notified to Bondholders in accordance with Condition 16 or, if so requested in the relevant Conversion Notice, will cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice, together (in either case) with any other securities, property or cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the transfer thereof, in which case a single certificate will be issued in respect of all Shares issued on conversion of Bonds subject to the same Conversion Notice and which are to be registered in the same name.

If the Conversion Date in relation to any Bond shall be on or after the record date for any issue, distribution, grant, offer or other event as gives rise to the adjustment of the

Conversion Price pursuant to Condition 6(C) or 6(D), but before the relevant adjustment becomes effective under the relevant Condition, upon the relevant adjustment becoming effective the Company shall procure the issue to the converting Bondholder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws or other regulations)), such additional number of Shares as, together with the Shares issued or to be issued on conversion of the relevant Bond, is equal to the number of Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective on or immediately after the relevant record date.

The person or persons specified for that purpose in the Conversion Notice will become the holder of record of the number of Shares issuable upon conversion with effect from the date he is or they are registered as such in the Company's register of members (the "Registration Date"). The Shares issued upon conversion of the Bonds will be fully-paid and in all respects rank pari passu with the Shares in issue on the relevant Registration Date. Save as set out in these Conditions, a holder of Shares issued on conversion of Bonds shall not be entitled to any rights the record date for which precedes the relevant Registration Date.

If the record date for the payment of any dividend or other distribution in respect of the Shares is on or after the Conversion Date in respect of any Bond, but before the Registration Date (disregarding any retroactive adjustment of the Conversion Price referred to in this sub-paragraph (iii) prior to the time such retroactive adjustment shall have become effective), the Company will pay to the converting Bondholder or his designee the US Dollar Equivalent of an amount in Hong Kong dollars (the "Equivalent Amount") equal to the Fair Market Value (as defined below) US Dollar Equivalent of any such dividend or other distribution to which he would have been entitled had he on that record date been such a shareholder of record and will make the payment at the same time as it makes payment of the dividend or other distribution, or as soon as practicable thereafter, but, in any event, not later than seven days thereafter. The Equivalent Amount shall be paid by means of a US dollar cheque drawn on a bank in New York City and sent to the address specified in the relevant Conversion Notice.

- (iv) *Interest Accrual:* If any notice requiring the redemption of any Bonds is given pursuant to Condition 8(B) or Condition 8(C) during the period beginning on the 15th day prior to the record date in respect of any dividend payable in respect of the Shares and ending on the Interest Payment Date next following such record date, where such notice specifies a date for redemption falling on or prior to the date which is 14 days after such next following Interest Payment Date, where Certificates have been delivered for conversion and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date, interest shall accrue on the Bonds from the preceding Interest Payment Date (or, if the relevant Conversion Date falls on or before the first Interest Payment Date, from, and including, July 23, 2009) to, but excluding, the relevant Conversion Date; provided that no such interest shall accrue on any Bond in the event that the Shares issued on conversion thereof shall carry an entitlement to receive such dividend or in the event the Bond carries an entitlement to receive an Equivalent Amount (as defined herein). Any such interest shall be paid not later than 14 days after the relevant Conversion Date by US dollar cheque drawn on, or by transfer to a US dollar account maintained by the payee with, a bank in New York City, in accordance with instructions given by the relevant Bondholder.

C. Adjustments to Conversion Price

The Conversion Price will be subject to adjustment in the following events as set out in the Trust Deed:

- (1) *Consolidation, Subdivision or Reclassification:* If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

Where:

- A is the nominal amount of one Share immediately after such alteration; and
B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

- (2) *Capitalisation of Profits or Reserves:*

- (i) If and whenever the Company shall issue any Shares credited as fully paid to the holders of Shares (“Shareholders”) by way of capitalisation of profits or reserves (including any share premium account) including, Shares paid up out of distributable profits or reserves and/or share premium account issued (except any Scrip Dividend) and which would not have constituted a Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

Where:

- A is the aggregate nominal amount of the issued Shares immediately before such issue; and
B is the aggregate nominal amount of the issued Shares immediately after such issue.

- (ii) In the case of an issue of Shares by way of a Scrip Dividend where the Current Market Price of such Shares exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

- A is the aggregate nominal amount of the issued Shares immediately before such issue;

B is the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is the Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and

C is the aggregate nominal amount of Shares issued by way of such Scrip Dividend;

or by making such other adjustment as an Independent Investment Bank shall certify to the Trustee is fair and reasonable.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

(3) *Distributions:*

If and whenever the Company shall pay or make any Distribution to the Shareholders (except to the extent that the Conversion Price falls to be adjusted under Condition 6(C)(2) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Distribution by the following fraction:

$$\frac{A - B}{A}$$

Where:

A is the Current Market Price of one Share on the last Trading Day preceding the date on which the Distribution is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Distribution is actually made or if a record date is fixed therefor, immediately after such record date.

(4) *Rights Issues of Shares or Options over Shares:* If and whenever the Company shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, of options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at less than the Current Market Price per Share on the last Trading Day preceding the date of the announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

A is the number of Shares in issue immediately before such announcement;

B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued by way of rights and for the total number of Shares comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price per Share; and

C is the aggregate number of Shares issued or, as the case may be, comprised in the grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants, as the case may be.

- (5) *Rights Issues of Other Securities:* If and whenever the Company shall issue any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares) to all or substantially all Shareholders as a class by way of rights or grant to all or substantially all Shareholders as a class by way of rights, of options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

Where:

A is the Current Market Price of one Share on the last Trading Day preceding the date on which such issue or grant is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants, as the case may be.

- (6) *Issues at less than Current Market Price:* If and whenever the Company shall issue (otherwise than as mentioned in Condition 6(C)(4) above) any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or the issue or grant (otherwise than as mentioned in Condition 6(C)(4) above) of options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares in each case at a price per Share which is less than the Current Market Price on the last Trading Day preceding the date of announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{C}$$

Where:

- A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares;
- B is the number of Shares which the aggregate consideration (if any) receivable for the issue of such additional Shares would purchase at such Current Market Price per Share; and
- C is the number of Shares in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue by the Company of options, warrants or other rights to subscribe or purchase Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the issue of such options, warrants or other rights.

- (7) *Other Issues at less than Current Market Price:* Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Condition 6(C)(7), if and whenever the Company or any of its Subsidiaries (otherwise than as mentioned in Conditions 6(C)(4), 6(C)(5) or 6(C)(6)), or (at the direction or request of or pursuant to any arrangements with the Company or any of its Subsidiaries) any other company, person or entity shall issue any securities (other than the Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than the Current Market Price on the last Trading Day preceding the date of announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

- A is the number of Shares in issue immediately before such issue;
- B is the number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

- (8) *Modification of Rights of Conversion etc.:* If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Condition 6(C)(7) (other than in accordance with the terms of such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than is less than

the Current Market Price on the last Trading Day preceding the date of announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

- A is the number of Shares in issue immediately before such modification;
- B is the number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to the securities so modified would purchase at such Current Market Price per Share or, if lower, the existing conversion, exchange or subscription price of such securities; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as an Independent Investment Bank, consider appropriate (if at all) for any previous adjustment under this Condition 6(C)(8) or Condition 6(C)(7).

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

- (9) *Other Offers to Shareholders:* If and whenever the Company or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Company or any of its Subsidiaries) any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Condition 6(C)(4), Condition 6(C)(5), Condition 6(C)(6) or Condition 6(C)(7)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A is the Current Market Price of one Share on the last Trading Day preceding the date on which such issue is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities.

- (10) *Other Events:* If the Company or the Trustee determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this Condition 6, the Company shall, at its own expense, consult an Independent Investment Bank, to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the

adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination by the Independent Investment Bank such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that where the events or circumstances giving rise to any adjustment pursuant to this Condition 6 have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 6 as may be advised by the Independent Investment Bank to be in their opinion appropriate to give the intended result.

- (11) *Rounding and Minor Adjustments.* On any adjustment, the relevant Conversion Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest Hong Kong cent. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than 1% of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to Bondholders in accordance with Condition 16 as soon as practicable after the determination thereof.

The Conversion Price may not be reduced so that, on conversion of Bonds, Shares would fall to be issued at a discount to their par value.

- (12) *More than One Event in Quick Succession.* Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of an Independent Investment Bank, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such independent investment bank to be in their opinion appropriate in order to give such intended result.

- (13) *Employee Share Scheme.* No adjustment will be made to the Conversion Price when Shares or other securities (including rights or options) are issued, offered or granted to employees (including directors) of the Company or any Subsidiary of the Company pursuant to any Employee Share Scheme (as defined in the Trust Deed) (and which Employee Share Scheme is in compliance with the listing rules of the Hong Kong Stock Exchange or, if applicable, those of an Alternative Stock Exchange).

- (14) *Increases in Conversion Price.* No adjustment resulting in an increase in the Conversion Price will be made, except in the case of a consolidation of the Shares as referred to in Condition 6(C)(1) above.

- (15) *Trustee.* Neither the Trustee nor any Agent shall be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price and will not be responsible to Bondholders for any loss arising from any failure by it to do so.

For the purposes of these Conditions:

“Alternative Stock Exchange” means at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in.

“Closing Price” for the Shares for any Trading Day shall be the price published in the Daily Quotation Sheet published by the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such day.

“Current Market Price” means, in respect of a Share at a particular date, the average of the Closing Prices for one Share (being a Share carrying full entitlement to dividend) for the five consecutive Trading Days ending on the Trading Day immediately preceding such date, provided that if at any time during the said five Trading Day period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

- (i) if the Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share; or
- (ii) if the Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by such similar amount;

and provided further that if the Shares on each of the said five Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share.

“Distribution” means any dividend or distribution (whether of cash or assets in specie) by the Company for any financial period (whenever paid or made and however described) (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid (other than Shares credited as fully paid to the extent an adjustment to the Conversion Price is made in respect thereof under Condition 6(C)(2)(i)) by way of capitalisation of reserves and including any Scrip Dividend to the extent of the Relevant Cash Dividend) unless it comprises a purchase or redemption of Shares by or on behalf of the Company (or a purchase of Shares by or on behalf of a Subsidiary of the Company), where the weighted average price (before expenses) on any one day in respect of such purchases does not exceed the Current Market Price of the Shares as published in the Daily Quotation Sheet of the Hong Kong Stock Exchange or the equivalent quotation sheet of an Alternative Stock Exchange, as the case may be, either (1) on that date, or (2) where an announcement has been made of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement and, if in the case of either (1) or (2), the relevant day is not a Trading Day, the immediately preceding Trading Day.

In making any such calculation, such adjustments (if any) shall be made as an Independent Investment Bank may consider appropriate to reflect (a) any consolidation or subdivision of the Shares, (b) issues of Shares by way of capitalisation of profits or reserves, or any like or similar event or (c) the modification of any rights to dividends of Shares.

“Fair Market Value” means, with respect to any assets, security, option, warrants or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Investment Bank, provided that (i) the fair market value of a cash dividend paid or to be paid per Share shall be the amount of such cash dividend per Share determined as at the date of announcement of such dividend; (ii) where options, warrants or other rights are publicly

traded in a market of adequate liquidity (as determined by such investment banks) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five trading days on the relevant market commencing on the first such trading day such options, warrants or other rights are publicly traded.

“Independent Investment Bank” means an independent investment bank of international repute (acting as expert) selected by the Company and approved by the Trustee.

“Relevant Cash Dividend” means any cash dividend specifically declared by the Company.

“Scrip Dividend” means any Shares issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the Shareholders concerned would or could otherwise have received and which would not have constituted a Distribution (and for the avoidance of doubt to the extent that no adjustment is to be made under Condition 6(C)(3) in respect of the amount by which the Current Market Price of the Shares exceeds the Relevant Cash Dividend or part thereof, but without prejudice to any adjustment required in such circumstances to be made under Condition 6(C)(2)).

“Trading Day” means a day when the Hong Kong Stock Exchange or, as the case may be an Alternative Stock Exchange, is open for dealing business, provided that if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not have existed when ascertaining any period of dealing days.

D. Conversion Upon Change of Control

If a Change of Control (as defined in Condition 8(D)) shall have occurred, the Company shall give notice of that fact to the Bondholders (the “Change of Control Notice”) in accordance with Condition 16 within five days after it becomes aware of such Change of Control. Following the giving of a Change of Control Notice, upon any exercise of Conversion Rights such that the relevant Conversion Date falls within 30 days following a Change of Control, or, if later, 30 days following the date on which the Change of Control Notice is given to Bondholders (such period, the “Change of Control Conversion Period”), the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = \frac{OCP}{1 + (CP \times c/t)}$$

Where:

- | | |
|-----|---|
| NCP | is the Conversion Price after such adjustment. |
| OCP | is the Conversion Price in force immediately before such adjustment, and for the avoidance of doubt, OCP for the purposes of this Condition 6(D) shall be the Conversion Price applicable on the relevant Conversion Date in respect of any conversion pursuant to this Condition 6(D). |
| CP | is the Conversion Premium of 10% expressed as a fraction. |
| c | is the number of days from and including the first day of the Change of Control Conversion Period to but excluding July 23, 2014. |
| t | is the number of days from and including July 23, 2009 to but excluding July 23, 2014. |

provided that the Conversion Price shall not be reduced pursuant to this Condition 6(D) may not be reduced so that, on conversion of Bonds, Shares would fall to be issued at a discount to their par value.

E. Undertakings

The Company has undertaken in the Trust Deed, inter alia, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders or with the approval of the Trustee where, in the opinion of the Trustee, it is not materially prejudicial to the interests of the Bondholders to give the approval:

- (i) it will use its reasonable endeavours (a) to maintain a listing for all the issued Shares on the Hong Kong Stock Exchange, and (b) to obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights attaching to the Bonds on the Hong Kong Stock Exchange, and if the Company is unable to obtain or maintain such listing, to use its reasonable endeavours to obtain and maintain a listing for all the issued Shares on an Alternative Stock Exchange as from time to time selected by the Company and approved by the Trustee and will forthwith give notice to the Bondholders in accordance with Condition 16 below of the listing or delisting of the Shares (as a class) by any of such stock exchange;
- (ii) it will use its reasonable endeavours to maintain the listing of the Bonds on the Hong Kong Stock Exchange;
- (iii) it will pay the expenses of the issue of, and all expenses of obtaining listing for, Shares arising on conversion of the Bonds; and
- (iv) it will not make any reduction of its issued Shares or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund (except, in each case, as permitted by law);

In the Trust Deed, the Company has also undertaken with the Trustee that so long as any Bond remains outstanding:

- (i) it will reserve, free from any other pre-emptive or other similar rights, out of its authorised but unissued Shares the full number of Shares liable to be issued on conversion of the Bonds from time to time remaining outstanding and shall ensure that all Shares delivered on conversion of the Bonds will be duly and validly issued as fully-paid; and
- (ii) it will not make any offer, issue, grant or distribute or take any action the effect of which would be to reduce the Conversion Price below the par value of the Shares of the Company,

provided always that the Company shall not be prohibited from purchasing its Shares to the extent permitted by law.

The Company has also given certain other undertakings in the Trust Deed for the protection of the Conversion Rights.

F. Consolidation, Amalgamation or Merger

The Company will not consolidate with, amalgamate with, merge with or into, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its property and assets (as an entirety or substantially an entirety in one transaction or a series of related transactions) to any entity unless:

- (i) the Company shall have notified the Bondholders in accordance with Condition 17;
- (ii) the entity (if other than the Company) formed by such amalgamation or consolidation or into which the Company is merged or which acquired or leased such property and assets of the Company shall be a corporation organised and validly existing under the laws of its place of incorporation, and shall, by a trust deed supplemental to the Trust Deed and an agency agreement supplemental to the Agency Agreement and such other undertakings or documents as the Trustee may require, executed and delivered in form and content acceptable to the Trustee, expressly assume all of the obligations of the Company in respect of all of the Bonds and under the Trust Deed and the Agency Agreement and indemnify each Bondholder against any tax, assessment or governmental charge payable by withholding or deduction thereafter imposed on such holder solely as a consequence of such consolidation, amalgamation, merger, sale, conveyance, transfer, lease or other disposal with respect to the payment of principal, premium and interest on the Bonds;
- (iii) the supplemental Trust Deed referred to in paragraph (ii) above will ensure that (a) the holder of each Bond then outstanding will have the right (during the period in which such Bond shall be convertible) to convert such Bond into the class and amount of shares and other securities and property receivable upon such consolidation, amalgamation, merger, sale, conveyance, transfer, lease or other disposal by a holder of the number of Shares which would have become liable to be issued upon conversion of such Bond immediately prior to such consolidation, amalgamation, merger, sale, conveyance, transfer, lease or other disposal (such supplemental Trust Deed will provide for adjustments which will be as nearly equivalent as may be practicable to the adjustments provided for in the provisions of Condition 6(C)), and (b) that there shall be no right to exercise a redemption of the Bonds under Condition 8(C) as a result of any change in the domicile or place of incorporation of the Company or of the successor entity not being incorporated in Bermuda, Hong Kong or the PRC; and
- (iv) immediately after giving effect to such transaction, no default or event of default (including an Event of Default) shall have occurred and be continuing.

The above provisions of this Condition 6(F) will apply, *mutatis mutandis*, to any subsequent consolidations, amalgamations, mergers, sales or transfers.

G. Notice of Change in Conversion Price

The Company shall give notice to the Bondholders in accordance with Condition 16 of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

7. Payments

A. US Dollar Settlement

All amounts due under, and all claims arising out of or pursuant to, the Bonds and/or the Trust Deed from or against the Company shall be payable and settled in US dollars only.

For the purposes of these Conditions, "US Dollar Equivalent" means:

- (i) in respect of a Renminbi-denominated amount that, but for this Condition 7(A), would be due under the Bonds, in Renminbi, the Renminbi amount converted into US dollars using the Spot Rate for the relevant Rate Calculation Date; and

- (ii) that but for this Condition 7(A), would be due under the Bonds, in HK dollars, the HK dollar amount converted into US dollars using the Spot Rate for the relevant Rate Calculation Date.

For this purpose:

“Business Day” means in relation to Beijing (for determining the US Dollar Equivalent of a Renminbi-denominated amount) or Hong Kong (for determining the US Dollar Equivalent of a HK dollar-denominated amount), a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general business (including dealings in foreign exchange) in such place and in New York City;

“Rate Calculation Date” means the day which is five Business Days before the due date of the relevant amount under these Conditions;

“Reference Dealers” means four leading dealers engaged in the foreign exchange market of the relevant currency selected by the Principal Agent; and

“Spot Rate”, for each Rate Calculation Date, means a rate determined by the Company in good faith as follows:

- (a) in respect of the US Dollar Equivalent of a Renminbi-denominated amount, the RMB/US dollar official fixing rate, expressed as the amount of Renminbi per one US dollar, reported by the People’s Bank of China which appears on the Reuters Screen “SAEC” Page opposite the symbol “USDCNY” page at or about 9:15 am (Beijing time) on the Rate Calculation Date;
- (b) in respect of the US Dollar Equivalent of a HK dollar-denominated amount, the bid exchange rate, expressed as the amount of HK dollars per one US dollar, which appears on the relevant Reuters Honix page at 11:00 a.m. (Hong Kong time) on the Rate Calculation Date;
- (c) if no such rate is available under sub-paragraph (a) or (b), the spot rate determined by the Company in good faith on the basis of quotations provided by the Reference Dealers of the specified exchange rate for the Rate Calculation Date as obtained in accordance with the provisions below; and
- (d) if fewer than two quotations are provided under sub-paragraph (c), the exchange rate for the Rate Calculation Date as shall be determined by an Independent Investment Bank in good faith.

In determining the spot rate under sub-paragraph (c), the Company will request the Beijing (for determining the US Dollar Equivalent of a Renminbi-denominated amount) or Hong Kong (for determining the US Dollar Equivalent of a HK dollar-denominated amount) office of each of the Reference Dealers to provide a quotation of what the specified screen rate would have been had it been published, reported or available for the Rate Calculation Date, based upon each Reference Dealer’s experience in the foreign exchange market for Renminbi or HK dollars (as applicable) and general activity in such market on the Rate Calculation Date. The quotations used to determine the Spot Rate for a Rate Calculation Date will be determined in each case for such Rate Calculation Date, and will be requested at 9:15 a.m. (Beijing time) or 11:00 a.m. (Hong Kong time), as applicable, on such Rate Calculation Date or as soon as practicable after it is determined that the specified screen rate was not available.

If four quotations are provided, the rate for a Rate Calculation Date will be the arithmetic mean of the rates, without regard to the rates having the highest and lowest value. For this purpose, if more

than one quotation has the same highest value or lowest value, then the rate of only one of such quotations shall be disregarded. If two or three quotations are provided, the rate for a Rate Calculation Date will be the arithmetic mean of the rates provided.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7, whether by the Reference Dealers (or any of them), the Company or the Independent Investment Bank, will (in the absence of willful default, bad faith or manifest error) be binding on the Company, the Trustee, the Agents and all Bondholders.

B. *Principal, Premium and Interest*

Payment of principal, premium and interest due other than on an Interest Payment Date, will be made by transfer to the registered account of the Bondholder or by US dollar cheque drawn on a bank in New York City mailed to the registered address of the Bondholder in accordance with Condition 16 if it does not have a registered account. Payment of principal and premium will only be made after surrender of the relevant Certificate at the specified office of any of the Agents.

Interest on Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the [second] Business Day before the due date for the payment of interest (the "Interest Record Date"). Payments of interest on each Bond will be made by transfer to the registered account of the Bondholder or by US dollar cheque drawn on a bank in New York City mailed to the registered address of the Bondholder if it does not have a registered account.

References in these Conditions, the Trust Deed and the Agency Agreement to principal and premium in respect of any Bond shall, where the context so permits, be deemed to include a reference to any premium payable thereon.

C. *Registered Accounts*

For the purposes of this Condition, a Bondholder's registered account means the US dollar account maintained by or on behalf of it with a bank in New York City, details of which appear on the Register at the close of business on the second business day (as defined below) before the due date for payment, and a Bondholder's registered address means its address appearing on the Register at that time.

D. *Fiscal Laws*

All payments are subject in all cases to any applicable laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

E. *Payment Initiation*

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a business day (as defined below), for value on the first following day which is a business day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder) on the due date for payment (or, if it is not a business day, the immediately following business day) or, in the case of a payment of principal, if later, on the business day on which the relevant Certificate is surrendered at the specified office of an Agent.

F. *Default Interest and Delay In Payment*

If the Company fails to pay any sum in respect of the Bonds when the same becomes due and payable under these Conditions, interest shall accrue on the overdue sum at the rate of 10% per annum from the due date. Such default interest shall accrue on the basis of the actual number of days elapsed and a 360-day year.

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a business day, if the Bondholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

G. *Business Day*

In this Condition, "business day" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business in Hong Kong, London and New York and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered. If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

8. *Redemption, Purchase and Cancellation*

A. *Maturity*

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Company will redeem each Bond at an amount equal to the US Dollar Equivalent of 100% of its principal amount together with accrued interest, on July 23, 2014 (the "Maturity Date"). The Company may not redeem the Bonds at its option prior to that date except as provided in Condition 8(B) or Condition 8(C) below (but without prejudice to Condition 9).

B. *Redemption at the Option of the Company*

The Company may at any time, having given not less than 30 nor more than 60 days' notice to the Bondholders, the Trustee and the Principal Agent (which notice will be irrevocable), redeem all and not some only of the Bonds at a redemption price equal to the US Dollar Equivalent of 100% of their principal amount plus unpaid interest accrued to but excluding the date of redemption, if at least 90% in principal amount of the Bonds (including Bonds issued pursuant to the Option) originally issued has already been converted, redeemed or purchased and cancelled.

Redemption under this condition 8(B) may not occur within 30 days of the end of a Closed Period but otherwise may occur when the Conversion Right is expressed in these Conditions to be exercisable.

C. *Redemption for Taxation Reasons*

- (i) At any time the Company may, having given not less than 30 nor more than 60 days' notice (a "Tax Redemption Notice") to the Bondholders in accordance with Condition 16 (which notice shall be irrevocable) redeem all, and not some only, of the Bonds at a redemption price equal to the US Dollar Equivalent of 100% of their principal amount plus unpaid interest accrued to but excluding the redemption date (the "Tax Redemption Date"), if (i) the Company satisfies the Trustee immediately prior to the giving of such notice that the Company has or will become obliged to pay additional amounts as referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of any Relevant Tax Jurisdiction (as defined in Condition 9), or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes

effective on or after June 29, 2009, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Company shall deliver to the Trustee (a) a certificate signed by two directors of the Company stating that the obligation referred to in (i) above cannot be avoided by the Company taking reasonable measures available to it and (b) an opinion of independent legal or tax advisors of recognised standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective) and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence thereof in which event it shall be conclusive and binding on the Bondholders. Upon the expiry of any such notice, the Company will be bound to redeem the Bonds at a redemption price equal to the US Dollar Equivalent of 100% of their principal amount plus unpaid interest accrued to but excluding the redemption date, provided that redemption may not occur within 30 days of the end of a Closed Period, but otherwise may occur when the Conversion Right is expressed in these Conditions to be exercisable.

- (ii) If the Company gives a Tax Redemption Notice pursuant to Condition 8(C)(i), each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment of principal, premium or interest to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts shall be made subject to the deduction or withholding of any tax required to be deducted or withheld. To exercise a right pursuant to this Condition 8(C)(ii), the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of exercise, in the form for the time being current, obtainable from the specified office of any Paying Agent (the "Tax Option Exercise Notice") together with the Certificate evidencing the Bonds on or before the day falling 10 days prior to the Tax Redemption Date.

D. *Redemption for Delisting or Change of Control*

Following the occurrence of a Relevant Event (as defined below), the holder of each Bond will have the right at such holder's option, to require the Company to redeem all or some only of that holder's Bonds on the Relevant Event Redemption Date (as defined below) at a redemption price equal to the US Dollar Equivalent of 100% of their principal amount, together with unpaid interest accrued to but excluding the redemption date. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (the "Relevant Event Redemption Notice") together with the Certificate evidencing the Bonds to be redeemed by not later than 60 days following a Relevant Event, or, if later, 60 days following the date upon which notice thereof is given to Bondholders by the Company in accordance with Condition 16. The "Relevant Event Redemption Date" shall be the 14th day after the expiry of such period of 60 days as referred to above.

A Relevant Event Redemption Notice, once delivered, shall be irrevocable (and may not be withdrawn unless the Company consents to such withdrawal) and the Company shall redeem the Bonds the subject of Relevant Event Redemption Notices delivered as aforesaid on the Relevant Event Redemption Date.

The Trustee shall not be required to take any steps to ascertain whether a Relevant Event or any event that could lead to the occurrence of a Relevant Event has occurred.

The Company shall give notice to Bondholders in accordance with Condition 16 by not later than 14 days following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition and shall give brief details of the Relevant Event.

A "Relevant Event" occurs:

- (i) when the Shares cease to be listed or admitted to trading on the Hong Kong Stock Exchange; or
- (ii) when there is a Change of Control.

For the purposes of this Condition 8(D):

"Control" means the acquisition or control of more than 50% of the voting rights or share capital of the issued share capital of the Company or the right to appoint and/or remove all or the majority of the members of the Company's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

a "Change of Control" occurs when:

- (i) any Person or Persons acting together acquires Control of the Company if such Person or Persons does not or do not have, and would not be deemed to have, Control of the Company on the Issue Date;
- (ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company's assets to any other Person.

"Person" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

E. *Redemption at the Option of the Bondholders*

On July 23, 2012 (the "Put Option Date"), the holder of each Bond will have the right at such holder's option, to require the Company to redeem all or some only of the Bonds of such holder on the Put Option Date at a redemption price equal to the US Dollar Equivalent of 100% of their principal amount, together with unpaid interest accrued to but excluding the redemption date. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the then current form obtainable from the specified office of any Paying Agent ("Put Exercise Notice") together with the Certificate evidencing the Bonds to be redeemed not earlier than 60 days and not later than 30 days prior to the Put Option Date.

A Put Exercise Notice, once delivered, shall be irrevocable (and may not be withdrawn unless the Company consents to such withdrawal) and the Company shall redeem the Bonds the subject of Put Exercise Notices delivered as aforesaid on the Put Option Date.

F. *Purchases*

The Company or any of its Subsidiaries may at any time and from time to time purchase Bonds at any price in the open market or otherwise.

G. Cancellation

All Bonds which are redeemed, converted or purchased by the Company or any of its Subsidiaries, will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

H. Redemption Notices

All notices to Bondholders given by or on behalf of the Company pursuant to Condition 8(B) or (C) will specify the Conversion Price as at the date of the relevant notice, the Conversion Period, the Closing Price of the Shares as at the latest practicable date prior to the publication of the notice, the applicable redemption amount and the US Dollar Equivalent thereof the date for redemption, the manner in which redemption will be effected and the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice.

9. Taxation

All payments made by the Company under or in respect of the Bonds, the Trust Deed or the Agency Agreement will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Bermuda, Hong Kong, the PRC, any jurisdiction where the Company is organised or otherwise considered by a taxing authority to be a resident for tax purposes, any jurisdiction from or through which the Company makes such payments, or any authority thereof or therein having power to tax (each, a "Relevant Tax Jurisdiction"), unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. In such event, the Company will pay such additional amounts as will result in the receipt by the Bondholders of the net amounts after such deduction or withholding equal to the amounts which would otherwise have been receivable by them had no such deduction or withholding been required except that no such additional amount shall be payable in respect of any Bond:

- (i) to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the Relevant Tax Jurisdiction otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond;
- (ii) (in the case of a payment of principal) if the Certificate in respect of such Bond is surrendered more than 30 days after the relevant date except to the extent that the holder would have been entitled to such additional amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days,
- (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Union Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26th-27th November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iv) presented for payment by or on behalf of a Bondholder who would have been able to avoid such withholding or deduction by presenting the relevant Bond to another Paying Agent in a Member State of the European Union.

For the purposes hereof, "relevant date" means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received by the Trustee or the Principal Agent on or prior to such due date, the date on which, the full amount

having been so received, notice to that effect shall have been given to the Bondholders and cheques despatched or payment made.

References in these Conditions to principal, premium (if any) or interest shall be deemed also to refer to any additional amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

10. Events of Default

A. Events of Default

The Trustee at its sole discretion may, and if so requested in writing by the holders of not less than 25% in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject to being indemnified and/or secured by the holders to its satisfaction), give notice to the Company that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at the US Dollar Equivalent of 100% of their principal amount together with unpaid interest accrued to but excluding the date of repayment (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 6) if:

- (i) a default is made in the payment of any principal or interest due in respect of the Bonds which is not remedied within three days;
- (ii) any failure by the Company to deliver any Shares as and when the Shares are required to be delivered following conversion of Bonds, which failure is not remedied within three days;
- (iii) the Company does not perform or comply with one or more of its other obligations in the Bonds or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days after written notice of such default shall have been given to the Company by the Trustee;
- (iv) the Company or any of its Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of (or of a particular type of) the debts of the Company or any of its Subsidiaries; an administrator or liquidator of the Company or any of its Subsidiaries or the whole or any material part of the assets and turnover of the Company or any of its Subsidiaries is appointed (or application for any such appointment is made);
- (v) (a) any other present or future indebtedness (whether actual or contingent) of the Company or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes, or becomes capable of being declared, due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (b) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (c) the Company or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (v) have occurred equals or

exceeds US\$5 million or its equivalent in any other currency on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantees or indemnity;

- (vi) a distress, attachment, execution, seizure before judgment or other legal process is levied, enforced or sued out on or against all or any material part of the property, assets or turnover of the Company or any of its Subsidiaries and is not discharged or stayed within 30 days;
- (vii) an order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Company or any of its Subsidiaries (except for a members' voluntary solvent winding-up), or the Company or any of its Subsidiaries ceases or threatens to cease to carry on or dispose of (whether in one transaction or a series of transactions) all or a material part of its business or operations except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (a) on terms approved by an Extraordinary Resolution of the Bondholders, or (b) in the case of any Subsidiary whereby the undertaking and assets of such Subsidiary are transferred to or otherwise vested in the Company or one of its wholly owned Subsidiaries;
- (viii) an encumbrancer takes possession or an administrative or other receiver, manager, administrator or other similar officer is appointed, of the whole or a material part of the property, assets or turnover of the Company or any of its Subsidiaries (as the case may be) and is not discharged within 30 days;
- (ix) (a) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Company, any of its Subsidiaries; or (b) the Company or any of its Subsidiaries is prevented from exercising normal control over all or a material part of its property, assets and turnover;
- (x) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (a) to enable the Company lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Trust Deed, (b) to ensure that those obligations are legally binding and enforceable and (c) to make the Bonds and the Trust Deed admissible in evidence in the courts of Bermuda, Hong Kong or England is not taken, fulfilled or done;
- (xi) it is or will become unlawful for the Company to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed; or
- (xii) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

B. Default Cure Amount

Notwithstanding receipt of any payment after the acceleration of the Bonds, a Bondholder may exercise its Conversion Right by depositing a Conversion Notice with a Conversion Agent or Paying Agent during the period from and including the date of a default notice with respect to an event specified in Condition 10(A) (at which time the Company will notify the Bondholders of the number of Shares per Bond to be delivered upon conversion, assuming all the then outstanding Bonds are converted) to and including the 30th business day after such payment.

If any converting Bondholder deposits a Conversion Notice pursuant to this Condition 10(B) on the business day prior to, or during, a Closed Period, the Bondholder's Conversion Right shall

continue until the business day following the last day of the Closed Period, which shall be deemed the Conversion Date, for the purposes of such Bondholder's exercise of its Conversion Right pursuant to this Condition 10(B).

If the Conversion Right attached to any Bond is exercised pursuant to this Condition 10(B), the Company will deliver Shares (which number will be disclosed to such Bondholder as soon as practicable after the Conversion Notice is given) in accordance with the Conditions, except that the Company shall have twelve business days before it is required to register the converting Bondholder (or its designee) in its register of members as the owner of the number of Shares to be delivered pursuant to this Condition and an additional five business days from such registration date to make payment in accordance with the following paragraph.

If the Conversion Right attached to any Bond is exercised pursuant to this Condition 10, or if the Bonds have become due and payable pursuant to Conditions 10(A)(ii), the Company shall, at the request of the converting Bondholder, pay to such Bondholder the US Dollar Equivalent of an amount (the "Default Cure Amount"), equal to the product of (x) (i) the number of Shares that are required to be delivered by the Company to satisfy the Conversion Right in relation to such converting Bondholder minus (ii) the number of Shares that are actually delivered by the Company pursuant to such Bondholders' Conversion Notice and (y) the Share Price (as defined below) on the Conversion Date; provided that if such Bondholder has received any payment under the Bonds pursuant to this Condition 10(B), the amount of such payment shall be deducted from the Default Cure Amount.

The "Share Price" means the closing price of the Shares as quoted by the Hong Kong Stock Exchange or, as the case may be, the Alternative Stock Exchange on the Conversion Date or, if no reported sales take place on such date, the average of the reported closing bid and offered prices, in either case as reported by the Hong Kong Stock Exchange or other applicable securities exchange on which the Shares are listed for such day as furnished by a reputable and independent broker-dealer selected from time to time by the Trustee at the expense of the Company for such purpose.

11. Prescription

Claims in respect of amounts due in respect of the Bonds will become prescribed unless made within 10 years (in the case of principal) and six years (in the case of interest, default interest or premium (if any)) from the relevant date (as defined in Condition 9) in respect thereof.

12. Enforcement

At any time after the Bonds have become due and repayable, the Trustee may, at its sole discretion and without further notice, take such proceedings against the Company as it may think fit to enforce repayment of the Bonds and to enforce the provisions of the Trust Deed, but it will not be bound to take any such proceedings unless (a) it shall have been so requested in writing by the holders of not less than 25% in principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution of the Bondholders and (b) it shall have been indemnified and/or secured to its satisfaction. No Bondholder will be entitled to proceed directly against the Company unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

13. Meetings of Bondholders, Modification and Waiver

A. Meetings

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing over 50% in principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the due date for any payment in respect of the Bonds, (ii) to reduce or cancel the amount of principal, premium, interest or default interest, Equivalent Amount or US Dollar Equivalent payable in respect of the Bonds or changing the method of calculation of the US Dollar Equivalent, (iii) to change the currency of payment of the Bonds, (iv) to modify (except by a unilateral and unconditional reduction in the Conversion Price) or cancel the Conversion Rights or the put options of the Bondholders in Condition 8, or (v) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 66%, or at any adjourned such meeting not less than 33%, in principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting. The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90% of the aggregate principal amount of Bonds outstanding shall be as valid and effective as a duly passed Extraordinary Resolution.

*The Trust Deed defines an “**Extraordinary Resolution**” as a resolution passed at a meeting of Bondholders duly convened and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than three-quarters of the votes cast.*

B. Modification and Waiver

The Trustee may agree, without the consent of the Bondholders, to (i) any modification (except as mentioned in clauses (i) to (v) of Condition 13(A) above) to, or the waiver or authorisation of any breach or proposed breach of, the Bonds, the Trust Deed or the Agency Agreement which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders or (ii) any modification to the Bonds or the Trust Deed which, in the Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver or authorisation will be binding on the Bondholders and, unless the Trustee agrees otherwise, any such modifications will be notified by the Company to the Bondholders as soon as practicable thereafter.

C. Interests of Bondholders

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, authorisation or waiver) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Company, or the Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent provided for in Condition 9 and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

In the event of the passing of an Extraordinary Resolution in accordance with Condition 13(A) or a modification, waiver or authorisation in accordance with Condition 13(B), the Company will procure that the Bondholders be notified in accordance with Condition 16.

D. Certificates/Reports

Any certificate or report of any expert or other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of these Conditions or the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts therein (and shall, in absence of manifest error, be conclusive and binding on all parties) notwithstanding that such certificate or report and/or engagement letter or other document entered into by the Trustee and/or the Company in connection therewith contains a monetary or other limit on the liability of the relevant expert or person in respect thereof.

14. Replacement of Certificates

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar or any Agent upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Company and such Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

15. Further Issues

The Company may from time to time, without the consent of the Bondholders, create and issue further Bonds having the same terms and conditions as the Bonds in all respects and so that such further issue shall be consolidated and form a single series with the Bonds. Such further Bonds may, with the consent of the Trustee, be constituted by a deed supplemental to the Trust Deed.

16. Notices

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the register of Bondholders maintained by the Registrar or published in a leading newspaper having general circulation in Asia (which is expected to be the Wall Street Journal Asia Edition). Any such notice shall be deemed to have been given on the later of the date of such publication and the seventh day after being so mailed, as the case may be.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System (as defined in the Global Certificate), notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

17. Currency Indemnity

A. Currency of Account and Payment

US dollars (the “**Contractual Currency**”) is the sole currency of account and payment for all sums payable by the Company under or in connection with the Bonds and the Trust Deed, including damages.

B. Extent of Discharge

An amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Company or otherwise), by the Trustee or any Bondholder in respect of any

sum expressed to be due to it from the Company will only discharge the Company to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

C. Indemnity

If that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the recipient under the Bonds or the Trust Deed, the Company will indemnify the recipient against any loss sustained by it as a result. In any event, the Company will indemnify the recipient against the cost of making any such purchase.

D. Indemnity Separate

The indemnity in this Condition 17 constitutes a separate and independent obligation from the other obligations under the Bonds and the Trust Deed, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Trustee and/or any Bondholder and will continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under the Bonds and/or the Trust Deed or any other judgment or order.

18. Agents

The names of the initial Agents and the Registrar and their specified offices are set out below. The Company reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent or the Registrar and to appoint additional or other Agents or a replacement Registrar. The Company will at all times maintain (a) a Principal Agent, (b) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Union Directive 2003/48/EC or any other European Union Directive implementing the provisions of the ECOFIN Council Meeting of 26th-27th November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform, to such Directive, and (c) a Registrar which will maintain the register of Bondholders outside Hong Kong and the United Kingdom. Notice of any such termination or appointment, of any changes in the specified offices of any Agent or the Registrar and of any change in the identity of the Registrar or the Principal Agent will be given promptly by the Company to the Bondholders and in any event not less than 45 days' notice will be given.

19. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee, for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified to its satisfaction, and to be paid its costs and expenses in priority to the claims of the Bondholders. The Trustee is entitled to enter into business transactions with the Company and any entity related to the Company without accounting for any profit.

The Trustee may, in making any determination under these Conditions, act on the opinion or advice of, or information obtained from, any expert and will not be responsible for any loss, liability, cost, claim, action, demand, expense or inconvenience which may result from it so acting.

The Trustee may rely without liability to Bondholders on any certificate or report prepared by any of the above mentioned experts, including specifically the Auditors (as defined in the Trust Deed), or any auditor, pursuant to the Conditions or the Trust Deed, whether or not the expert or auditor's liability in respect thereof is limited by a monetary cap or otherwise.

Until the Trustee has actual or express knowledge to the contrary, the Trustee may assume that no Event of Default or Potential Event of Default (as defined in the Trust Deed) has occurred.

The Trustee is not liable for any failure to monitor compliance by the Company with the Conditions (including Conditions 4 and 10).

20. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

21. Governing Law and Submission to Jurisdiction

The Bonds, the Trust Deed and the Agency Agreement are governed by, and shall be construed in accordance with, the laws of England. In relation to any legal action or proceedings arising out of or in connection with the Trust Deed or the Bonds, the Company has in the Trust Deed irrevocably submitted to the jurisdiction of the courts of England and in relation thereto, has appointed an agent for service of process in the City of London.

SCHEDULE 4 FORM OF LOCK-UP UNDERTAKING

This Undertaking is made by way of a deed on June 29, 2009 by [●] (the “**Shareholder**”), being a person interested in the shares of SRE Group Limited (the “**Issuer**”), in favour of:

1. Credit Suisse (Hong Kong) Limited (“**CS**”);
2. Deutsche Bank AG, Hong Kong Branch (“**DB**”, and together with CS the “**Joint Bookrunners**”); and

pursuant to the Subscription Agreement dated June 29, 2009 between the Issuer and the Joint Bookrunners (the “**Subscription Agreement**”) relating to the issue of the Bonds (as defined below) by the Issuer.

Whereas

- (A) As of the date of this Undertaking, the Shareholder holds directly (or through nominees) an aggregate of [●] Shares (the “**Lock-up Shares**”) of the Shares of the Issuer.
- (B) The Issuer proposes to issue up to RMB 446,900,000 aggregate principal amount of USD Settled 6% Coupon Convertible Bonds due 2014 (the “**Bonds**”) convertible into the Shares of itself.
- (C) The Shareholder has entered into this Undertaking in relation to the Shares held by it directly (or through nominees) at the date hereof in order to facilitate an orderly marketing, distribution and trading of the Bonds.

Now This Deed Witnesses And It Is Hereby Declared As Follows:

- 1 Terms defined and references construed in the Subscription Agreement shall, except where the context otherwise requires, have the same meaning and construction when used in this Undertaking.
- 2 The Shareholder undertakes that, for a period commencing from the date of this Undertaking to 90 days after the Closing Date (the “**Restricted Period**”), without the prior written consent of the Joint Bookrunners, [it/he/she] will not issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Lock-up Shares or securities of the same class as the Lock-up Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Lock-up Shares or securities of the same class as Lock-up Shares or other instruments representing interests in Lock-up Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of Lock-up Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Lock-up Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing[, and such restrictions shall apply to all Relevant Shares (or any interest therein) (including, without limitation, any Equivalent Securities (as defined in the Stock Borrow Agreements) which are re-delivered to the Shareholder pursuant to the terms of the Stock Borrow Agreements) other than the Placing Shares and the Borrowed Shares.

For the purposes of this paragraph 2:

- (a) "Borrowed Shares" and "Placing Shares" shall have the meanings given to them in the Stock Borrow Agreement and the Placement Agreement, respectively;
 - (b) "Placement Agreement" means the placement and subscription agreement dated June 29, 2009 between the Company, the Shareholder and the Joint Bookrunners; and
 - (e) "Stock Borrow Agreement" means the stock borrow agreements dated June 29, 2009 between the Shareholder and each of Credit Suisse Securities (Europe) Limited and Deutsche Bank AG.]
- 3** The Shareholder undertakes to each of the Joint Bookrunners that it will hold each of the Joint Bookrunners fully indemnified against all losses, costs, claims, expenses and liabilities which each of the Joint Bookrunners may suffer or incur or which may be made against each of the Joint Bookrunners arising as a result of a breach by it of this Undertaking.
- 4** If the Subscription Agreement is terminated in accordance with its terms, this Undertaking shall terminate and no rights will accrue or survive for any person in respect of this Undertaking upon such termination.
- 5** This undertaking shall be governed by and construed in accordance with the laws of Hong Kong. The parties irrevocably agree that the courts of Hong Kong shall have jurisdiction to settle any disputes which may arise out of or in connection with this Undertaking. Each of the parties irrevocably submits to the non-exclusive jurisdiction of the courts of Hong Kong in relation to such matters. The Shareholder irrevocably appoints SRE Group Limited with its principal place of business in Hong Kong at Suite 2501, 25/F, Convention Plaza Office Tower, 1 Harbour Road, Wanchai, Hong Kong 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 Shareholder irrevocably agrees to appoint a substitute process agent with an address in Hong Kong acceptable to the Joint Bookrunners and to deliver to the Joint Bookrunners a copy of the substitute process agent's acceptance of that appointment within 30 days. In the event that the Shareholder fails to appoint a substitute process agent, it shall be effective service for the Joint Bookrunners to serve the process upon the last known address in Hong Kong of the last known process agent for the Shareholder notified to the Joint Bookrunners, 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 the Shareholder's current registered office or principal place of business wherever situated. Nothing in this Undertaking shall affect the right to serve process in any other manner permitted by law.

This deed is delivered the day and year first before written.

[FOR SRE INVESTMENT HOLDING LIMITED]:

SIGNED, SEALED and DELIVERED)
as a DEED)
by)
for and on behalf of)
SRE INVESTMENT HOLDING LIMITED)
in the presence of:

SCHEDULE 5 SELLING RESTRICTIONS

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), an offer of Bonds may not be made to the public in that Relevant Member State except, with effect from and including the Relevant Implementation Date, to:

- (a) legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (c) fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Bonds referred to in (a) to (d) above shall require the Issuer or any Joint Bookrunner to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Bonds to the public” in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Hong Kong

The Bonds may not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors”, as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus”, as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance.

No advertisement, invitation or document relating to the Bonds may be issued whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors”, as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the “**Financial Instruments and Exchange Law**”). Accordingly, each Joint Bookrunner represents and agrees that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and other applicable laws and regulations of Japan.

Singapore

The Offering Circular will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Bonds may not be offered or sold, or be made the subject of an invitation for subscription or purchase, and the Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds may not be circulated or distributed, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”), (2) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of which is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor;

shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA, except:

- (i) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law.

United Kingdom

Each of the Joint Bookrunners represents and agrees that:

- (a) it has communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue of any Bonds only in circumstances in which Section 21(1) of the FSMA does not apply to the issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

United States of America

The Bonds and the New Shares have not been, and will not be, registered under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act. Accordingly, the Bonds are being offered or sold only outside the United States in reliance on Regulation S under the Securities Act.

Each of the Joint Bookrunners represents that neither it, its affiliates nor any persons acting on its or its affiliates' behalf have engaged or will engage in any directed selling efforts with respect to the Bonds. Terms used in the foregoing sub-clauses have the meaning given to them by Regulation S.

Bermuda

The Bonds have not been, and will not be, offered or sold to any person, firm or company regarded as resident of Bermuda.