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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)

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF GOLDJOY INVESTMENT LIMITED**

**(2) DELAY IN ENFORCEMENT OF AN UNDERTAKING
GIVEN BY SRE INVESTMENT HOLDING LIMITED**

THE ACQUISITION OF GOLDJOY

On 28 October 2009, the Goldjoy Vendor and the Purchaser entered into the Goldjoy Acquisition Agreement pursuant to which the Goldjoy Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Share and the Sale Loan at the Consideration of HK\$750,000,000. The Sale Share represents the entire issued share capital in Goldjoy, which holds indirectly a 20% equity interest in Liaoning High School through the PRC Intermediate Company.

As one of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules for the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirements under Chapter 14 of the Listing Rules. In addition, since the Goldjoy Vendor is an associate of Goldjoy, which is a substantial shareholder of Liaoning High School, and Liaoning High School is a 70% owned subsidiary of the Company, the Goldjoy Vendor is a connected person of the Company under the Listing Rules. The Acquisition thus also constitutes a connected transaction of the Company. As two of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules for the Acquisition exceed 2.5% and the Consideration is more than HK\$10,000,000, the Acquisition is subject to the announcement, reporting and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

* For identification purpose only

DELAY IN ENFORCEMENT OF AN UNDERTAKING GIVEN BY SRE INVESTMENT HOLDING LIMITED

The Company acquired the entire issued share capital in Konmen which holds a 70% equity interest in Liaoning High School around the end of 2007 pursuant to the Konmen Acquisition Agreement. SRE Investment had pursuant to the Konmen Acquisition Agreement given the Undertaking. As at 30 April 2009, the Company had obtained land use right certificates for only approximately 28% of the site area of the Land. Having considered the legal opinion of the Company's legal advisers as to PRC laws and taking into consideration of the Group's development plan of the Land as well as the significant appreciation of the value of the Land, the Directors (including the independent non-executive Directors who have rendered their views on the proposal on delay in enforcement of the Undertaking on the condition that the advice of the Independent Financial Adviser will be supportive for the proposed arrangement) considered it fair and reasonable and in the interest of the Group and the Independent Shareholders as a whole for the Company not to exercise its right under the Undertaking against SRE Investment for the time being. The Company will seek the approval of the Independent Shareholders at the SGM for the Company to delay enforcement of the Undertaking against SRE Investment to 31 December 2012 if by that time Liaoning High School still fails to obtain the land use rights certificates in respect of the Remaining Portion of the Land.

THE SGM

The Company will convene the SGM for the purpose of seeking approval from the Independent Shareholders on (i) the Acquisition and the Goldjoy Acquisition Agreement; and (ii) the delay in enforcement of the Undertaking.

The Independent Board Committee has been established to advise the Independent Shareholders as to (i) the Acquisition and the Goldjoy Acquisition Agreement; and (ii) the delay in enforcement of the Undertaking and the Independent Financial Adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Acquisition and the Goldjoy Acquisition Agreement; and (ii) the delay in enforcement of the Undertaking.

A circular containing, among other things, further details of the Acquisition, the Goldjoy Acquisition Agreement, the proposal for delay in enforcement of the Undertaking, the recommendation from the Independent Board Committee to the Independent Shareholders, a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the valuation report in respect of the Land and the Property, together with a notice convening the SGM and other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable.

THE ACQUISITION OF GOLDJOY

On 28 October 2009, the Goldjoy Vendor and the Purchaser entered into the Goldjoy Acquisition Agreement pursuant to which the Goldjoy Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Share and the Sale Loan at the Consideration.

Date of the Goldjoy Acquisition Agreement

28 October 2009

Parties to the Goldjoy Acquisition Agreement

- (i) Ng Chi Ming Ken, as the vendor; and
- (ii) Konmen Investment Limited, a wholly-owned subsidiary of the Company, as the purchaser.

Assets to be acquired

The Purchaser has conditionally agreed to purchase the Sale Share and to take assignment of the Sale Loan from the Goldjoy Vendor. The Sale Share represents the entire issued share capital in Goldjoy, which holds indirectly a 20% equity interest in Liaoning High School through the PRC Intermediate Company. Please refer to the paragraph below headed “Information on Goldjoy, the PRC Intermediate Company and Liaoning High School” for details of these companies.

The Consideration

The total consideration for the Acquisition is HK\$750,000,000, of which HK\$711,038,769.39 is in respect of the Sale Share and HK\$38,961,230.61 is in respect of the Sale Loan. The Consideration, which is to be financed from internal resources of the Group, shall be satisfied by the Purchaser in the following manner:

- (A) HK\$250,000,000, being deposit and part payment (the “**Deposit**”), shall be paid by the Purchaser to the Goldjoy Vendor in cash upon the signing of the Goldjoy Acquisition Agreement subject to the fulfillment by the Goldjoy Vendor of the following matters, except as waived by the Purchaser, upon the payment of the Deposit:
 - (i) resolutions of the director(s) of Goldjoy shall be passed approving (a) the appointment of such person(s) nominated by the Purchaser as new director(s) with effect from the date of payment of the Deposit; and (b) amendments to the bank mandate of Goldjoy in such manner as the Purchaser shall advise;
 - (ii) resolutions of the directors of the PRC Intermediate Company shall be passed approving (a) the appointment of such person nominated by the Purchaser as the director(s) of the PRC Intermediate Company with effect from the date of payment of the Deposit; and (b) amendments to the bank mandate of the PRC Intermediate Company in such manner as the Purchaser shall advise;
 - (iii) the delivery to the Purchaser a certified copy of the resolutions referred to in (A)(i) and (ii) above; and
 - (iv) the delivery to the Purchaser, in respect of Goldjoy and the PRC Intermediate Company (a) all statutory records and minute books (which shall be written up to the date of signing of the

Goldjoy Acquisition Agreement) and (if applicable) any unissued share certificates and other statutory records of Goldjoy and the PRC Intermediate Company; and (b) the common seal and all rubber stamps, cheque books, cheque stubs and bank statements, receipt books, all current insurance policies, books and accounts and title deeds and evidence of ownership to all assets and all current contracts and all other accounting records of Goldjoy and the PRC Intermediate Company; and

(B) the balance of HK\$500,000,000 to be satisfied by the issue of the Promissory Note by the Company in favour of the Goldjoy Vendor on Completion.

The Company will, pursuant to the Promissory Note to be issued on Completion, irrevocably and unconditionally promise to pay the Goldjoy Vendor on or before 28 October 2011, a sum of HK\$500,000,000, being the balance of the Consideration payable by the Purchaser to the Goldjoy Vendor pursuant to the Goldjoy Acquisition Agreement.

In the event that the Goldjoy Vendor shall fail to fulfill any of the Conditions on or before the Long Stop Date or if applicable, any other later date as mutually agreed between the Goldjoy Vendor and the Purchaser, the Goldjoy Vendor shall refund the Deposit to the Purchaser within 7 Business Days from the date of notice issued by the Purchaser requesting the termination of the Goldjoy Acquisition Agreement and refund of the Deposit together with interests calculated at a rate of 5% per annum accrued on the Deposit from the date of payment of the Deposit up to the date of refund of the Deposit by the Goldjoy Vendor to the Purchaser (both days inclusive).

The Consideration was determined after arm's length negotiation between the Goldjoy Vendor and the Purchaser, with reference to, among other things, the increase in market value of the Land, the geographical location of the Land and the continuous rising trend of the property market of Shenyang, the PRC.

The original purchase cost of Goldjoy and the indirect equity interest in the PRC Intermediate Company and Liaoning High School to the Goldjoy Vendor amounted to RMB247,000,000 (approximately HK\$280,345,000).

Conditions to Completion

Pursuant to the Goldjoy Acquisition Agreement, Completion is conditional upon the fulfillment and compliance of the following conditions, except where waived by the Purchaser in writing (save in respect of Conditions (viii) and (ix) below, and such waiver may be made subject to such terms and conditions as the Purchaser shall deem appropriate), which shall remain fulfilled and complied on Completion:

- (i) the Purchaser shall have been satisfied with the results of the due diligence review conducted or to be conducted on the assets, liabilities, business, operations, legal and financial aspect, value of assets, accounts, results, prospects, financial position and any other affairs of Goldjoy and the PRC Intermediate Company as it may reasonably consider appropriate undertaken by the Purchaser or its advisers;

- (ii) save for the land use rights certificate to be obtained by Liaoning High School in respect of the Remaining Portion of the Land, all relevant licences, authorisation, approval or consents required for the Land and the Property are in full force and effect and are held beneficially by Liaoning High School and will not be affected by the consummation of the transactions contemplated under the Goldjoy Acquisition Agreement;
- (iii) the production of written evidence (including but not limited to a capital verification report of Liaoning High School) to the satisfaction of the Purchaser certifying that the outstanding registered capital of RMB37,000,000 (approximately HK\$41,995,000) in respect of the 20% equity interest in Liaoning High School held by the PRC Intermediate Company, has been duly and legally injected into Liaoning High School by the PRC Intermediate Company;
- (iv) the production of written evidence to the satisfaction of the Purchaser certifying that a sum of RMB247,000,000 (approximately HK\$280,345,000) payable by the PRC Intermediate Company to the previous owner of 20% equity interest in Liaoning High School pursuant to an equity interest transfer agreement dated 27 September 2007 had been fully settled or unconditionally and irrevocably waived by that previous owner for any further payment;
- (v) the production of the Updated PRC Management Accounts in form and substance to the satisfaction of the Purchaser;
- (vi) the receipt by the Purchaser of a legal opinion in the form and substance satisfactory to the Purchaser from a firm of lawyers practising the laws of the PRC and acceptable to the Purchaser confirming legal issues including but not limited to the ownership, legal status, shareholding structure and registered capital of the PRC Intermediate Company and Liaoning High School and all other issues or matters which the Purchaser shall require advices from the PRC lawyer;
- (vii) the receipt of a legal opinion in the form and substance satisfactory to the Purchaser from a firm of lawyers practising the laws of the BVI and acceptable to the Purchaser regarding to the due establishment and subsistence of Goldjoy, the validity and enforceability of the Goldjoy Acquisition Agreement and other transactions contemplated under the Goldjoy Acquisition Agreement;
- (viii) the passing of a resolution at the SGM by the Independent Shareholders to be convened in compliance with the Listing Rules to approve the Goldjoy Acquisition Agreement and the Acquisition, including the issue of the Promissory Note pursuant to the Goldjoy Acquisition Agreement;
- (ix) the parties to the Goldjoy Acquisition Agreement having obtained any and all other consents, permits, approvals, authorizations and waivers necessary or appropriate for the entering into and consummation of the Acquisition;
- (x) no event or series of events shall have occurred which, in the opinion of the Purchaser, has, had or would reasonably be expected to have a Material Adverse Effect;

- (xi) all of the Warranties shall be true and accurate in all material respects on the date of the Goldjoy Acquisition Agreement and at all times up to and including the Completion Date; and
- (xii) no event or circumstances shall have occurred which, in the opinion of the Purchaser, has, had or would render any of the Warranties incorrect or incapable of performance and that there are no other breaches of any of the Warranties.

If the Conditions are not fulfilled or, as the case may be, waived by the Purchaser by 4:00 p.m. on the Long Stop Date (or such later date as the Goldjoy Vendor and the Purchaser may mutually agree), the obligations of the parties under the Goldjoy Acquisition Agreement shall cease and determine and neither party shall have any claim under the Goldjoy Acquisition Agreement against the other save in respect of any antecedent breaches of the Goldjoy Acquisition Agreement and save for the obligation of the Goldjoy Vendor to refund the Deposit together with interests in accordance with the provisions of the Goldjoy Acquisition Agreement.

Termination

The Purchaser may by notice in writing terminate the Goldjoy Acquisition forthwith if at any time prior to Completion:

- (i) the Goldjoy Vendor commits any breach of or omits to observe any of its obligations or undertakings under the Goldjoy Acquisition Agreement in any aspect; or
- (ii) any creditor makes a valid demand for repayment or payment of any indebtedness of any member of the Goldjoy Group or in respect of which any member of the Goldjoy Group is liable prior to its stated maturity which demand can be expected to have a Material Adverse Effect; or
- (iii) between the date of the Goldjoy Acquisition Agreement and Completion, any provisions in the Goldjoy Acquisition Agreement restricting the conduct of business of members of the Goldjoy Group is not satisfied or has not been duly and promptly fulfilled, observed or performed in any respect; or
- (iv) any member of the Goldjoy Group shall sustain any loss or damage (howsoever caused and whether or not the subject of any insurance or claim against any person) which constitutes a Material Adverse Effect; or
- (v) any petition is presented for the winding up or liquidation of any member of the Goldjoy Group or any member of the Goldjoy Group makes any composition or arrangement with its creditors or enters into a scheme of the Goldjoy Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Goldjoy Group or anything analogous thereto occurs and have not been withdrawn within 14 days thereof in respect of any member of the Goldjoy Group which can be expected to have a Material Adverse Effect.

Notwithstanding termination of the Goldjoy Acquisition Agreement, the Goldjoy Vendor is obliged to refund the Deposit together with interest in accordance with the provisions of the Goldjoy Acquisition Agreement.

Force majeure

In the event of the happening of a force majeure event as described in the Goldjoy Acquisition Agreement and such force majeure event or the effects thereof is not removable or not possible to be remedied in the reasonable opinion of the parties to the Goldjoy Acquisition Agreement or the force majeure event or the effects thereof is not removed or remedied within 30 days from the happening of such force majeure event, the Goldjoy Acquisition Agreement shall be deemed terminated on the date immediately following the date of expiration of the said 30 days period (“**Termination Date**”) whereupon all obligations of the parties under the Goldjoy Acquisition Agreement shall cease and determine and neither party will have any claim against the other party in respect of any matter or thing arising out of or in connection with the Goldjoy Acquisition Agreement save and except in respect of any antecedent breach of any obligation under Goldjoy Acquisition Agreement and the obligation for the Goldjoy Vendor to refund the Deposit to the Purchaser without interest within 7 Business Days from the Termination Date.

Completion

Subject to and conditional upon fulfillment or waiver (as the case may be) of all the Conditions, Completion shall take place on the Completion Date or at such other time as shall be mutually agreed by the Goldjoy Vendor and the Purchaser.

Upon Completion, both Goldjoy and the PRC Intermediate Company will become subsidiaries of the Company, the Group’s effective interest in Liaoning High School will increase from 70% to 90%, and Liaoning High School will continue to be a subsidiary of the Company.

Information on Goldjoy, the PRC Intermediate Company and Liaoning High School

Goldjoy

Goldjoy is an investment holding company with limited liability incorporated under the laws of the BVI on 24 April 2007, and is wholly-owned by the Goldjoy Vendor as at the date of the Goldjoy Acquisition Agreement. Goldjoy holds the entire equity interest in the PRC Intermediate Company.

The unaudited consolidated net asset value of Goldjoy as at 31 December 2008 was approximately HK\$3,580,800. For the period from 24 April 2007 (date of incorporation) to 31 December 2007, the unaudited consolidated net loss of Goldjoy was approximately HK\$88,600. For the financial year ended 31 December 2008, the unaudited consolidated net loss of Goldjoy was approximately HK\$3,100.

The PRC Intermediate Company

The PRC Intermediate Company is a limited liability company established under the laws of the PRC on 13 July 2007, which holds 20% equity interest in Liaoning High School. It is principally engaged in property development, self-owned property leasing and property management in the PRC.

Liaoning High School

Liaoning High School is a limited liability company established under the laws of the PRC on 4 December 2000 and is owned by the Purchaser as to 70%, the PRC Intermediate Company as to 20% and 瀋陽高創金上房地產投資諮詢有限公司 (Shenyang Gaochuang Jinshang Property Investment Consultation Co., Ltd.), a third party independent of the Company and its connected persons, as to 10%. Liaoning High School is principally engaged in property development, commercial housing sales and property leasing in the PRC and is the owner of the Property. Liaoning High School had also successfully won the bid held on 3 August 2007 for the acquisition of the Land and has at the date of this announcement obtained the land use rights certificates in respect of approximately 28% of the total site area of the Land. Details of the Land and the Property are set out below:

The Land is located at South Street East, Heping District, Shenyang, the PRC with land plot number 2007-024, for residential (with a term of land use right of 50 years) and commercial (for a term of land use right of 40 years) uses, and has a site area of approximately 153,696 sq.m. As at the date of this announcement, Liaoning High School has obtained land use rights certificates in respect of approximately 42,725.8 sq.m., representing approximately 28% of the total site area of the Land. Based on the Draft Valuation Report, the Land was valued at HK\$3,654,700,000 as at 30 September 2009.

The portion of Land with land use right certificates granted will be developed into a commercial and residential development of which the construction of Phase I (with a Land area of 42,725.80 sq.m. and known as 瀋陽雅賓利 (“Shenyang Albany”)) had commenced on 10 June 2009 and the pre-sale of Phase I is expected to be in mid-2010.

The Property is a residential estate known as 建賞歐洲 (“Appreciate Europe”) located at 皇姑區長江街134號 (134 Chang Jiang Street, Huang Gu District), Shenyang, the PRC. Appreciate Europe, being erected on a parcel of land with site area of approximately 94,872 sq.m., is a residential development completed in 2006. The aggregate gross floor area of unsold residential portion which is held for sale of Appreciate Europe amounted to approximately 12,000 sq.m. as at 30 September 2009. Based on the Draft Valuation Report, the unsold portion of Appreciate Europe was valued at RMB128,000,000 (approximately HK\$145,280,000) as at 30 September 2009.

Reasons for and benefits of the Acquisition

Given the revival of the property market in the PRC, in particular in fast growing cities like Shenyang, the increasing property market price in Shenyang, and the increase of value and the prime location of the Land, the Company expects the Acquisition would enhance its profitability once the development of the Land into a high-end residential and commercial property has been completed.

Having considered the above, the Directors (including the independent non-executive Directors who have expressed their opinion on the Acquisition and the Goldjoy Acquisition Agreement on the condition that the advice of the Independent Financial Adviser will be supportive for the Acquisition) consider that the Acquisition is on normal commercial terms and in the ordinary and usual course of business of the Company, and that the terms of the Goldjoy Acquisition Agreement are fair and reasonable and the Acquisition is in the interests of the Group and the Shareholders as a whole.

Implications of the Listing Rules

As one of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules for the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirements under Chapter 14 of the Listing Rules. In addition, since the Goldjoy Vendor is an associate of Goldjoy, which is a substantial shareholder of Liaoning High School, and Liaoning High School is a 70% owned subsidiary of the Company, the Goldjoy Vendor is a connected person of the Company under the Listing Rules. The Acquisition thus also constitutes a connected transaction of the Company. As two of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules for the Acquisition exceed 2.5% and the Consideration is more than HK\$10,000,000, the Acquisition is subject to the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An independent board committee comprising all the independent non-executive Directors has been formed to advise the Shareholders as to whether the terms of the Goldjoy Acquisition Agreement and the Acquisition are fair and reasonable and are in the interests of the Group and the Shareholders as a whole, and to advise the Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

DELAY IN ENFORCEMENT OF THE UNDERTAKING

Reference is made to the announcement of the Company dated 17 August 2007 and the circular of the Company dated 7 September 2007 on the acquisition of the Purchaser pursuant to the Konmen Acquisition Agreement which was entered into between SRE Investment as vendor, Goldfull as purchaser and the Company on 17 August 2007. Pursuant to the Konmen Acquisition Agreement, SRE Investment undertook that in the event Liaoning High School fails to obtain the relevant State-owned land use rights certificates in respect of the Land on or before 30 June 2009, it would pay the amount of the consideration for the acquisition of the Purchaser (HK\$1,600 million) in cash to the Company on or before 30 December 2009.

The Konmen Acquisition Agreement and the transactions contemplated thereunder were approved by the Independent Shareholders at a general meeting of the Company held on 24 September 2007 and Goldfull acquired the entire issued share capital in the Purchaser which holds a 70% equity interest in Liaoning High School around the end of 2007 pursuant to the Konmen Acquisition Agreement.

It was announced by the Company on 26 June 2009 that as at 30 April 2009, Liaoning High School has only obtained land use rights certificates for approximately 28% of the site area of the Land. Notwithstanding that the land use rights certificates in respect of the entire site area of the Land cannot be obtained by Liaoning High School by 30 June 2009, the Company proposes not to enforce the Undertaking against SRE Investment for the time being for the following reasons:—

- (i) As disclosed in the announcement of the Company dated 26 June 2009, the delay in the obtaining of land use rights certificates for the Remaining Portion of the Land is due to delay in the demolition and relocation work of the Liaoning Provincial Sports Institute and its sports training stadium situated on the Land by the Shenyang Municipal Government. The reason for such delay is entirely an act of government which is beyond the control of the parties to the Konmen Acquisition Agreement.
- (ii) Development of the portion of the Land with land use rights certificates obtained has already commenced, and pre-sale of the Phase I of the commercial and residential development is expected to be in mid-2010. The delay in obtaining the land use rights certificates for the Remaining Portion of the Land is not expected to have adverse impact on the Group's development plan for the Land or its financial performance.
- (iii) The Company has been benefiting from the increase in the value of the Land and is expected to further benefit from the sale of properties of the development in view of shortage of land supply in the city of Shenyang, the PRC.
- (iv) The Company has obtained PRC legal opinion that subject to completion of relevant procedures according to the PRC law, the punctual payment of the land premium for the Remaining Portion of the Land, the entering into of the state owned land use rights transfer agreement and the application for land registration according to law by Liaoning High School, there is no substantive legal impediment for Liaoning High School to obtain the land use rights certificates for the Remaining Portion of the Land.

Having considered the legal opinion of the Company's legal advisers as to PRC laws and taking into consideration of the Group's development plan of the Land as well as the significant appreciation of the value of the Land, the Directors (including the independent non-executive Directors who have rendered their views on the proposal on delay in enforcement of the Undertaking on the condition that the advice of the Independent Financial Adviser will be supportive for the proposed arrangement) considered it fair and reasonable and in the interest of the Group and the Independent Shareholders as a whole for the Company not to exercise its right under the Undertaking against SRE Investment for the time being. It was provided in the Konmen Acquisition Agreement that any forbearance or delay by a party in exercising any of its rights thereunder shall not be constituted as a waiver thereof.

The Company will seek the approval of the Independent Shareholders at the SGM for the Company to delay enforcement of the Undertaking against SRE Investment to 31 December 2012 if by that time Liaoning High School still fails to obtain the land use rights certificates in respect of the remaining portion of the Land.

THE SGM

The Company will convene the SGM for the purpose of seeking approval from the Independent Shareholders on (i) the Acquisition and the Goldjoy Acquisition Agreement; and (ii) the delay in enforcement of the Undertaking. The votes at the SGM shall be taken by poll.

To the best of the Directors' knowledge, information and belief, as at the date of the Goldjoy Acquisition Agreement, (i) neither the Goldjoy Vendor nor any of its associates is a Shareholder; and (ii) none of the Shareholders has a material interest in the Goldjoy Acquisition Agreement and is required to abstain from voting on the resolution to be proposed at the SGM to approve the Goldjoy Acquisition Agreement and the transactions contemplated thereunder (including the issue of the Promissory Note).

As SRE Investment has a material interest in the Undertaking, SRE Investment and its associates will abstain from voting on the resolution to be proposed at the SGM to approve the delay in enforcement of the Undertaking.

The Independent Board Committee has been established to advise the Independent Shareholders as to (i) the Acquisition and the Goldjoy Acquisition Agreement; and (ii) the delay in enforcement of the Undertaking and the Independent Financial Adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Acquisition and the Goldjoy Acquisition Agreement; and (ii) the delay in enforcement of the Undertaking.

A circular containing, among other things, further details of the Acquisition, the Goldjoy Acquisition Agreement, the proposal for delay in enforcement of the Undertaking, the recommendation from the Independent Board Committee to the Independent Shareholders, a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the valuation report in respect of the Land and the Property, together with a notice convening the SGM and other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable.

GENERAL

The Group is an integrated property developer and is primarily 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

“Acquisition”	the acquisition of the Sale Share and the Sale Loan pursuant to the Goldjoy Acquisition Agreement
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Business Day”	a day, other than a Saturday, on which licensed banks in Hong Kong are open for business throughout their normal business hours
“BVI”	British Virgin Islands
“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
“Completion”	completion of the Goldjoy Acquisition Agreement
“Completion Date”	the date on which all Conditions have been fulfilled (or waived, as appropriate)
“Conditions”	the conditions precedent to the Completion, as more particularly set out under the section headed “The Acquisition of Goldjoy-Conditions to Completion” of this announcement
“Consideration”	the aggregate consideration for the Sale Share and the Sale Loan in the amount of HK\$750,000,000
“Directors”	the directors of the Company
“Draft Valuation Report”	the draft valuation report prepared by BMI Appraisals Limited on the Land and the Property with values as at 30 September 2009, final version of which will be included in the circular of the Company to be despatched to the Shareholders in relation to the Acquisition and the proposal for the delay in enforcement of the Undertaking
“Goldfull”	Goldfull Enterprises Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company which holds the entire equity interest in the Purchaser
“Goldjoy”	Goldjoy Investment Limited (金怡投資有限公司), a company incorporated in the BVI with limited liability, and wholly-owned by the Goldjoy Vendor as at the date of this announcement
“Goldjoy Group”	Goldjoy and the PRC Intermediate Company and “member of the Goldjoy Group” shall mean any of them

“Goldjoy Vendor”	Mr. Ng Chi Ming Ken
“Goldjoy Acquisition Agreement”	the conditional sale and purchase agreement dated 28 October 2009 entered into between the Goldjoy Vendor and the Purchaser, pursuant to which the Goldjoy Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Share and the Sale Loan
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors, to advise the Independent Shareholders on the Goldjoy Acquisition Agreement and the Acquisition as well as the proposal for the delay in enforcement of the Undertaking
“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders on the Goldjoy Acquisition Agreement and the Acquisition as well as the proposal for the delay in enforcement of the Undertaking
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the SGM pursuant to the Listing Rules
“Konmen Acquisition Agreement”	the sale and purchase agreement dated 17 August 2007 entered into between SRE Investment, Goldfull and the Company in relation to the acquisition of the entire issued share capital in the Purchaser by Goldfull
“Land”	the plot of land located at South Street East, Heping District, Shenyang, the PRC with land plot number 2007-024
“Liaoning High School”	遼寧高校後勤集團房地產開發有限公司 (“Liaoning High School Support Group Property Development Limited”), a company established in the PRC with limited liability, which is owned as to 20% by the PRC Intermediate Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 July 2010
“Material Adverse Effect”	any event, circumstance, occurrence, fact, condition, change or effect that is materially adverse to the business, operations, results of operations, financial condition, management, prospects, properties, assets or liabilities of Goldjoy, the PRC Intermediate Company or Liaoning High School, taken as a whole or otherwise

“PRC”	the People’s Republic of China which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“PRC Intermediate Company”	瀋陽綠怡置業有限公司 (Shenyang Luyi Property Company Limited), a company established in the PRC with limited liability, which is wholly-owned by Goldjoy
“Promissory Note”	the promissory note to be given by the Company to the Goldjoy Vendor on Completion pursuant to which the Company will irrevocably and unconditionally promise to pay the Goldjoy Vendor the sum of HK\$500,000,000, being the balance of the Consideration payable to the Goldjoy Vendor pursuant to the Goldjoy Acquisition Agreement, the form of which is set out in the Goldjoy Acquisition Agreement
“Property”	the residential estate owned by Liaoning High School known as 建賞歐洲 (“Appreciate Europe”), excluding any units sold prior to 30 September 2009
“Purchaser” or “Konmen”	Konmen Investment Limited, a company incorporated in the BVI with limited liability, and a wholly-owned subsidiary of the Company which currently holds 70% equity interest in Liaoning High School
“Remaining Portion of the Land”	a portion of 110,970.2 square meters of the Land which land use rights certificate has not been obtained by Liaoning High School as at the date of the Goldjoy Acquisition Agreement
“Sale Loan”	an interest free shareholder’s loan in the sum of HK\$38,961,230.61 with no designated term of repayment which will be assigned by the Goldjoy Vendor to the Purchaser on Completion pursuant to the Goldjoy Acquisition Agreement
“Sale Share”	1 share of US\$1.00 in the capital of Goldjoy, representing the entire issued share capital of Goldjoy
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, to approve (i) the Goldjoy Acquisition Agreement and the Acquisition; and (ii) the delay in enforcement of the Undertaking
“Shareholders”	holders of the Shares
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“SRE Investment”	SRE Investment Holding Limited (previously known as Good Time Resources Limited), a company incorporated in the BVI and a controlling Shareholder

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Undertaking”	the undertaking given by SRE Investment pursuant to the Konmen Acquisition Agreement that it would pay the consideration for the acquisition of Konmen in cash to the Company on or before 30 December 2009 if Liaoning High School failed to obtain the land use rights certificates of the Land on or before 30 June 2009
“Updated PRC Management Accounts”	the unaudited financial statements of the PRC Intermediate Company for the period from 1 January 2009 to the date when all the Conditions, other than Condition (v) under the section headed “The Acquisition of Goldjoy-Conditions to Completion” of this announcement, have been fulfilled (or waived, as appropriate)
“Warranties”	the agreements, obligations, warranties, representations and undertakings of the Goldjoy Vendor as set out in the Goldjoy Acquisition Agreement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollar(s), the lawful currency of the United States of America
“sq.m.”	square metres
“%”	per cent.

By order of the Board
SRE Group Limited
Shi Jian
Chairman

Hong Kong, 28 October 2009

As at the date hereof, 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.

English names of the PRC established companies and of the Property set out 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 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.