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**SRE GROUP LIMITED**  
**上置集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1207)**

## **CONNECTED TRANSACTION**

### **ACQUISITION OF FURTHER INTERESTS IN CHINA NEW TOWN DEVELOPMENT COMPANY LIMITED**

On 14 September 2011, Sinopower, a wholly-owned subsidiary of the Company, acquired the Sale Shares from the OZ Funds at the aggregate consideration of S\$15,982,000 through various on-market transactions on the SGX-ST. The Sale Shares represent approximately 6.72% of the total issued CNTD Shares as at the date of this announcement.

As the OZ Funds, which are managed by OZM and/or its affiliate, collectively held 396,704,037 CNTD Shares, representing approximately 10.17% of the total issued CNTD Shares immediately prior to the Acquisition, OZM was then a substantial shareholder of the Company's subsidiary CNTD, the OZ Funds were therefore connected persons of the Company under the Listing Rules and the Acquisition constituted a connected transaction for the Company under the Listing Rules.

As the consideration for the Acquisition exceed HK\$1,000,000 but all of the relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules are more than 0.1% but less than 5%, the Acquisition is only subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## THE ACQUISITION

On 14 September 2011, Sinopower, a wholly-owned subsidiary of the Company, acquired in aggregate 262,000,000 CNTD Shares from OZ Funds at the aggregate consideration of S\$15,982,000 (equivalent to S\$0.061 per CNTD Share) through various on-market transactions on the SGX-ST, details of which are set out below:

<b>Seller</b>	<b>Number of CNTD Shares</b>	<b>Consideration (price per CNTD Share)</b>
OZ Asia Master Fund, Ltd.	114,165,037	S\$6,964,067.257 (S\$0.061 per CNTD Share)
OZ Master Fund, Ltd.	118,111,062	S\$7,204,774.782 (S\$0.061 per CNTD Share)
OZ Global Special Investments Master Fund, LP	29,705,901	S\$1,812,059.961 (S\$0.061 per CNTD Share)
Gordel Holdings Ltd.	7,000	S\$427 (S\$0.061 per CNTD Share)
Goldman Sachs & Co. Profit Sharing Master Trust	7,000	S\$427 (S\$0.061 per CNTD Share)
OZ Select Master Fund, Ltd.	4,000	S\$244 (S\$0.061 per CNTD Share)

The consideration for the Sale Shares was arrived at based on the market price of CNTD Shares prevailing at the time when the Sale Shares were acquired.

Immediately prior to the Acquisition, Sinopower held 2,396,781,817 CNTD Shares representing approximately 61.46% of the total issued CNTD Shares and the OZ Funds, which are managed by OZM and/or its affiliate, collectively held 396,704,037 CNTD Shares, representing approximately 10.17% of the total issued CNTD Shares. OZM was therefore a substantial shareholder of CNTD. After completion of the Acquisition, Sinopower's shareholding interest in CNTD has increased to 68.18%, the OZ Funds' aggregate shareholding interest in CNTD has dropped to approximately 3.45% and OZM has ceased to be a substantial shareholder of CNTD.

## INFORMATION ABOUT CNTD

CNTD is a new town developer principally engaged in the business of planning, managing and operating new towns in the PRC.

The audited consolidated net profits both before and after taxation and extraordinary items of CNTD for the two financial years ended 31 December 2009 and 31 December 2010 are set out as follows:

	<b>Year ended 31 December 2010</b>	<b>Year ended 31 December 2009</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Profit before taxation	550,157	342,269
Profit after taxation	361,582	243,460

The audited consolidated net asset value of CNTD as at 31 December 2010 was RMB3,297,526,000 and the unaudited consolidated net asset value of CNTD as at 30 June 2011 was RMB3,271,928,000.

The Company has been informed by the OZ Funds that the majority of the Sale Shares were originally acquired by the OZ Funds as part of a buyback of certain convertible bonds issued by CNTD to certain affiliated investment funds of OZM. The subscription price for such Sale Shares was set-off against the corresponding amount payable by CNTD as part of the buyback, and the implied subscription price for the majority of Sale Shares (calculated by dividing the total set-off amount of S\$28,820,000 by the 261,440,329 CNTD Shares issued to the OZ Funds) was approximately S\$0.11 per CNTD Share. Further details of the buyback are disclosed in the announcement dated 1 August 2008 issued by CNTD, a copy of which can be downloaded at CNTD's website at [www.china-newtown.com](http://www.china-newtown.com).

## REASONS FOR AND BENEFITS OF THE ACQUISITION

As the CNTD Shares are currently traded at a price substantially lower than the net asset value per CNTD Share, the Directors considered that the pricing is attractive and that it is a good opportunity for the Company to further increase its stake in and its control over CNTD.

The Directors (including the independent non-executive Directors) consider that the Acquisition is fair and reasonable and on normal commercial terms and is in the interests of the Group and the shareholders of the Company as a whole.

## LISTING RULES IMPLICATIONS

As the OZ Funds, which are managed by OZM and/or its affiliate, collectively held 396,704,037 CNTD Shares, representing approximately 10.17% of the total issued CNTD Shares immediately prior to the Acquisition, OZM was then a substantial shareholder of the Company's subsidiary CNTD, the OZ Funds were therefore connected persons of the Company under the Listing Rules and the Acquisition constituted a connected transaction for the Company under the Listing Rules.

As the consideration for the Acquisition exceed HK\$1,000,000 but all of the relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules are more than 0.1% but less than 5%, the Acquisition is only subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As none of the Directors have a material interest in the Acquisition, they are not required to abstain from voting on the board resolution approving the Acquisition.

## **PRINCIPAL ACTIVITIES OF THE SINOPOWER, THE COMPANY AND THE OZ FUNDS**

The principal activity of Sinopower is investment holding.

The Group is an integrated property developer and is principally engaged in the development and sale of residential and commercial properties in Shanghai, Shenyang (Liaoning Province), Haikou (Hainan Province), Wuxi (Jiangsu Province), Jiaxing (Zhejiang Province) and Chengdu (Sichuan Province), the PRC, with a focus on the development of middle to high-end residential properties. In addition, the Group is also engaged in the planning, management and operations of new towns in the PRC.

The OZ Funds are funds managed by OZM and/or its affiliate, which is principally engaged in the provision of asset management services through its funds and other alternative investment vehicles.

## **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“Acquisition”	the acquisition of the Sale Shares by Sinopower from the OZ Funds
“Board”	the board of Directors
“CNTD”	China New Town Development Company Limited, a business company incorporated with limited liability by shares in the British Virgin Islands, shares of which are listed on the Stock Exchange and the SGX-ST, a company which is indirectly owned as to 61.54% by the Company prior to the Acquisition
“CNTD Shares”	shares of no par value in CNTD
“Company”	SRE Group Limited, a company incorporated in Bermuda with limited liability, whose Shares are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“OZ Funds”	OZ Asia Master Fund, Ltd., OZ Master Fund, Ltd., OZ Global Special Investments Master Fund, LP, Gordel Holdings Ltd., Goldman Sachs & Co. Profit Sharing Master Trust and OZ Select Master Fund, Ltd., all being funds managed by OZM and/or its affiliate
“OZM”	OZ Management LP
“PRC”	the People’s Republic of China (for the purpose of this announcement excludes Hong Kong, Macau and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	262,000,000 CNTD Shares, representing approximately 6.72% of the total issued CNTD Shares as at the date of this announcement
“SGX-ST”	the Singapore Exchange Securities Trading Limited
“Sinopower”	Sinopower Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S\$”	Singapore dollars, the lawful currency of Singapore
“%”	per cent.

By Order of the Board of Directors of  
**SRE GROUP LIMITED**  
**Shi Jian**  
*Chairman*

Hong Kong, 14 September 2011

*As at the date hereof, the Board comprises five executive directors, namely Mr. Shi Jian, Mr. Li Yao Min, Mr. Yu Hai Sheng, Mr. Jiang Xu Dong and Mr. Shi Pin Ren; two non-executive directors, namely Mr. Cheung Wing Yui and Mr. Jin Bing Rong and four independent non-executive directors, namely Mr. Jiang Xie Fu, Mr. E Hock Yap, Mr. Zhuo Fumin and Mr. Yuan Pu.*

\* For identification purpose only