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SRE GROUP LIMITED

上置集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1207)

**TERMINATION OF BOND PURCHASE AGREEMENT
RELATING TO
ISSUE OF RMB336.6 MILLION 4.50% COUPON CONVERTIBLE BONDS DUE 2013
CONVERTIBLE INTO ORDINARY SHARES OF
SRE GROUP LIMITED**

The board of Directors announces that in view of the current market conditions, the Company and the Subscribers have agreed to abort the issue of the Bonds and the parties to the Bond Purchase Agreement have entered into the Deed of Release to terminate the Bond Purchase Agreement.

Reference is made to the announcement of the Company dated 1 August 2008 relating to the issue of the Bonds (the “**Announcement**”). Capitalised terms used in this announcement shall have the same meanings as defined in the Announcement unless the context requires otherwise.

The board of Directors announces that in view of the current market conditions, the Company, the Guarantors and the Subscribers entered into a deed of release dated 24 October, 2008 to terminate the Bond Purchase Agreement (the “**Deed of Release**”). Accordingly, the Company and the Subscribers will not proceed with the closing of the issue of the Bonds.

The Directors consider that the termination of the Bond Purchase Agreement by the Deed of Release and non-completion of the issue of the Bonds will not have any material adverse impact on the Company and the development of the Haikou project of the Group to which the net proceeds from the issue of the Bonds was intended to be applied, as the Group has sufficient cashflow from its internal resources to fund the development of such project.

By Order of the Board
SRE GROUP LIMITED
Shi Jian
Chairman

Hong Kong, 24 October, 2008

* *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.