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SRE GROUP LIMITED

上置集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1207)

ANNOUNCEMENT

(1) COMMENCEMENT OF TENDER OFFER AND CONSENT SOLICITATION FOR THE 8.625% GUARANTEED SENIOR NOTES DUE 2013 (2) PROPOSED SPECIFIC MANDATE TO ISSUE NEW SHARES

TENDER OFFER AND CONSENT SOLICITATION

The Company announced today that it has commenced (i) a tender offer (the "Tender Offer") to purchase for cash any and all of its US\$200,000,000 Guaranteed Senior Notes Due 2013 (the "Notes") and (ii) a solicitation of consents ("Consents") by holders of the Notes ("Holders") to amend certain terms of the trust deed governing the Notes (the "Consent Solicitation", and together with the Tender Offer, the "Tender Offer and Consent Solicitation"). The Tender Offer and Consent Solicitation commenced today and will expire at 5:00 p.m., New York City time, on 14 July 2009, unless otherwise extended by the Company (such date and time, the "Expiration Date").

* For identification purpose only

Holders who validly tender and do not withdraw their Notes on or prior to 5:00 p.m., New York City Time, on 18 June 2009, unless otherwise extended by the Company (such date and time, the “Early Consent Deadline”), will be eligible to receive the total consideration of US\$800 for each US\$1,000 principal amount of the Notes tendered (the “Total Consideration”), which consists of (i) an amount of US\$725 (the “Purchase Price”), (ii) an amount of US\$62, which constitutes an early tender payment (the “Early Tender Payment”), and (iii) a consent payment of US\$13 (the “Consent Payment”), in each case for each US\$1,000 principal amount of the Notes, plus accrued and unpaid interest thereon up to, but not including, the date of payment (the “Settlement Date”).

Holders who validly tender after the Early Consent Deadline but on or before the Expiration Date will be eligible to receive the Purchase Price only, plus accrued and unpaid interest thereon up to, but not including, the Settlement Date. Holders who do not tender their Notes but validly deliver Consents on or prior to the Early Consent Deadline, and do not validly revoke their Consents on or prior to the Early Consent Deadline, will be eligible to receive the Consent Payment only. All holders who tender Notes pursuant to the Tender Offer will also be deemed to deliver their Consents with respect to such Notes pursuant to the Consent Solicitation. The Settlement Date on which the payment of the Total Consideration, the Purchase Price, the Early Tender Payment and the Consent Payment will be made is expected to occur on or about 24 July 2009.

The consummation of the Tender Offer and Consent Solicitation, and payment of the Total Consideration, the Purchase Price, the Early Tender Payment and the Consent Payment, as applicable, is conditional upon, among other things, the receipt of the Requisite Consents, the successful completion of the Financing and the satisfaction or waiver of the customary conditions to the Tender Offer and Consent Solicitation, as set forth in the Offer to Purchase and Consent Solicitation Statement issued by the Company, dated as of the date hereof.

The maximum aggregate amount payable by the Company under the Tender Offer and Consent Solicitation (exclusive of related expenses and inclusive of accrued interest on the Notes purchased pursuant to the Tender Offer, assuming payment is made on 24 July 2009) is approximately US\$164.31 million.

Whilst the results of the Tender Offer and Consent Solicitation are not currently known, the Company expects that such results may be known at or around 17 July 2009. The Company expects that the results of the Tender Offer and Consent Solicitation will be disclosed by way of a further announcement to the Shareholders.

PROPOSED SPECIFIC MANDATE TO ISSUE NEW SHARES

The purpose of the proposed Specific Mandate is to give the Company the flexibility to raise funds through the issuance and sale of equity or equity-linked securities (the “Financing”), the net proceeds of which will be used by the Company to fund the amounts payable under the Tender Offer and Consent Solicitation. The Company has not finalized the terms of the Financing, but it currently plans to raise approximately US\$160 million, subject to market conditions. If the Company decides to raise financing through the issuance and sale of equity-linked securities, it may do so through the issuance and sale of convertible notes or similar instruments.

If the Financing is implemented, the Company will have an obligation to issue and allot new Shares in future. The exact number of new Shares to be issued by the Company will depend upon, among others, the size of the offering that is being used to raise funds for the Financing, the prevailing market price used to determine the offer price, the price at which the securities (whether equity or equity-linked) are sold, and in the case of an equity-linked security, the conversion ratio of such security to Shares. As of the date of this announcement, the Company may, pursuant to the General Mandate, issue 586,776,239 Shares, representing approximately 20% of the Company's existing total issued share capital. In order to preserve its flexibility to take advantage of favourable market conditions and opportunities, the Company is seeking the approval of the Shareholders to grant the proposed Specific Mandate so that it may issue and allot up to an aggregate of 1,000,000,000 Shares (including the 586,776,239 Shares that may be issued pursuant to the General Mandate) in connection with the Financing, for the purpose of funding the amounts payable under the Tender Offer and Consent Solicitation.

The Company will only proceed with the Financing if it is able to obtain the Requisite Consents. If the Requisite Consents cannot be obtained by the Expiration Date or if the Financing is not completed for any reason, the Tender Offer and Consent Solicitation will not be consummated and the Company will not be purchasing any of the Notes pursuant to the Tender Offer and the proposed Specific Mandate will not be utilised.

If the proposed Specific Mandate is approved, the Directors can issue and allot all or some of the New Shares or any equity-linked securities at any time and from time to time (before the expiry of six months from the date of grant of the Specific Mandate) on such terms and conditions as the Directors consider to be appropriate and in the best interests of the Company.

As part of the Financing, the issue and allotment of the Shares that may be issued pursuant to the existing General Mandate and the proposed Specific Mandate is subject to the condition that any such Shares shall be offered to investors who are independent of and not connected with any director, chief executive or Substantial Shareholder of the Company or any of its subsidiaries or an Associate of any of them, in full compliance with the requirements of the Listing Rules and all applicable laws.

In the event the Company issues New Shares, it will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, such Shares.

In connection with the proposed Specific Mandate, the Company will dispatch to its Shareholders a circular, together with notice of the SGM, as soon as practicable. Such circular will contain, among other things, additional information on the proposed Specific Mandate and the Financing.

Investors should note that the proposed Specific Mandate may or may not be approved by the Shareholders at the SGM. Even if the proposed Specific Mandate is granted to the Board, the transactions relating to or otherwise contemplated under the Tender Offer and Consent Solicitation or the Financing may not be consummated. There is no assurance that any of these conditions will be fulfilled and therefore the Tender Offer and Consent Solicitation and the Financing may not proceed. Investors should therefore exercise caution when dealing in the Shares.

TENDER OFFER AND CONSENT SOLICITATION

The Company announced today that it has commenced (i) a tender offer (the “Tender Offer”) to purchase for cash any and all of its US\$200,000,000 Guaranteed Senior Notes Due 2013 (the “Notes”) and (ii) a solicitation of consents (“Consents”) by holders of the Notes (“Holders”) to amend certain terms of the trust deed governing the Notes (the “Consent Solicitation”, and together with the Tender Offer, the “Tender Offer and Consent Solicitation”). The Tender Offer and Consent Solicitation commenced today and will expire at 5:00 p.m., New York City time, on 14 July 2009, unless otherwise extended by the Company (such date and time, the “Expiration Date”).

Holders who validly tender and do not withdraw their Notes on or prior to 5:00 p.m., New York City Time, on 18 June 2009, unless otherwise extended by the Company (such date and time, the “Early Consent Deadline”), will be eligible to receive the total consideration of US\$800 for each US\$1,000 principal amount of the Notes tendered (the “Total Consideration”), which consists of (i) an amount of US\$725 (the “Purchase Price”), (ii) an amount of US\$62, which constitutes an early tender payment (the “Early Tender Payment”), and (iii) a consent payment of US\$13 (the “Consent Payment”), in each case for each US\$1,000 principal amount of the Notes, plus accrued and unpaid interest thereon up to, but not including, the date of payment (the “Settlement Date”).

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The consummation of the Tender Offer and Consent Solicitation, and payment of the Total Consideration, the Purchase Price, the Early Tender Payment and the Consent Payment, as applicable, is conditional upon, among other things, the receipt of the Requisite Consents, the successful completion of the Financing and the satisfaction or waiver of the customary conditions to the Tender Offer and Consent Solicitation, as set forth in the Offer to Purchase and Consent Solicitation Statement issued by the Company, dated as of the date hereof.

The maximum aggregate amount payable by the Company under the Tender Offer and Consent Solicitation (exclusive of related expenses and inclusive of accrued interest on the Notes purchased pursuant to the Tender Offer, assuming payment is made on 24 July 2009) is approximately US\$164.31 million.

Whilst the results of the Tender Offer and Consent Solicitation are not currently known, the Company expects that such results may be known at or around 17 July 2009. The Company expects that the results of the Tender Offer and Consent Solicitation will be disclosed by way of a further announcement to the Shareholders.

The Company has appointed Deutsche Bank AG, Singapore Branch as the sole Dealer Manager, and Bondholder Communications Group as the Information, Consent and Tender Agent with respect to the Tender Offer and Consent Solicitation. Requests for copies of the Offer to Purchase and Consent Solicitation Statement and its related documents may be directed to the Information, Consent and Tender Agent by email to sray@bondcom.com. Any questions or requests for assistance concerning the Tender Offer and Consent Solicitation may be directed to the Dealer Manager at:

London : +44 207 545 8011
Hong Kong : +852 2203 8340
Singapore : +65 6423 8581
email : liability.management@db.com

THIS ANNOUNCEMENT IS NOT AN OFFER TO PURCHASE, A SOLICITATION OF AN OFFER TO PURCHASE, OR A SOLICITATION OF AN OFFER TO SELL, NOTES. AN OFFER MAY ONLY BE MADE PURSUANT TO THE TERMS OF THE OFFER TO PURCHASE AND CONSENT SOLICITATION STATEMENT.

The Tender Offer and Consent Solicitation is not being made to (nor will the tender of Notes and delivery of Consents for payment be accepted from or on behalf of) Holders in any jurisdiction where the making or acceptance of the Tender Offer and Consent Solicitation would not comply with the laws of such jurisdiction. If the Company becomes aware of any jurisdiction in which the making of the Tender Offer and Consent Solicitation, the tender of Notes or the delivery of Consents for payment would not be in compliance with applicable laws, the Company may or may not, in its sole discretion, make an effort to comply with any such law. If, after such effort, if any, the Company cannot comply with any such law, the Tender Offer and Consent Solicitation will not be made to (nor will tenders or Consents be accepted from or on behalf of) any Holder residing in such jurisdiction.

PROPOSED SPECIFIC MANDATE TO ISSUE NEW SHARES

The purpose of the proposed Specific Mandate is to give the Company the flexibility to raise funds through the issuance and sale of equity or equity-linked securities (the “Financing”), the net proceeds of which will be used by the Company to fund the amounts payable under the Tender Offer and Consent Solicitation. The Company has not finalized the terms of the Financing, but it currently plans to raise approximately US\$160 million, subject to market conditions. If the Company decides to raise financing through the issuance and sale of equity-linked securities, it may do so through the issuance and sale of convertible notes or similar instruments.

If the Financing is implemented, the Company will have an obligation to issue and allot new Shares in future. The exact number of new Shares to be issued by the Company will depend upon, among others, the size of the offering that is being used to raise funds for the Financing, the prevailing market price used to determine the offer price, the price at which the securities (whether equity or equity-linked) are sold, and in the case of an equity-linked security, the conversion ratio of such security to Shares. As of the date of this announcement, the Company may, pursuant to the General Mandate, issue 586,776,239 Shares, representing approximately 20% of the Company’s existing total issued share capital. In order to

preserve its flexibility to take advantage of favourable market conditions and opportunities, the Company is seeking the approval of the Shareholders to grant the proposed Specific Mandate so that it may issue and allot up to an aggregate of 1,000,000,000 Shares (including the 586,776,239 Shares that may be issued pursuant to the General Mandate) in connection with the Financing, for the purpose of funding the amounts payable under the Tender Offer and Consent Solicitation.

The Company will only proceed with the Financing if it is able to obtain the Requisite Consents. If the Requisite Consents cannot be obtained by the Expiration Date or if the Financing is not completed for any reason, the Tender Offer and Consent Solicitation will not be consummated and the Company will not be purchasing any of the Notes pursuant to the Tender Offer and the proposed Specific Mandate will not be utilised.

If the proposed Specific Mandate is approved, the Directors can issue and allot all or some of the New Shares or any equity-linked securities at any time and from time to time (before the expiry of six months from the date of grant of the Specific Mandate) on such terms and conditions as the Directors consider to be appropriate and in the best interests of the Company.

As part of the Financing, the issue and allotment of the Shares that may be issued pursuant to the existing General Mandate and the proposed Specific Mandate is subject to the condition that any such Shares shall be offered to investors who are independent of and not connected with any director, chief executive or Substantial Shareholder of the Company or any of its subsidiaries or an Associate of any of them, in full compliance with the requirements of the Listing Rules and all applicable laws.

In the event the Company issues New Shares, it will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, such Shares.

In connection with the proposed Specific Mandate, the Company will dispatch to its Shareholders a circular, together with notice of the SGM, as soon as practicable. Such circular will contain, among other things, additional information on the proposed Specific Mandate and the Financing.

Investors should note that the proposed Specific Mandate may or may not be approved by the Shareholders at the SGM. Even if the proposed Specific Mandate is granted to the Board, the transactions relating to or otherwise contemplated under the Tender Offer and Consent Solicitation or the Financing may not be consummated. There is no assurance that any of these conditions will be fulfilled and therefore the Tender Offer and Consent Solicitation and the Financing may not proceed. Investors should therefore exercise caution when dealing in the Shares.

RANKING OF NEW SHARES

The New Shares, if and when issued, allotted and fully paid, will rank pari passu in all respects among themselves with the existing Shares in issue, including the right to receive all future dividends and distributions which may be declared, made or paid after the date of issue and allotment of any of the New Shares.

POTENTIAL CHANGE TO SHARE CAPITAL AND SHAREHOLDING STRUCTURE

For reference and illustrative purposes only, the table below summarizes the share capital and shareholding structure of the Company upon (i) the full issue and allotment of the General Mandate and (ii) the full issue and allotment of the General Mandate and the proposed Specific Mandate:

	As at the date of this announcement		Upon full issue and allotment of Shares or securities convertible into Shares pursuant to the General Mandate		Upon full issue and allotment of Shares or securities convertible into Shares pursuant to the General Mandate and the proposed Specific Mandate	
	<i>No. of Shares</i>	<i>Approx. % to issued share capital of the Company</i>	<i>No. of Shares</i>	<i>Approx. % to issued share capital of the Company as enlarged by the full issue and allotment of Shares or securities convertible into Shares pursuant to the General Mandate</i>	<i>No. of Shares</i>	<i>Approx. % to issued share capital of the Company as enlarged by the full issue and allotment of Shares or securities convertible into Shares pursuant to the General Mandate and the proposed Specific Mandate</i>
Shareholders						
SRE Investment Holding Limited <i>(Note 1)</i>	1,248,400,938	42.55	1,248,400,938	35.46	1,248,400,938	31.73
Directors and their spouses <i>(Note 2)</i>	3,147,314	0.10	3,147,314	0.08	3,147,314	0.08
New shareholders	Nil	Nil	586,776,239	16.67	1,000,000,000	25.42
Public Shareholder:	1,682,332,943	57.35	1,682,332,943	47.79	1,682,332,943	42.77
Total	<u>2,933,881,195</u>	<u>100</u>	<u>3,520,657,434</u>	<u>100</u>	<u>3,933,881,195</u>	<u>100</u>

Note 1: These Shares are held by SRE Investment Holding Limited, a company incorporated in the British Virgin Islands in which Mr. Shi Jian and his wife, Ms. Si Xiao Dong, together beneficially own 63% of its issued share capital. The remaining 37% interest in SRE Investment Holding Limited are held by other management staff of the Company including but not limited to Mr. Yu Hai Sheng, Mr. Li Yao Min, Mr. Yue Wai Leung, Stan and Mr. Jian Xu Dong. Mr. Shi Jian and Mr. Li Yao Min, being executive Directors, are directors of SRE Investment Holding Limited.

Note 2: This does not include the interest in the Company held by Mr. Shi Jian and his wife, Ms. Si Xiao Dong, through their beneficial interest in SRE Investment Holding Limited.

Note 3: The above table does not take into account any Shares which may fall to be issued and allotted upon conversion of the outstanding HK\$165 million 2.5% coupon convertible bonds due 2013.

APPLICATION FOR LISTING

Application will be made to the Stock Exchange for listing of, and permission to deal in, any New Shares issued and allotted pursuant to the proposed Specific Mandate. Subject to the permission of the listing of, and to deal in, any or all of the New Shares on the Main Board and in compliance with the stock admission requirements of HKSCC, the New Shares (if any) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of the commencement of dealings in the New Shares on the Main Board or such other dates as determined by the HKSCC.

All necessary arrangements will be made for the New Shares to be admitted into CCASS.

SPECIAL GENERAL MEETING

The SGM will be held for the purpose of seeking the approval from the Shareholders to pass the necessary ordinary resolution in general meeting to approve the proposed Specific Mandate. The Controlling Shareholder of the Company and their Associates are not required to abstain from voting in the resolution for the proposed Specific Mandate under the Listing Rules. The Company will dispatch to its Shareholders a circular, together with notice of the SGM as soon as practicable. Such circular will contain, among other things, further information on the proposed Specific Mandate and the Financing.

DEFINITIONS

The following words and phrases used in this announcement have the same meanings assigned:

“Associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	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

“connected person”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Extraordinary Resolutions”	the amendments to the trust deed governing the Notes proposed by the Company pursuant to the Consent Solicitation
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 2 June 2009 to issue and allot not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the said annual general meeting
“Holders”	the registered holders of the Notes
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Independent Third Party”	third parties independent of the Company and connected persons of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Meetings”	the meetings of Holders convened by the Company to consider and vote on the Extraordinary Resolutions
“PRC”	the People’s Republic of China
“New Shares”	413,223,761 new Shares of the Company to be issued and allotted under the proposed Specific Mandate
“Notes”	the US\$200 million 8.625% guaranteed notes issued by the Company on 24 April 2006 with the maturity date on 24 April 2013
“Requisite Consents”	the Consents from Holders of such principal amount of the Notes required to adopt the Extraordinary Resolutions, whether by the passing of such Extraordinary Resolutions at the Meetings of the Holders or by written consent
“SGM”	the special general meeting of the Shareholders to be convened and held for the purpose of approving the proposed Specific Mandate

“Shares”	the ordinary shares of nominal value of HK\$0.10 each in the share capital of the Company, which are listed on the Main Board of the Stock Exchange
“Shareholders”	holders of the Shares of the Company
“Specific Mandate”	the specific mandate proposed to be granted to the Directors by the Shareholders at the SGM to issue and allot up to 413,223,761 new Shares, representing approximately 14% of the Company’s existing total issued share capital as at the date of this announcement, at any time during the period specified in the relevant resolution set out in the notice of SGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“Tender Offer and Consent Solicitation”	the offer by the Company to purchase for cash any and all of the Notes and the solicitation of consents relating to the Notes. The maximum amount payable by the Company under the Tender Offer and Consent Solicitation is approximately US\$164.31 million
“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, 9 June 2009

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. Yue Wai Leung, Stan; 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. Jiang Xie Fu, Mr. E Hock Yap and Mr. Pan Long Qing.