

Dated 9 December 2010

SRE GROUP LIMITED

AND

SRE INVESTMENT HOLDING LIMITED

AGREEMENT

relating to the subscription of shares in
SRE GROUP LIMITED

WOO, KWAN, LEE & LO
26th Floor Jardine House
1 Connaught Place
Hong Kong

SSTL/WLC/10

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THIS AGREEMENT is made on the 9th day of December 2010.

BETWEEN

- (1) **SRE GROUP LIMITED**, a company incorporated in Bermuda whose registered office is situated at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda and whose principal place of business in Hong Kong is at Room 2501, 25th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong (the “**Company**”); and
- (2) **SRE INVESTMENT HOLDING LIMITED**, a company incorporated in the British Virgin Islands whose registered office is situated at Pasa Estate, Road Town, Tortola, the British Virgin Islands (the “**Subscriber**”).

WHEREAS:-

- (A) The Company is a company incorporated under the laws of Bermuda with an authorized share capital of HK\$800,000,000 divided into 8,000,000,000 shares of HK\$0.10 each, of which 3,603,881,194 shares have been issued as at the date hereof.
- (B) The Subscriber is at the date hereof the beneficial owner of 1,248,400,938 shares of the Company (representing approximately 34.64% of the issued share capital of the Company).
- (C) The Subscriber has agreed to subscribe, and the Company has agreed to allot and issue to the Subscriber, 700,000,000 new Shares at the price of HK\$0.81 per Share on and subject to the terms and conditions of this Agreement.

NOW IT IS HEREBY AGREED as follows :-

1. **Purpose and definition**

1.1 This Agreement sets out the terms and conditions upon and subject to which the Subscriber agrees to subscribe and the Company agrees to allot and issue the Subscription Shares.

1.2 In this Agreement, unless the context otherwise requires, the following expressions shall have the respective meanings set out opposite thereto :-

“**Business Day**” means a day, other than a Saturday, Sunday, public holiday or a day on which a tropical cyclone warning no.8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m., on which licensed banks in Hong Kong are open for business;

“**Completion**” means completion of the subscription of the Subscription Shares in accordance with the terms of this Agreement;

“Completion Date”	means the date when Completion shall take place, being the 60 th calendar day after all the Conditions have been fulfilled, or such other date as may be agreed in writing between the Company and the Subscriber;
“Conditions”	means the conditions precedent to Completion set out in Clause 3.1;
“Encumbrance”	means, with respect to any asset, any mortgage, lien, pledge, charge, option, restriction, right of first refusal, right of pre-emption, third party right or interest, other security interest or encumbrance of any kind in respect of such asset or any other type of preferential arrangement (including without limitation, a title transfer or retention arrangement) having similar effect;
“Executive”	means the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong from time to time and any delegate of such Executive Director;
“Foreign Currency Equivalent”	means, in respect of an amount in HK\$, the foreign currency equivalent of such HK\$ amount determined by converting the HK\$ amount into the relevant foreign currency at the buy rate for such foreign currency quoted by The Hongkong and Shanghai Banking Corporation Limited at 12:00 noon (Hong Kong time) on the date which is 5 Business Days prior to the date on which the relevant payment is to be made;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Shareholders”	means the shareholders of the Company other than the Subscriber and persons acting in concert with it and any other shareholders of the Company who are involved in, or interested in this Agreement and the transactions contemplated hereunder and the Whitewash Waiver;
“Long Stop Date”	means 28 February 2011 or such later date as may be agreed in writing between the Company and the Subscriber;

- “**Share(s)**” means share(s) of HK\$0.10 each in the capital of the Company;
- “**Subscription Price**” means HK\$0.81 per Subscription Share;
- “**Subscription Shares**” means 700,000,000 new Shares to be subscribed by the Subscriber pursuant to this Agreement; and
- “**Whitewash Waiver**” means the waiver by the Executive of the obligation on the part of the Subscriber and persons acting in concert with it to make a general offer to the shareholders of the Company for all issued shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber and persons acting in concert with it as a result of the issue and allotment of the Subscription Shares to the Subscriber.

- 1.3 References herein to “**Clauses**” are to clauses of this Agreement unless the context requires otherwise.
- 1.4 The headings to the Clauses of this Agreement are for ease of reference only and shall not affect the construction or interpretation of this Agreement.
- 1.5 Unless the context otherwise requires, words and expressions in the singular include the plural and vice versa.
- 1.6 Unless the context otherwise requires, references to Ordinances, statutes, legislations or enactments shall be construed as a reference to such Ordinances, statutes, legislations or enactments as may be amended or re-enacted from time to time and for the time being in force.
- 1.7 Unless the context otherwise requires, references to persons include any public body and any body of persons, corporate or un-incorporate, words importing the singular include the plural and vice versa and words importing a gender shall include both genders and the neuter. References to the “**parties**” are to parties to this Agreement and a “**party**” shall mean either of them.

2. **Subscription of the subscription shares**

- 2.1 The Subscriber shall subscribe for the Subscription Shares in cash at the subscription price of HK\$0.81 per Subscription Share subject to and upon the terms and conditions contained in this Agreement.
- 2.2 The Subscription Shares to be subscribed pursuant to this Agreement shall be allotted and issued as fully paid up in cash and shall rank pari passu in all respects among themselves and with all the Shares in issue at the date of allotment and issue of the Subscription Shares, including the right to any dividends or distributions made or declared on or after the date of allotment and issue of the Subscription Shares.

3. **Conditions precedent**

3.1 This Agreement is conditional upon:-

- (a) The Stock Exchange of Hong Kong Limited having granted or agreeing to grant the listing of, and permission to deal in, the Subscription Shares;
- (b) the Executive having granted the Whitewash Waiver;
- (c) the passing of a resolution by the Independent Shareholders at a special general meeting of the Company approving this Agreement and the transactions contemplated hereunder, including the allotment and issue of the Subscription Shares to the Subscriber pursuant to this Agreement; and
- (d) the passing of a resolution by the Independent Shareholders at a special general meeting of the Company approving the Whitewash Waiver.

3.2 The parties hereto shall use their respective reasonable endeavours to procure satisfaction of the Conditions as soon as practicable and in any event by no later than 4:00 p.m. on the Long Stop Date. None of the Conditions may be waived by either party.

3.3 In the event that not all the Conditions have been fulfilled by 4:00 p.m. on the Long Stop Date, this Agreement shall terminate, lapse and be of no further effect, and the Company and the Subscriber shall be released from all obligations hereunder and neither party shall have any claim against the other for any costs or losses save in respect of any antecedent breaches of this Agreement.

4. **Completion**

4.1 Subject to fulfillment of all the Conditions, Completion shall take place at the principal place of business of the Company in Hong Kong at Room 2501, 25th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong at or before 3:00 p.m. on the Completion Date, (or at such other place and/or time as the Company and the Subscriber may agree in writing) when all the acts and requirements set out in Clauses 4.2 and 4.3 shall be completed and complied with simultaneously, provided that neither the Company nor the Subscriber shall be obliged to perform its relevant obligations under Clauses 4.2 or 4.3 if the other of them does not simultaneously perform (or has not already performed) its relevant obligations under Clauses 4.2 or 4.3.

4.2 On Completion, the Subscriber shall deliver to the Company:-

- (a) a duly executed application for the Subscription Shares; and
- (b) a cashier order or bank draft issued by a licenced bank in Hong Kong in favour of the Company in the sum of HK\$567,000,000 (or an amount equal to the Foreign Currency Equivalent of such sum) being the aggregate Subscription Price for the Subscription Shares; or if payment of the Subscription Price is made by bank transfer into a designated bank account of the Company notified by the Company to the Subscriber prior to Completion, evidence to the satisfaction of the Company of payment

of the full amount of the aggregate Subscription Price for the Subscription Shares.

4.3 On Completion and subject to the performance and compliance by the Subscriber of and with all the acts and requirements set out in Clause 4.2, the Company shall:-

- (a) allot and issue the Subscription Shares to the Subscriber as fully paid up, and will procure that the name of the Subscriber be entered into its register of members as the holder of the Subscription Shares; and
- (b) issue and deliver to the Subscriber the share certificate(s) in respect of the Subscription Shares.

5. **Lock-up undertaking**

The Subscriber undertakes to the Company that during the period commencing from the Completion Date and ending on the date which is twelve months from the Completion Date, it shall not, and shall procure that the relevant registered holder(s) and its associates and companies controlled by it and any nominee or trustee holding in trust for it shall not, without the prior written consent of the Company:

- (a) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Subscription Shares;
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Subscription Shares, whether any of the foregoing transactions is to be settled by delivery of the Subscription Shares or such other securities, in cash or otherwise;
- (c) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (a) or (b) of this Clause; or
- (d) announce any intention to enter into or effect any of the transactions referred to in paragraphs (a), (b) or (c) of this Clause.

6. **Representations and warranties**

6.1 The Company hereby represents and warrants to the Subscriber as follows:-

- (a) it has full legal right, power and authority to enter into this Agreement and, subject to satisfaction of the Conditions, to perform all its obligations hereunder;
- (b) neither the execution by it of this Agreement nor the performance by it of its obligations hereunder will result in a breach of any law to which it is

subject, or of any of its constitution documents, or of any agreement or order, judgment or decree of any court, governmental agency or regulatory body to which it is a party or which is binding on it or its assets;

- (c) it has available sufficient authorised but unissued share capital to permit the Subscription Shares to be issued; and
- (d) the Subscription Shares will be allotted and issued to the Subscriber free from all Encumbrance.

6.2 The Subscriber hereby represents and warrants to the Company as follows:-

- (a) it has full legal right, power and authority to enter into this Agreement and, subject to satisfaction of the Conditions, to perform all its obligations hereunder; and
- (b) neither the execution by it of this Agreement nor the performance by it of its obligations hereunder will result in a breach of any law to which it is subject, or of any of its constitution documents, or of any agreement or order, judgment or decree of any court, governmental agency or regulatory body to which it is a party or which is binding on it or its assets.

6.3 The Subscriber undertakes to accept the Subscription Shares subject to the memorandum and bye-laws of the Company.

7. **Force majeure**

7.1 If and to the extent that either party is prevented or delayed from performing any of its obligations under this Agreement by any event or circumstances not foreseeable at the date of this Agreement and beyond the reasonable control of the party in question, including (without prejudice to the generality of the foregoing) serious market downturn, material adverse change in the financial or market conditions of Hong Kong or the People's Republic of China, or the occurrence of any event having a material adverse effect on the financial position, assets, business operations or prospects of the relevant party (the "**Force Majeure Event**"), the party affected by Force Majeure Event shall promptly notify the other party and provide details of the Force Majeure Event, then the party so affected shall be relieved of its liability to the other party for the failure to perform or the delay in performing such obligations (as the case may be), but shall nevertheless use its best endeavours to resume full performance thereof as soon as practicable.

7.2 If the Force Majeure Event continues or is likely to continue for a period of 3 months or more following notification, either party may terminate this Agreement forthwith by giving written notice to the other party and this Agreement shall terminate, lapse and be of no further effect, and the parties shall be released from all obligations hereunder and neither party shall have any claim against the other for any costs or losses save in respect of any antecedent breaches of this Agreement.

8. **Further assurance**

Each of the parties hereto shall at the request of the other of them do and execute or procure to be done and executed all such further acts, deeds, things and documents as may be necessary to give effect to the terms of this Agreement.

9. **Severability**

If at any time any one or more provisions hereof is or becomes invalid, illegal, unenforceable or incapable of performance in any respect, the validity, legality, enforceability or performance of the remaining provisions hereof shall not thereby in any way be affected or impaired.

10. **Survival of provisions**

The provisions of this Agreement, insofar as the same shall not have been fully performed at Completion, shall remain in full force and effect notwithstanding Completion.

11. **Time**

Time shall be of the essence as regards any time, date or period mentioned in this Agreement and any time, date or period substituted for the same by agreement of the parties hereto or otherwise.

12. **No waiver**

No waiver by any party to this Agreement of any breach by any other party of any provision hereof shall be deemed to be a waiver of any subsequent breach of that or any other provision hereof and any forbearance or delay by the relevant party in exercising any of its rights hereunder shall not be constituted as a waiver thereof.

13. **Announcement and confidentiality**

Save as required by law or court order or in order to comply with any legal requirements or regulatory requirements (including but not limited to such disclosure pursuant to and/or made in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and/or the Hong Kong Code on Takeovers and Mergers), each of the parties hereto shall maintain strict confidence and secrecy in respect of all the terms of this Agreement or any information received by them or any or more of them pursuant to this Agreement and no press or other announcement shall be made in connection with the subject matter of this Agreement by any of the parties hereto without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed.

14. **Notices and other communications**

14.1 Any notice, demand or other communication given or made under this Agreement shall be in writing and delivered or sent to the relevant party at its

address or fax number set out below (or such other address or fax number as the addressee has by two Business Days' prior written notice specified to the other parties):

to the Company: Address : Room 2501, 25th Floor, Office Tower,
Convention Plaza, Harbour Road,
Wanchai, Hong Kong

Fax number : (852) 2891 2378

Attention : Mr. Yue Wai Leung Stan

to the Subscriber: Address : c/o Room 2501, 25th Floor, Office
Tower, Convention Plaza, Harbour
Road, Wanchai, Hong Kong

Fax number : (852) 2891 2378

Attention : Mr. Shi Jian

- 14.2 Any such notice or other document shall be deemed to have been duly given upon receipt if delivered by hand or if sent by facsimile transmission upon the receipt of machine printed confirmation and in the case of a notice sent by post it shall be deemed to have been given on the first Business Day after posting if the address is in Hong Kong and the fifth Business Day after posting if the address is outside Hong Kong. In proving the giving of a notice it shall be sufficient to prove that the notice was left or that the envelope containing such notice was properly addressed and posted or that the applicable means of telecommunication was properly received (as the case may be).

15. **Costs and expenses**

- 15.1 Subject to any express provision of this Agreement to the contrary, each party shall bear its own costs, expenses and disbursements incurred in connection with the negotiation, preparation, execution and performance of this Agreement and other documents incidental hereto and in connection herewith.

- 15.2 Any capital duty payable in connection with the issue and allotment of the Subscription Shares shall be borne by the Company.

16. **Counterparts**

This Agreement may be signed in any number of copies or counterparts, each of which when so signed and delivered shall be deemed an original, but all the counterparts shall together constitute one and the same instrument.

17. **Entire agreement**

This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof and neither party has relied on any representation or warranty made by the other party which is not contained in this Agreement. No variation of this Agreement shall be effective unless

made in writing and signed by all parties hereto.

18. Successors and assigns

This Agreement shall be binding on and enure for the benefit of each party's respective successors and permitted assigns.

19. Governing law and process agent

19.1 This Agreement shall be governed by and construed in all respects in accordance with the laws of Hong Kong.

19.2 Each party hereto hereby irrevocably agrees that the courts of Hong Kong shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any dispute which may arise out of or in connection with this Agreement and for such purposes irrevocably submits to the non-exclusive jurisdiction of the Hong Kong courts.

19.3 The Subscriber hereby irrevocably appoints Mr. Yue Wai Leung Stan of Room 2501, 25th Floor, Office Tower, Convention Plaza, Harbour Road, Wanchai, Hong Kong as its agent to receive and acknowledge on its behalf service of any writ, summons, order, judgment or other notice of legal process in Hong Kong. If for any reason the agent named above (or its successor) no longer serves as agent of the Subscriber for this purpose, the Subscriber shall promptly appoint a successor agent and notify the Company thereof. The Subscriber agrees that any such legal process shall be sufficiently served on it if delivered to such agent for service at its address for the time being in Hong Kong whether or not such agent gives notice thereof to the Subscriber.

IN WITNESS whereof the parties hereto have signed this Agreement on the day and year first above written.

SIGNED by Yu Hai Sheng)
)
for and on behalf of)
SRE GROUP LIMITED)
in the presence of:- Karen Au)



SIGNED by Shi Jian)
)
for and on behalf of)
SRE INVESTMENT HOLDING)
LIMITED)
in the presence of:- Karen Au)

