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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)**

**ANNOUNCEMENT –  
DEVELOPMENT PROGRESS OF  
THE PARCEL OF LAND LOCATED IN SHENYANG CITY, THE PRC  
IN RELATION TO  
DISCLOSEABLE AND CONNECTED TRANSACTION  
ACQUISITION OF KONMEN INVESTMENT LIMITED**

The Directors are pleased to announce that the Group had obtained the land use rights certificates in respect of approximately 42,725.8 sq.m. of the Land as at 30 April 2009 which is the subject property of the Acquisition Agreement entered into by the Group on 17 August 2007. The development executed according to plan and construction of Phase I (known as “Shenyang Albany”) of the Land had commenced on 10 June 2009. It is expected that the land use rights certificate in respect of the remaining approximately 110,000 sq.m. of the Land will be obtained on or before 30 June 2011.

**BACKGROUND**

Reference is made to the announcement and the circular (the “Circular”) of the Company dated 17 August and 7 September 2007, respectively, setting out, inter alia, the particulars of the Acquisition Agreement. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those used in the Circular.

Pursuant to the Acquisition Agreement, the Vendor has undertaken, inter alia, that if the PRC Subsidiary fails to obtain the land use rights certificates of the Land on or before 30 June 2009, the Vendor will pay the Consideration in cash to the Company on or before 31 December 2009. It was stated in the Circular, inter alia, that the Company will make relevant announcement if the land use rights certificates of the Land are not obtained by the PRC Subsidiary on or before 30 June 2009.

\* For identification purpose only

## DEVELOPMENT STATUS OF THE LAND

遼寧省體育運動學院 (Liaoning Provincial Sports Institute\*), which is situated on the Land, is a tertiary sports specialty institute with a national grade sports training stadium primarily for the training of national athletes. It was initially planned by the government of Shenyang City that the Liaoning Provincial Sports Institute and its sports training stadium would be demolished in 2007 and a new sports institute and a new sports training stadium will be developed in another location of the city. However, there has been a delay in the construction of the said new sports institute and sports training stadium by the government and, therefore, the Liaoning Provincial Sports Institute and its sport training stadium were maintained for the training of PRC national athletes including those participated in The Beijing 2008 Olympic Games and those who will participate in The Eleventh National Games to be held in October 2009. As a result, the demolition and relocation work of the Liaoning Provincial Sports Institute and its sport training stadium cannot be conducted as scheduled and the PRC Subsidiary can only carry out the demolition and relocation work in the area outside the Shenyang Provincial Sports Institute (mainly the residential area for the institute's teachers and athletes). As at 30 April 2009, the PRC Subsidiary had obtained the land use rights certificates in respect of approximately 42,725.8 sq.m. of the Land (representing approximately 28% of the total site area of the Land) and approximately 800 original households of the Land had been relocated (representing approximately 54% of the total number of households to be relocated). The PRC legal advisers to the Company have issued a legal opinion that the delay in obtaining the land use rights certificate for the remaining approximately 110,000 sq.m. of the Land primarily resulted from the act of the PRC government and, subject to the completion of relevant procedures according to the PRC law, the punctual payment of the land premium for the remaining part of the Land (which is to be made at the time of relocation of the Liaoning Provincial Sports Institute as agreed by the PRC government), the entering into of the state owned land use rights transfer agreement and the application for land registration according to law by the PRC Subsidiary, there is no substantive legal impediment for the PRC Subsidiary to obtain all the land use rights certificates for the remaining 110,000 sq.m. of the Land.

The portion of Land with land use rights certificates granted will be developed into a commercial and residential development with a gross floor area of approximately 130,929.1 sq.m., of which the construction of Phase I (Land area of 42,725.8 sq.m. and known as "Shenyang Albany") had commenced on 10 June 2009 and the pre-sale of Phase I is expected to be in mid-2010. According to the latest government plan, the Liaoning Provincial Sports Institute and its sports training stadium are expected to be relocated in mid-2010. Therefore, the demolition work for the remaining portion of the Land may commence at or around end of 2010. It is expected that the land use rights certificate in respect of the remaining approximately 110,000 sq.m. of the Land will be obtained on or before 30 June 2011.

The Directors have confirmed that the Land is developed in accordance with the development plan and the delay in obtaining the land use rights certificates for the remaining approximately 110,000 sq.m. of the Land would have no adverse impact on the Group's current development plan for the Land or on the Group's financial performance.

The Company will keep its shareholders and investors informed of any material development in respect of the obtaining of the outstanding land use rights certificate of the Land as and when appropriate.

By Order of the Board  
**SRE Group Limited**  
**Mr. Lee Kwok Wah**  
*Company Secretary*

Hong Kong, 26 June 2009

*As at the date of this announcement, the board of directors of the Company comprises five 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 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. E Hock Yap and Mr. Pan Long Qing.*