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SRE GROUP LTD.

SRE GROUP LIMITED

上置集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1207)

**OVERSEAS REGULATORY ANNOUNCEMENT
RESPONSES TO SGX'S QUERY REGARDING THE UNAUDITED
2011 FULL YEAR RESULTS**

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

China New Town Development Company Limited ("CNTD"), a company listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and a 68.07% owned subsidiary of SRE Group Limited, has on 7 March 2012 released to the SGX-ST an announcement (the "Announcement") in relation to responses to SGX's query regarding the unaudited 2011 full year results. The following is a reproduction of the Announcement for information purpose only.

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

Hong Kong, 7 March 2012

As at the date hereof, the Board comprises seven executive directors, namely Mr. Shi Jian, Mr. Li Yao Min, Mr. Yu Hai Sheng, Mr. Jiang Xu Dong, Mr. Shi Pin Ren, Mr. Zhang Hongfei and Mr. Shi Lizhou; 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

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The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained, or opinions expressed in this announcement.



China New Town Development Company Limited 中國新城鎮發展有限公司

(incorporated as a business company limited by shares under the laws of the British Virgin Islands)

Hong Kong Stock Code: 1278

Singapore Stock Code: D4N.si

OVERSEAS REGULATORY ANNOUNCEMENT

RESPONSES TO SGX'S QUERY REGARDING THE UNAUDITED 2011 FULL YEAR RESULTS

This announcement is made by China New Town Development Company Limited (the "**Company**") in compliance with the item 3.4.2 of Practice Note 7.2 under the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**") and the overseas regulatory disclosure requirement under the Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors of China New Town Development Company Limited (the "**Company**") would like to respond to the following queries raised by the SGX-ST dated 6 March 2012 ("**SGX Query**") as follows:

SGX Query 1:

We note that selling and distribution costs increased by 147%, from RMB65.2 million for FY2010 to RMB161.4 million for FY2011. The Company has explained that the increase was mainly due to the expense of hosting the international golf tournament in 2011. In this respect, please provide a breakdown of the items under selling and distribution costs.

Company's Response to SGX Query 1:

RMB'000	2011	2010	Flux		Note
Lake Malaren Shanghai Masters	99,400	-	99,400		a>
Salary and Welfare	14,390	13,964	426	3%	
Consumable and Fuel Fee	2,515	3,021	(506)	(17%)	
Depreciation	2,590	3,529	(939)	(27%)	
Other promotion expenses	42,474	44,709	(2,235)	(5%)	
Total	161,369	65,223	96,146	147%	

Note

- a> The amount represents the expenditure of RMB99.4 million for the Lake Malaren Shanghai Masters held in 2011.

SGX Query 2:

It is disclosed on page 10 of the results announcement that during the financial year, the Company recorded fair value loss on completed investment properties of RMB24 million and investment properties under construction of RMB9 million, which were mainly attributable to the Shanghai retail street, Shanghai transportation centre commercial part and Wuxi retail street Phase I & II. Please provide the specific reasons for the aforesaid fair value loss.

Company's Response to SGX Query 2:

The fair value loss was attributable to a declined valuation of the properties, which was substantially impacted by the weak real estate market since the Chinese Government carried out its macroeconomic curbing policy mainly targeting the real estate industry.

SGX Query 3:

We note that trade payables increased by 127%, from RMB917.8 million as at 31 December 2010 to RMB2,087 million as at 31 December 2011. The Company has explained that the increase was mainly due to progress in the construction. In this respect, please provide a breakdown of the material items contributing to the significant increase

Company's Response to SGX Query 3:

RMB'000	31-Dec-11	31-Dec-10	Flux	Note
Relocation payable of Shanghai project	574,894	183,003	391,891	214% a>
Relocation payable of Wuxi project	851,093	250,531	600,563	240% b>
Construction payable	660,924	484,272	176,652	36% c>
Total	<u>2,086,912</u>	<u>917,806</u>	<u>1,169,106</u>	127%

Note

- a> The increase primarily resulted from increased relocation compensation costs (to incumbent residents) by RMB600 million (For detailed information, please refer to section 10.), partially offset by the payment of RMB234 million.
- b> The increase primarily resulted from improved relocation progress in the Wuxi project. Relocation in Wuxi progressed from 38.4% to 67.4% in 2011.
- c> The increase primarily resulted from improved construction progress in property development.

SGX Query 4:

The Company has disclosed on page 12 of the results announcement that “In November 2011, the Group received an explanation from the Changchun Committee on termination of relocation contracts. As a result, the other receivable of RMB74 million was offset by account payables for the relocation. The Group set up an allowance for doubtful receivables of RMB199 million in this regard at its absolute discretion.” Please provide further details on the explanation received from the Changchun Committee and its specific implications on the Company’s other receivable balance.

Company's Response to SGX Query 4:

As of 19 November 2011, the Group has booked an account payable of RMB74 million to the Changchun Committee for relocation expenses. Meanwhile, the Group also recorded another receivable balance of RMB273 million from the Changchun Committee (For detail information, please refer to Note 18 Prepayments and other receivables in 2010 Annual Report).

On 19 November 2011, the Group received an explanation from the Changchun Committee on termination of relocation contracts. Upon the explanation, the Group agreed with the Changchun Committee to offset part of the receivable with its payable of relocation cost to the Committee of RMB74 million. The remaining balance of about RMB199 million were still outstanding. (The explanation hasn't mentioned the remaining balance.) Since the balance has been aged for more than two years, and the Changchun Committee failed to honour the extended repayment term and cease to co-operate with the Group, in spite of all the efforts of the Group to collect the receivable, though the Group would continue to chase payments, considering the current situation, the Group made a full provision of RMB199 million against the outstanding balance. The Group will continue to use its best endeavor to pursue this payment despite the provision made. The above has no implication to the other receivables in the account which do not relate to Changchun project.

By order of the Board
China New Town Development Company Limited
Song Yiqing
Chief Financial Officer / Executive Director

Singapore & Hong Kong, March 7, 2012

As at the date of this announcement, the executive directors are Mr. Shi Jian (Chairman), Mr. Li Yao Min, Mr. Yue Wai Leung Stan, Mr. Shi Janson Bing, Ms. Gu Biya, Ms. Song Yiqing, Mr. Mao Yiping, Mr. Yang Yonggang and Mr. Qian Yifeng and the independent non-executive directors are Mr. Henry Tan Song Kok, Mr. Loh Weng Whye, Mr. Lam Bing Lun Philip, Mr. Kong Siu Chee and Mr. Zhang Hao.