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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) EARLY RESULTS OF TENDER OFFER AND CONSENT SOLICITATION FOR THE 8.625% GUARANTEED SENIOR NOTES DUE 2013

(2) BUSINESS UPDATE OF THE GROUP FOR THE FIRST FIVE MONTHS OF 2009

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

EARLY RESULTS OF TENDER OFFER AND CONSENT SOLICITATION

The Company announces the early results of the Tender Offer to purchase for cash any and all of the Notes and the Consent Solicitation which commenced on June 9, 2009. As of the Early Consent Deadline that ended at 5:00 p.m., New York City time, on June 18, 2009, the Company had received Consents from Holders representing approximately 78.44% of the total aggregate principal amount of Notes outstanding.

BUSINESS UPDATE OF THE GROUP FOR THE FIRST FIVE MONTHS OF 2009

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company and potential investors about the business update of the Company and its subsidiaries (together, the “Group”) for the first five months of 2009 as described in this announcement.

Information contained in the “Business Update of the Group for the first five months of 2009” portion of this announcement is only based on the preliminary assessment of the management accounts of the Group by the management of the Company and is not based on any figures or information which has been audited or reviewed by the Company’s auditors, given that the results for the six months ending June 30, 2009 are not yet available.

Shareholders of the Company and potential investors are advised to read carefully the unaudited consolidated interim results announcement of the Group for the six months ended June 30, 2009, which is expected to be published before the end of September 2009.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by SRE Group Limited (the “Company”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Reference is made to the announcement of the Company dated June 9, 2009 (the “Announcement”) in relation to, among other things, the commencement of (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”) from 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”). Capitalized terms used herein and not defined shall have the meanings given to them in the Announcement.

The Company announces that, as of the Early Consent Deadline that ended at 5:00 p.m., New York City time, on June 18, 2009:

- (1) Consents (including Consents deemed to have been delivered) from Holders holding US\$156,874,000 of the principal amount of the Notes, representing approximately 78.44% of the total aggregate principal amount of Notes outstanding, had been validly delivered and not been revoked; and

(2) US\$129,214,000 of the principal amount of the Notes, representing approximately 64.6% of the total aggregate principal amount of Notes outstanding, had been validly tendered and not been withdrawn.

As previously announced, Holders who validly tendered and did not withdraw their Notes on or prior to 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 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 did not tender their Notes but validly delivered Consents on or prior to the Early Consent Deadline, and did 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, Purchase Price, Early Tender Payment and the Consent Payment will be made is expected to occur on or about July 24, 2009.

The terms of the Tender Offer and Consent Solicitation are more fully described in the Offer to Purchase and Consent Solicitation Statement. 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. For additional information regarding the tender and consent delivery procedures and the conditions of the Offer, please refer to the Offer to Purchase and Consent Solicitation Statement and its related documents.

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.

BUSINESS UPDATE OF THE GROUP FOR THE FIRST FIVE MONTHS OF 2009

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company and potential investors that for the five months ended May 31, 2009 the Group has entered into contracts for the sale of properties with an aggregate value of HK\$1.63 billion, as compared to HK\$1.26 billion for the same period in 2008, representing a 30% increase. Notwithstanding this increase in contracted sales, the Board expects revenue, and correspondingly overall profits, for the six months ending June 30, 2009 to decrease as compared with the same period in 2008, primarily due to the global financial crisis and weaker operating environment in the China real estate market, which resulted in lower contracted sales in 2008 (and revenue for such contracted sales would only be recognized at a later point when title to the relevant properties is transferred). With respect to contracted sales that occurred in 2008 and the first six months of 2009 (but for which title to the properties has yet to be delivered), the Board expects to be able to recognize revenue arising from such contracted sales in the next 12 months. Furthermore, the Board expects that the following non-operating factors will adversely impact the Group’s results for the six months ending June 30, 2009:

- for the six months ending June 30, 2009, the Group will not have an extraordinary fair value gain on investment property similar to the extraordinary HK\$4.3 billion fair value gain on an investment property (a shopping mall in Shenyang) recorded in 2008; and
- the Company is expected to record a fair value loss in 2009 on the derivative component of the HK\$165 million face value convertible bonds issued in December 2008 following a significant increase in the share price of the Company since the issue (the Company is currently unable to quantify the amount of such fair value loss).

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Shareholders of the Company and potential investors are advised to read carefully the unaudited consolidated interim results announcement of the Group for the six months ended June 30, 2009, which is expected to be published before the end of September 2009.

Forward-Looking Statements

Forward-looking statements in this announcement, including those statements relating to the Tender Offer and Consent Solicitation, such as the scheduled expiration date and the repurchase of Notes, are based on current expectations. These statements are not guarantees of future events or results. Future events and results involve some risks, uncertainties and assumptions that are difficult to predict. Actual events and results could vary materially from the description contained herein due to many factors including changes in the market and price for the Notes; changes in the business and financial condition of the Company and its subsidiaries; changes in the debt markets in general; and the occurrence of events specified in the Offer to Purchase and Consent Solicitation Statement that would trigger a condition permitting termination or amendment of the Tender Offer and Consent Solicitation.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
SRE GROUP LIMITED
Shi Jian
Chairman

Hong Kong, June 22, 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. 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.