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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
PROPOSED PLACING OF NEW SHARES UNDER GENERAL MANDATE**

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 20 June 2012 released to the SGX-ST an announcement (the “Announcement”) in relation to proposed placing of new shares under general mandate. 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, 20 June 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 three independent non-executive directors, namely Mr. Jiang Xie Fu, Mr. Zhuo Fumin and Mr. Yuan Pu.

* For identification purpose only

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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



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

PROPOSED PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

Celestial Securities Limited

THE PLACING

After trading hours on 20 June 2012, the Company and Celestial Securities Limited entered into the Placing Agreement and pursuant to which Celestial Securities Limited has agreed to place, on a best effort basis, up to 585,000,000 new Shares at a price of HK\$0.35 (equivalent to approximately S\$0.0572) per Placing Share.

The maximum number of 585,000,000 Placing Shares under the Placing represents approximately 14.98% of the entire issued share capital of the Company as at the date of this announcement and approximately 13.03% of the enlarged issued share capital of the Company immediately after the completion of the Placing (assuming all of the Placing Shares are allotted and issued).

The Placing is subject to, amongst other things, (i) the Listing Committee of the Hong Kong Stock Exchange having granted the listing of, and permission to deal in the Placing Shares; and (ii) the in-principle approval having been obtained from the SGX-ST for the listing of and the quotation for the Placing Shares on the Main Board of the SGX-ST and such approval not having been revoked or amended.

Shareholders and potential investors should note that the Placing Agreement is subject to conditions to be fulfilled and the Placing may or may not complete. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

20 June 2012, after trading hours

Parties

- (a) the Company as the issuer; and
- (b) Celestial Securities Limited as the placing agent

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placees

The Placing Shares will be placed to not less than six Placees (which will be independent individuals, corporates and/or institutional investors) and their ultimate beneficial owners will be Independent Third Parties. It is expected that no Placee will hold more than 10% of the issued share capital of the Company immediately following completion of the Placing.

Placing Shares

Up to 585,000,000 Placing Shares will be placed by the Placing Agent on a best effort basis. As at the date of this announcement, the Company has 3,905,841,176 Shares in issue, and assuming the maximum number of 585,000,000 Placing Shares are successfully placed by the Placing Agent, the Placing Shares will represent approximately (i) 14.98% of the entire issued share capital of the Company as at the date of this announcement; and (ii) 13.03% of the enlarged issued share capital of the Company immediately

after the completion of the Placing (assuming all of the Placing Shares are allotted and issued). As the Shares of the Company are of no par value, the Placing Shares have no aggregate nominal value.

Ranking of Placing Shares

The Placing Shares will, upon issue, rank *pari passu* in all respects among themselves and with the Shares which are in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.35 (equivalent to approximately S\$0.0572) per Placing Share was agreed after arm's length negotiations between the Company and the Placing Agent, with reference to, among other things, the recent trading price of the Shares on the Hong Kong Stock Exchange and the SGX-ST. The Placing Price represents:

- (i) a premium of approximately 4.48% over the closing price of HK\$0.335 per Share as quoted on the Hong Kong Stock Exchange on 20 June 2012, being the last trading day (the "Last Trading Day") immediately prior to the entering into of the Placing Agreement;
- (ii) a premium of approximately 4.17% over the average closing price of approximately HK\$0.336 per Share as quoted on the Hong Kong Stock Exchange for the last 5 trading days of the Shares up to and including the Last Trading Day;
- (iii) a premium of approximately 3.24% over the average closing price of approximately HK\$0.339 per Share as quoted on the Hong Kong Stock Exchange for the last 20 trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 8.75% over the volume-weighted average market price of S\$0.0526 per Share, based on the trades done on the Main Board of the SGX-ST on the Last Trading Day.

Placing Commission

The Placing Agent will receive a placing commission of 1.25% on the gross proceeds of the Placing.

General Mandate

The Company had on 30 April 2012 obtained the authority from the Shareholders to allot, issue and deal with any unissued Shares and to make or grant offers, agreements and options (including but not limited to warrants, bonds and debentures convertible into Shares), in accordance with the terms of the resolution set out in the Notice of Annual General Meeting dated 27 March 2012 (the “**General Mandate**”).

Under the General Mandate, amongst others, the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted or issued by the Directors shall not exceed 20% of the aggregate of the total number of Shares in issue as at the date of approval of the General Mandate (other than on a pro rata basis to existing Shareholders). Since as at the date of approval of the General Mandate, there were 3,905,841,176 Shares in issue, the Directors may allot and issue a maximum aggregate number of 781,168,235 new Shares (other than on a pro rata basis to existing Shareholders).

As at the date of this announcement, no Share has been issued pursuant to the General Mandate and the Placing Shares will be issued pursuant to the General Mandate.

Conditions Precedent

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) in-principle approval being obtained from the SGX-ST for the listing of and quotation for the Placing Shares on the Main Board of the SGX-ST 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 all rights, obligations and liabilities of the Company, the Placing Agent and the Placees (if any) in respect of the Placing shall cease and determine and neither the Company, Placing Agent nor the Placees (if any) shall have any claim against the other in respect of the Placing save for any antecedent breach of the Placing Agreement.

Since the allotment and issue of the Placing Shares will be made under the General Mandate, the Placing is not subject to Shareholders' approval.

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

Completion

Completion of the Placing shall take place on the second business day after all conditions precedent set out in the Placing Agreement have 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.

Further announcements will be made by the Company upon completion of the Placing.

Termination

The Placing Agent is entitled to terminate the Placing Agreement on the occurrence of certain events including a material breach of the representations, warranties and undertakings given by the Company that is materially adverse to the success of the Placing.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Directors are of the view that the Placing represents an opportunity (i) to raise additional working capital for the Company; (ii) to strengthen the financial position by reducing the gearing ratio of the Company; and (iii) to broaden the shareholder base of the Company in particular in Hong Kong. Having considered the above, together with the fact that the Placing Price is close to the recent closing price of the Shares, the Directors consider that the Placing is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming all the 585,000,000 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 (representing approximately HK\$0.345 per Placing Share) and all of which will be used as general working capital for the Group.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure of the Company and the shareholding structure of the Company upon completion of the Placing (assuming the maximum number of 585,000,000 Placing Shares are successfully placed) are set out as below:

	As at the date of this announcement		Upon completion of the Placing	
	<i>Number of Shares</i>	<i>Approximately (%)</i>	<i>Number of Shares</i>	<i>Approximately (%)</i>
Substantial Shareholder				
Sinopower Investment Limited <i>(Note 1)</i>	2,658,781,817	68.07%	2,658,781,817	59.20%
Directors				
Li Yao Min	4,147,500	0.11%	4,147,500	0.09%
Yue Wai Leung Stan	3,555,000	0.09%	3,555,000	0.08%
Gu Biya	2,100,000	0.05%	2,100,000	0.05%
Mao Yiping	1,732,500	0.05%	1,732,500	0.04%
Yang Yonggang	3,570,000	0.09%	3,570,000	0.08%
Henry Tan Song Kok	100,000	0.00%	100,000	0.00%
Loh Weng Whye <i>(Note 2)</i>	700,000	0.02%	700,000	0.02%
	<u>2,674,686,817</u>	<u>68.48%</u>	<u>2,674,686,817</u>	<u>59.56%</u>
The Placees	–	–	585,000,000	13.03%
Public Shareholders	<u>1,231,154,359</u>	<u>31.52%</u>	<u>1,231,154,359</u>	<u>27.41%</u>
Total	<u><u>3,905,841,176</u></u>	<u><u>100.00%</u></u>	<u><u>4,490,841,176</u></u>	<u><u>100.00%</u></u>

Notes:

1. Sinopower Investment Limited is a wholly-owned subsidiary of SRE and Mr. Shi Jian, a Director, is deemed to be interested in the entire shareholding of Sinopower Investment Limited by virtue of his being a controlling shareholder of SRE through SRE Investment Holding Limited.
2. Mr. Loh Weng Whye was a former director of the Company.

The Company will remain as a subsidiary of SRE before and after the Placing.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

Save for the allotment and issue of 6,131,250 new Shares for a consideration of RMB654 on 22 December 2011 as a result of the exercise of the share options under the management grant of the Company adopted on 5 July 2007, the Company has not conducted any equity fund raising activities during the past 12 months immediately preceding the date of this announcement.

INFORMATION ON THE COMPANY

The Company, a non wholly-owned subsidiary of SRE, is incorporated in the British Virgin Islands with limited liability and the Shares are listed on the Hong Kong Stock Exchange and the SGX-ST. The Group is principally engaged in the planning and development of large new town projects in the sub-urban areas of several major cities in the PRC.

DEFINITIONS

In this announcement, unless otherwise defined, terms used herein shall have the following meanings:

“Company”	China New Town Development Company Limited, a company incorporated in the British Virgin Islands with limited liability and the shares of which are listed on the Hong Kong Stock Exchange and the SGX-ST
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Independent Third Parties”	parties which are not connected persons (as defined under the Listing Rules) of the Company and are independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on Hong Kong Stock Exchange
“Placees”	independent individual, corporate and/or institutional investors to be procured by the Placing Agent on a best effort basis
“Placing”	the Placing of the Placing Shares by 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 the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.35 per Placing Share (equivalent to approximately S\$0.0572)
“Placing Shares”	a maximum of 585,000,000 new Shares to be placed by the Placing Agent pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of no par value of the Company
“SGX-ST”	The Singapore Exchange Securities Trading Limited
“SRE”	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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“S\$”	Singapore dollars, the lawful currency of Singapore
“%”	per cent.

By order of the Board
China New Town Development Company Limited
Shi Jian
Chairman

Singapore and Hong Kong, 20 June 2012

For the purpose of this announcement, the conversion of S\$ into HK\$ is based on the approximate exchange rate of S\$0.1633 to HK\$1 for illustration purpose only.

As at the date hereof, the board of Directors comprises nine executive directors, namely Mr. Shi Jian, Mr. Li Yao Min, Mr. Yue Wai Leung Stan, Mr. Shi Janson Bing, Ms. Song Yiqing, Ms. Gu Biya, Mr. Mao Yiping, Mr. Yang Yonggang and Mr. Qian Yifeng; five independent non-executive directors, namely Mr. Henry Tan Song Kok, Mr. Lam Bing Lun Philip, Mr. Kong Siu Chee, Mr. Zhang Hao and Mr. E Hock Yap.