

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company and CNTD.



DISCLOSEABLE TRANSACTION DEEMED DISPOSAL OF INTERESTS IN A SUBSIDIARY

After the trading hours on 20 June 2012, CNTD, a subsidiary of the Company, and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent agreed to place, on a best effort basis, up to 585,000,000 new CNTD Shares at a price of HK\$0.35 per Placing Share under the CNTD General Mandate.

As a result of the entering into the Placing Agreement by CNTD and assuming the maximum of 585,000,000 Placing Shares that will be issued under the Placing, the Company's interests in CNTD will be diluted from approximately 68.07% to approximately 59.20%. Upon completion of the Placing, CNTD will continue to be a subsidiary of the Company.

The Placing constitutes a deemed disposal of interests in CNTD for the Company under the Listing Rules. As the relevant percentage ratio(s) (as defined in the Listing Rules) in respect of the Placing are greater than 5% but less than 25%, the Placing also constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under the Listing Rules.

DEEMED DISPOSAL OF INTEREST IN A SUBSIDIARY

Reference is made to the announcement of CNTD dated 20 June 2012 (the "Announcement") in relation to, among other matters, a placing of up to 585,000,000 Placing Shares on a best effort basis pursuant to the Placing Agreement.

After the trading hours on 20 June 2012, CNTD, a subsidiary of the Company, and the Placing Agent entered into the Placing Agreement and pursuant to which the Placing Agent agreed to place, on a best effort basis, up to 585,000,000 new CNTD Shares at a price of HK\$0.35 per Placing Share to not less

than six independent placees under the CNTD General Mandate. The Placing Price of HK\$0.35 per Placing Share was agreed after arm's length negotiations between CNTD and the Placing Agent, with reference to, among other things, the recent trading price of the CNTD Shares on the Hong Kong Stock Exchange. Assuming all the Placing Shares are successfully placed by the Placing Agent, the gross proceeds from the Placing will be approximately HK\$204,750,000. The estimated net proceeds, after deducting the placing commission and other related expenses, will be approximately HK\$201,730,000 and are intended to be used as general working capital for CNTD. Details of the Placing and the terms and conditions of the Placing Agreement were set out in the Announcement. To the best of the Director's knowledge, information and belief, and having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

As a result of the entering into the Placing Agreement by CNTD and assuming the maximum of 585,000,000 Placing Shares will be issued under the Placing, the Company's interests in CNTD will be diluted from approximately 68.07% to approximately 59.20%. Upon completion of the Placing, CNTD will continue to be a subsidiary of the Company.

Completion of the Placing is conditional upon fulfillment of, among other things, the following conditions:

- (i) the Listing Committee of the Hong Kong Stock Exchange having granted the approval for the listing of, and permission to deal in the Placing Shares;
- (ii) the in-principle approval having been obtained from the Singapore Stock Exchange for the listing of and the quotation for the Placing Shares on the Main Board of the Singapore Stock Exchange and such approval not having been revoked or amended; and
- (iii) all other necessary consents and approvals as may be required in respect of the placing and the transactions contemplated under the Placing Agreement having been obtained.

If the conditions precedent of the Placing cannot be fulfilled within 30 days from the date of the Placing Agreement (or such later date as may be agreed by the Company and the Placing Agent), the Placing Agreement shall be terminated and neither CNTD, the Placing Agent nor the underlying placees (if any) shall have any claim against the other parties in respect of the Placing save for any antecedent breach of the Placing Agreement.

Completion of the Placing shall take place on the second business day after all conditions precedent set out above having been fulfilled (or such other time as the Company and the Placing Agent may agree in writing) and in any event not later than 7 business days immediately following the satisfaction of the conditions precedent.

Application will be made to the Hong Kong Stock Exchange and the Singapore Stock Exchange for approval for the listing of and permission to deal in the Placing Shares.

Since CNTD will remain as a subsidiary of the Company before and after the Placing, it is expected that there will be no financial impact on the consolidated income statement of the Group as a result of the Placing.

As stated in the Announcement, the directors of CNTD consider that the Placing represents an opportunity (i) to raise additional working capital for CNTD; (ii) to strengthen the financial position of CNTD by reducing CNTD's gearing ratio; and (iii) to broaden the shareholder base of CNTD (in particular, Hong Kong). The directors of CNTD consider that the Placing is fair and reasonable and in the interests of CNTD and its shareholders as a whole. The Directors are of the view that the Placing is fair and reasonable and in the interests of the Company and its shareholders as a whole. The estimated net proceeds, after deducting the placing commission and other related expenses, will be approximately HK\$201,730,000 (representing approximately HK\$0.345 per Placing Share) and will be used as general working capital for CNTD Group.

INFORMATION OF THE GROUP AND CNTD

The Group is an integrated property developer and is principally engaged in the development and sale of residential and commercial properties in Shanghai, Shenyang, Haikou, Wuxi, Jiaxing and Chengdu the PRC, with a specific focus on the middle-to high-end residential properties.

CNTD is a subsidiary of the Company and its shares are listed on the Hong Kong Stock Exchange and the Singapore Stock Exchange. CNTD Group is principally engaged in the planning and development of large new town projects in the sub-urban areas of several major cities in PRC.

According to the annual reports of CNTD, CNTD recorded audited net profit before and after taxation of approximately RMB550 million and RMB362 million for the year ended 31 December 2010, respectively, and audited net loss before and after taxation of approximately RMB240 million and RMB233 million for the year ended 31 December 2011, respectively. As at 31 December 2011, the audited net asset value of CNTD (including non-controlling interest) amounted to approximately RMB3,026 million.

LISTING RULES IMPLICATION

The Placing will constitute a deemed disposal of interests in CNTD for the Company. As the relevant percentage ratio(s) (as defined in the Listing Rules) in respect of the Placing are greater than 5% but less than 25%, the Placing also constitutes a discloseable transaction for the Company and is only subject to reporting and announcement requirements.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	SRE Group Limited, a company incorporated in Bermuda with limited liability, whose Shares are listed on the Main Board of the Hong Kong Stock Exchange
“CNTD”	China New Town Development Company Limited, a subsidiary of the Company, is a company incorporated in the British Virgin Islands with limited liability and whose shares are listed on the Hong Kong Stock Exchange and the Singapore Stock Exchange
“CNTD Group”	CNTD and its subsidiaries
“CNTD General Mandate”	the general mandate granted to the directors of CNTD by the shareholders of CNTD pursuant to a resolution passed at the annual general meeting of CNTD held on 30 April 2012 to allot, issue and deal with up to 781,168,235 new CNTD Shares (other than on a pro rata basis to existing shareholders of CNTD).
“CNTD Shares”	ordinary shares of no par value of CNTD
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Placing”	the placing of the Placing Shares through the Placing Agent on a best effort basis pursuant to the Placing Agreement
“Placing Agent”	Celestial Securities Limited, a licensed corporation to carry out business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Placing Agreement”	the placing agreement dated 20 June 2012 entered into between CNTD and the Placing Agent in relation to the Placing
“Placing Share(s)”	an aggregate of up to 585,000,000 new CNTD Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“Singapore Stock Exchange”	the Singapore Exchange Securities Trading Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
SRE Group Limited
Shi Jian
Chairman

Hong Kong, 20 June 2012

As at the date hereof, the board of directors of SRE 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 three independent non-executive directors, namely Mr. Jiang Xie Fu, Mr. Zhuo Fumin and Mr. Yuan Pu.

* *For identification purpose only*