

*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.*



**DISCLOSEABLE TRANSACTION  
SUBSCRIPTION OF SHARES IN  
CHINA NEW TOWN DEVELOPMENT COMPANY LIMITED**

The Board wishes to announce that Sinopower had on 5 March 2009 entered into the Agreement with CNTD pursuant to which Sinopower has conditionally agreed to subscribe for the Subscription Shares at S\$0.051 per CNTD Share. The Subscription Shares represents approximately 33.91% of the existing issued share capital of CNTD (excluding treasury shares) and approximately 25.32% of the enlarged issued share capital of CNTD immediately after completion of the Subscription (excluding treasury shares). CNTD is currently owned as to approximately 32.03% by the Company through Sinopower and upon completion of the Subscription, the Company will be interested in approximately 49.24% of CNTD.

As the assets and consideration ratios calculated under Rule 14.07 of the Listing Rules and the alternative gross profits ratio in respect of the Subscription are greater than 5% but less than 25%, the Subscription constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The Board wishes to announce that Sinopower, a wholly-owned subsidiary of the Company, had on 5 March 2009 entered into the Agreement with CNTD pursuant to which Sinopower has conditionally agreed to subscribe for the Subscription Shares at S\$0.051 per CNTD Share.

## THE AGREEMENT

### 1. Date

5 March 2009

### 2. The parties

- (a) Sinopower, a wholly-owned subsidiary of the Company; and
- (b) CNTD.

CNTD is currently owned as to approximately 32.03% by the Company through Sinopower and upon completion of the Subscription, the Company will be interested in approximately 49.24% of CNTD. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of the Agreement, other than as set out above, CNTD and its ultimate beneficial owners are independent of the Company and its connected persons as defined under the Listing Rules.

### 3. Subject matter of the Agreement

Pursuant to the Agreement, Sinopower has conditionally agreed to subscribe for the Subscription Shares at S\$0.051 per CNTD Share. The Subscription Shares represents approximately 33.91% of the existing issued share capital of CNTD (excluding treasury shares) and approximately 25.32% of the enlarged issued share capital of CNTD immediately after completion of the Subscription (excluding treasury shares).

The Subscription Shares will be issued free from encumbrance and will rank *pari passu* in all respects with and carry all rights similar to the CNTD Shares in issue at the date of allotment of the Subscription Shares, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the Completion Date.

CNTD is a limited liability company incorporated in the British Virgin Island which shares are listed on the SGX-ST. The principal activities of CNTD and its subsidiaries are the planning and development of large scale new town projects in Shanghai, Wuxi, Shenyang and Changchun, the People's Republic of China.

As at 31 December 2008, the unaudited consolidated net asset value of CNTD was RMB2,178,614,000 (approximately HK\$2,472,726,890). The audited consolidated net loss before and after taxation of CNTD for the year ended 31 December 2007 was RMB290,783,000 (approximately HK\$330,038,705) and RMB272,011,000 (approximately HK\$308,732,485) respectively and the unaudited consolidated net loss before and after taxation of CNTD for the year ended 31 December 2008 was RMB996,492,000 (approximately HK\$1,131,018,420) and RMB884,771,000 (approximately HK\$1,004,215,085) respectively.

#### **4. Conditions precedents**

The Subscription under the Agreement is conditional upon:

- (a) CNTD having, prior to the Completion Date,
  - (i) obtained the approval of its shareholders for the allotment and issue of the Subscription Shares to Sinopower;
  - (ii) obtained a whitewash resolution from its shareholders such that Sinopower, in connection with the Subscription, need not make a general offer for the CNTD Shares;
- (b) Sinopower obtaining a whitewash waiver from the Securities Industry Council of Singapore such that Sinopower need not make a general offer for the CNTD Shares in connection with the Subscription;
- (c) approval in-principle for the Additional Listing Application being obtained from the SGX-ST and not having been revoked or amended and, where such approval is subject to conditions (which are not normally imposed by the SGX-ST for a transaction of a similar nature), to the extent that any conditions for the listing and quotation of the Subscription Shares on the Main Board of the SGX-ST are required to be fulfilled on or before the Completion Date, they are so fulfilled;
- (d) the allotment, issue and subscription of the Subscription Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Agreement by any legislative, executive or regulatory body or authority of Singapore, BVI, Hong Kong or elsewhere which is applicable to CNTD or Sinopower;

- (e) permission of the Registrar of Corporate Affairs of the British Virgin Islands (or any other relevant authority) being given for the allotment and issue of the Subscription Shares (if necessary); and;
- (f) the representations and warranties of CNTD in the Agreement being true, accurate and correct in all material respects as if made on the Completion Date, with reference to the then existing circumstances and CNTD having performed in all material respects all of its obligations under the Agreement which are required to be performed on or before the Completion Date.

Sinopower may waive compliance with the condition contained in paragraph (f) above and such condition so waived shall be deemed to have been satisfied.

## **5. Consideration**

The total consideration for the Subscription Shares is S\$34,680,000 (HK\$177,214,800), being S\$0.051 (approximately HK\$0.2606) per CNTD Share, and will be satisfied (i) as to S\$5,596,869 (approximately HK\$28,600,000) by the capitalisation of outstanding loans of an aggregate amount of HK\$28,600,000 due and owing by CNTD to Sinopower and (ii) as to S\$29,083,131 (approximately HK\$148,614,800) in cash.

Such consideration was arrived at after arm's length negotiations between Sinopower and CNTD by reference to the average closing price of the CNTD Shares on SGX-ST during the period of negotiations on the Agreement, plus a 20% premium taking into account general market practice.

The issue price of S\$0.051 (approximately HK\$0.2606) per CNTD Share represents a premium of approximately 63.99% to the volume weighted average price for trades done for the CNTD Shares on the SGX-ST on 5 March 2009 (being the full Market Day on which the Agreement was signed) of S\$0.0311 (approximately HK\$0.1589) per CNTD Share.

It is intended that the cash portion of the consideration payable by Sinopower shall be funded by internal resources of the Group.

Subject to the terms and conditions of the Agreement, completion of the Subscription shall take place on the Completion Date.

## **6. Termination**

If any of the following events shall occur since the date of the Agreement and prior to the Completion Date that in the reasonable opinion of Sinopower exercised in good faith is likely to render the transactions contemplated in the Agreement or any of them inadvisable or impracticable

to proceed on the terms and in the manner contemplated in the Agreement, Sinopower may at any time prior to the Completion Date (after consultation with CNTD) terminate the Agreement by notice in writing to CNTD:

- (a) any of the Conditions has not been satisfied or waived by Sinopower;
- (b) there shall have come to the notice of Sinopower any material breach of the undertakings and warranties given by CNTD under the Agreement;
- (c) there is a suspension by the SGX-ST of trading of the CNTD Shares on the Main Board of the SGX-ST for more than ten Market Days (other than a trading halt on a temporary basis at the request of CNTD) or a delisting of the CNTD Shares from the Main Board of the SGX-ST; or
- (d) there is any introduction of or any change in any law or regulation which materially or adversely affects the business of CNTD or CNTD and its subsidiaries taken as a whole.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

In view of the intention of CNTD to raise additional equity capital and the CNTD Shares having been traded at a price on SGX-ST which the Directors consider to have undervalued CNTD, the Directors consider that it is a good opportunity for the Company increase its stake in CNTD at a low price which will benefit the Company and the Shareholders in the long term.

The Directors are of the view that the Subscription is on normal commercial terms and the terms of the Subscription and the Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

CNTD is and will remain an associated company of the Group before and after the Completion Date. After completion of the Subscription, the total assets and liabilities of CNTD will continue not to be consolidated into the consolidated financial statements of the Group. The Group will share the additional portion of profits or losses of CNTD (as interest in an associate under the equity method of accounting) proportionate to the additional shareholding percentage in CNTD it will acquire under the Subscription.

## **LISTING RULES IMPLICATIONS**

As the assets and consideration ratios calculated under Rule 14.07 of the Listing Rules and the alternative gross profits ratio in respect of the Subscription are greater than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## PRINCIPAL ACTIVITIES OF THE GROUP

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

## DEFINITIONS

<b>“Additional Listing Application”</b>	the application to the SGX-ST for the admission of all the Subscription Shares to the Official List of the SGX-ST and for the listing and quotation of all the Subscription Shares on the Main Board of the SGX-ST
<b>“Agreement”</b>	the subscription agreement dated 5 March 2009 entered into between Sinopower and CNTD in relation to the Subscription
<b>“Board”</b>	the board of Directors
<b>“Business Day(s)”</b>	means a day (excluding Saturdays, Sundays and gazetted public holidays) on which commercial banks are open for business in Singapore and Hong Kong
<b>“Company”</b>	SRE Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
<b>“Completion Date”</b>	the date of completion of the Subscription, being the date falling three Business Days after the satisfaction of all the Conditions (unless previously waived by Sinopower) or such other date as the parties to the Agreement may agree in writing, and which shall be no later than the date falling four months from the date of the Agreement (or such other date as the parties may agree in writing)
<b>“CNTD”</b>	China New Town Development Company Limited, a company incorporated in the British Virgin Islands with limited liability, the shares of which are listed on the SGX-ST
<b>“CNTD Shares”</b>	ordinary shares of no par value in CNTD, excluding treasury shares
<b>“Conditions”</b>	the conditions precedents to the Subscription, particulars of which are set out in the section titled “Conditions precedents” in this announcement
<b>“Directors”</b>	the directors of the Company
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Market Day(s)”	means a day or days on which the SGX-ST is open for trading in securities
“S\$”	Singapore dollars, the lawful currency of the Republic of Singapore
“Securities Industry Council”	has the meaning ascribed to it by Section 2 of the Securities and Futures Act, Chapter 289 of the laws of Singapore
“Sinopower”	Sinopower Investment Limited, a wholly-owned subsidiary of the Company
“Shareholders”	holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by Sinopower pursuant to the Agreement
“Subscription Shares”	680,000,000 CNTD Shares
“SGX-ST”	Singapore Exchange Securities Trading Limited
“%”	per cent.

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

Hong Kong, 5 March 2009

\* *For identification purpose only*

*As at the date hereof, the Board comprises ten Directors, five of whom are executive Directors, namely Mr. Shi Jian, Mr. Li Yao Min, Mr. Yu Hai Sheng, Mr. Jiang Xu Dong and Mr. Lee Wai Man; two of whom are non-executive Directors, namely Mr. Cheung Wing Yui and Mr. Jin Bing Rong; and three of whom are independent non-executive Directors, namely Mr. Yeung Kwok Wing, Mr. Jiang Xie Fu and Mr. E Hock Yap*

*English names of the PRC established companies/entities in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.*

*In this announcement, RMB has been converted to HK\$ at the rate of RMB1 = HK\$1.135, and S\$ has been converted to HK\$ at the rate of S\$1 = HK\$5.11 for illustration purpose only. No representation is made that any amounts in RMB, S\$ or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.*