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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)**

**TERMINATION OF THE ACQUISITION AGREEMENT  
DATED 21 JANUARY 2010 AND APPLICATION FOR  
WHITEWASH WAIVER NO LONGER NECESSARY**

**AND**

**DISCLOSEABLE AND CONNECTED TRANSACTION**

**Financial Adviser to the Company**



**KBC Bank N.V. Hong Kong Branch**

**TERMINATION OF THE PREVIOUS ACQUISITION AGREEMENT**

The Company was advised that SRE Investment and the Vendor had entered into a termination agreement to terminate the SREI Acquisition Agreement on 10 February 2010. Accordingly, on the same date, the parties to the Previous Acquisition Agreement entered into the Termination Agreement, pursuant to which the Previous Acquisition Agreement was terminated.

**THE NEW ACQUISITION AGREEMENT**

On 10 February 2010, the Vendor and the Purchaser entered into the New Acquisition Agreement pursuant to which the Purchaser has conditionally agreed to purchase the Sale Share and the Loan from the Vendor for the aggregate consideration of RMB305,000,000 (approximately HK\$346,000,000), which will be paid by the Purchaser in cash to the Vendor at Completion.

As the consideration ratio calculated pursuant to Rule 14.07(4) of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the announcement requirement pursuant to Chapter 14 of the Listing Rules. Further, as the Vendor is a substantial shareholder of Huarui Asset Management, a 51% owned subsidiary of the Company, through its 100% interest in Gao Feng, the Vendor is a connected person of the Company as defined under the Listing Rules, and the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the consideration ratio calculated pursuant to Rule 14.07(4) of the Listing Rules in respect of the Acquisition exceeds 2.5% and the consideration for the Acquisition is more than HK\$10,000,000, the Acquisition is also subject to the Independent Shareholders' approval by way of poll at the SGM pursuant to the Listing Rules.

### **THE SGM**

The Company will convene the SGM for the purpose of seeking approval from the Independent Shareholders on the Acquisition and the New Acquisition Agreement. The votes at the SGM shall be taken by poll.

Pursuant to the Listing Rules, the Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Acquisition and the New Acquisition Agreement. No member of the Independent Board Committee has any interest or involvement in the transactions contemplated under the New Acquisition Agreement. The Company has appointed Ample Capital as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the New Acquisition Agreement.

### **GENERAL**

A circular containing, among other things, further details relating to (i) the Acquisition; (ii) the advice of Ample Capital to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; (iii) the recommendations of the Independent Board Committee to the Independent Shareholders in respect of the Acquisition; (iv) the valuation report on the Retail Property; (v) the notice convening the SGM; and (vi) other information as required under the Listing Rules, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

## **TERMINATION OF THE PREVIOUS ACQUISITION AGREEMENT AND APPLICATION FOR WHITEWASH WAIVER NO LONGER NECESSARY**

Reference is made to the announcement of the Company dated 21 January 2010 in relation to, among others, a major and connected transaction of the Company involving the acquisition of the entire issued share capital of, and the shareholders' loan to, Gao Feng by the Purchaser from SRE Investment pursuant to the Previous Acquisition Agreement, the issue of Consideration Shares, and the application for a Whitewash Waiver.

The Company was advised that SRE Investment and the Vendor had entered into a termination agreement to terminate the SREI Acquisition Agreement on 10 February 2010. Accordingly, on the same date, the parties to the Previous Acquisition Agreement entered into the Termination Agreement, pursuant to which the Previous Acquisition Agreement was terminated and none of the parties to the Previous Acquisition Agreement shall have any claim against or liability or obligation to the other parties in connection with the Previous Acquisition Agreement.

As the Previous Acquisition Agreement was terminated, no Consideration Shares will be issued by the Company to SRE Investment pursuant to the Previous Acquisition Agreement. Since the Previous Acquisition Agreement was terminated and the New Acquisition Agreement does not involve the issue of any Consideration Shares, the interests in the voting rights of the Company held by SRE Investment and persons acting in concert with it will not increase by more than 2% within 12-month period as a result of either the Previous Acquisition Agreement or the New Acquisition Agreement, and SRE Investment and persons acting in concert with it will not be obliged to make a mandatory offer for all the securities of the Company not already owned or agreed to be acquired by them pursuant to the Takeovers Code. It is therefore not necessary for SRE Investment to make any application to the Executive for the Whitewash Waiver.

The Board considers that the termination of the Previous Acquisition Agreement will not have any material effect on the existing business or financial position of the Group.

## **THE NEW ACQUISITION AGREEMENT**

### **Date**

10 February 2010

### **Parties to the New Acquisition Agreement**

- (i) Md. Li De E as the vendor; and
- (ii) Sinopower Investment Limited, a wholly-owned subsidiary of the Company, as the purchaser.

As the Vendor is a substantial shareholder of Huarui Asset Management, a 51% owned subsidiary of the Company, through its 100% interest in Gao Feng, the Vendor is a connected person of the Company as defined under the Listing Rules.

### **Assets to be acquired**

Pursuant to the New Acquisition Agreement, the Purchaser has conditionally agreed to purchase the Sale Share and the Loan from the Vendor. The Sale Share represents the entire issued share capital of the Subject Company.

### *Information on the Subject Company*

The Subject Company is an investment holding company incorporated in the BVI on 29 January 2010. As at the date of the New Acquisition Agreement, the principal asset of the Subject Company is its 100% interest in the HK Subsidiary and its principal activity is the holding of the entire issued share capital of the HK Subsidiary.

As at 9 February 2010, the unaudited net asset value of the Subject Company was US\$1 (approximately HK\$7.8). The Subject Company did not record any profit nor loss for the period from 29 January 2010 (the date of its incorporation) to 9 February 2010.

The original cost to the Vendor for the acquisition of the Subject Company was HK\$5,850.

### *Information on the HK Subsidiary*

The HK Subsidiary is an investment holding company incorporated in Hong Kong on 3 February 2010. As at the date of the New Acquisition Agreement, the HK Subsidiary had no material assets and upon completion of the HK Subsidiary Acquisition, its principal activity will be the holding of 9% equity interest in Huarui Asset Management.

As at 9 February 2010, the unaudited net asset value of the HK Subsidiary was HK\$1. The HK Subsidiary did not record any profit nor loss for the period from 3 February 2010 (the date of its incorporation) to 9 February 2010.

The original cost to the Vendor for the acquisition of the HK Subsidiary was HK\$3,800.

### *Information on Huarui Asset Management*

Huarui Asset Management is a limited liability company established in the PRC on 30 October 2007 and is a 51% owned subsidiary of the Company with the remaining 49% being currently owned by Perfect Media, a company wholly-owned by the Vendor. Prior to Completion, the HK Subsidiary shall acquire 9% equity interest in Huarui Asset Management from Perfect Media pursuant to the HK Subsidiary Acquisition. As at the date of the New Acquisition Agreement, the principal asset of Huarui Asset Management is the Retail Property and its principal activity is the operation and management of the Retail Property.

Based on the audited financial statements of Huarui Asset Management prepared under PRC Generally Accepted Accounting Principles, Huarui Asset Management recorded audited net asset value of approximately RMB55.60 million (approximately HK\$63.11 million) as at 31 December 2008. Based on the unaudited financial statements of Huarui Asset Management prepared under PRC Generally Accepted Accounting Principles, Huarui Asset Management recorded unaudited net asset value of approximately RMB138.13 million (approximately HK\$156.79 million) as at 31 December 2009. Huarui Asset Management recorded an audited loss before and after tax of approximately RMB24.39 million (approximately HK\$27.68 million) and approximately RMB24.39 million (approximately HK\$27.68

million) respectively for the year ended 31 December 2008. Based on the unaudited financial statements of Huarui Asset Management prepared under PRC Generally Accepted Accounting Principles, Huarui Asset Management recorded an unaudited loss before and after tax of approximately RMB63.99 million (approximately HK\$72.63 million) and approximately RMB63.99 million (approximately HK\$72.63 million) respectively for the year ended 31 December 2009.

The original cost to the Vendor for the acquisition of 9% equity interest in Huarui Asset Management was US\$2,874,258 (approximately HK\$22,419,212).

### *Information on the Retail Property*

The Retail Property is located at the Western part of Huigong Plaza, Shenhe District, Shenyang, Liaoning Province, the PRC. The Retail Property comprises a shopping mall, namely Rich Gate Shopping Mall (華府天地購物中心) with a gross floor area of approximately 245,252 sq.m. The first basement level and first to fifth floors of Rich Gate Shopping Mall are occupied for retail use whereas car parking spaces were situated at the second basement level and the first floor of Rich Gate Shopping Mall.

### **The Consideration**

The Consideration is RMB305,000,000 (approximately HK\$346,000,000), of which RMB285,247,396.48 (approximately HK\$323,755,795) is the consideration for the Sale Share and RMB19,752,603.52 (approximately HK\$22,419,205) is the consideration for the Loan. The Consideration will be paid by the Purchaser to the Vendor in cash at Completion.

The Consideration was determined after arm's length negotiation between the Company and the Vendor, with reference to, among other things, (i) the geographical location of the Retail Property, (ii) the expected valuation of the Retail Property as at 31 December 2009 as indicated by Jones Lang LaSalle Sallmanns Limited, an independent valuer, and (iii) the market potential of the real estate and the retail sector of Shenyang, the PRC.

### **Conditions to Completion**

Completion is conditional upon the following conditions being satisfied or waived (whether in full or in part, with or without conditions) by the Purchaser on or before the Long Stop Date:

- (i) the passing of a resolution at the SGM by the Independent Shareholders to approve the New Acquisition Agreement and the transactions contemplated thereunder;
- (ii) completion of the HK Subsidiary Acquisition and the Registration Procedures;
- (iii) the Purchaser undertaking and completing a due diligence investigation in respect of the Subject Group including but not limited to the affairs, business, assets, liabilities, operations, records, financial position, value of assets, accounts, results, legal and financial structure and shareholding structure of the Subject Group and the legality and effectiveness of the HK Subsidiary Acquisition and the Purchaser being satisfied with the results of such due diligence investigation in all respects;

- (iv) the parties to the New Acquisition Agreement having obtained any and all other consents, permits, approvals, authorisations and waivers necessary or appropriate for the entering into and consummation of the transactions contemplated by the New Acquisition Agreement; and
- (v) the warranties given by the Vendor under the New Acquisition Agreement remaining true, accurate and not misleading in all material respects.

If any of the above Conditions is not fulfilled or waived by the Purchaser (other than the Conditions set out in (i), (ii) and (iv) above which cannot be waived) by no later than 4:00 p.m. on the Long Stop Date, the New Acquisition Agreement shall lapse and be of no further effect and no party to the New Acquisition Agreement shall have any claim against or liability or obligation to the other party in respect of the New Acquisition Agreement save and except for any antecedent breaches of the New Acquisition Agreement.

### **Purchaser's right to terminate the New Acquisition Agreement**

The Purchaser may on or before the Completion Date in its absolute discretion by notice in writing to the Vendor terminate the New Acquisition Agreement forthwith if at any time prior to Completion:

- (a) the Vendor commits any breach of or omits to observe any of its obligations or undertakings under the New Acquisition Agreement;
- (b) any creditor makes a valid demand for repayment or payment of any indebtedness of any member of the Subject Group or in respect of which any member of the Subject Group is liable prior to its stated maturity which demand can be expected to have a Material Adverse Change (or Effect);
- (c) the Vendor fails to observe certain provisions in the New Acquisition Agreement relating to conduct of the business of the Subject Group prior to Completion;
- (d) any member of the Subject Group shall sustain any loss or damage which constitutes a Material Adverse Change (or Effect); or
- (e) any petition is presented for the winding up or liquidation of any member of the Subject Group or any member of the Subject Group makes any composition or arrangement with its creditors or enters into a scheme of the Subject Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Subject Group or anything analogous thereto occurs and have not been withdrawn within 14 days thereof in respect of any member of the Subject Group which can be expected to have a Material Adverse Change (or Effect).

## **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.

After Completion, the Subject Company and the HK Subsidiary will become wholly-owned subsidiaries of the Company and Huarui Asset Management will become a 60% owned subsidiary of the Company.

## **Call Option**

Pursuant to the New Acquisition Agreement, the Vendor has granted to the Purchaser the Call Option, which may be exercised by the Purchaser more than once from time to time and at any time during the period of 2 years from the Completion Date, to purchase in aggregate up to 40% of the equity interest in Huarui Asset Management by delivering to the Vendor a written option exercise notice.

The consideration for the Option Interest shall be payable by the Purchaser to the Vendor in RMB in cash at the relevant completion date and shall be calculated as follows:

$$\text{Consideration for the Option Interest} = A \times 90\%$$

where:

A = the fair value of the Option Interest as at the date being one month immediately preceding the date of the relevant option exercise notice, which shall be arrived at with reference to valuation of the Retail Property by an independent property valuer to be appointed by the Purchaser and agreed to by the Vendor.

The sale and purchase of the Option Interest pursuant to exercise of the Call Option may be either by way of the direct sale by Perfect Media of the Option Interest to the Purchaser and/or its nominee, or by way of the sale by the Vendor of a non-PRC incorporated wholly-owned company which holds the relevant Option Interest to the Purchaser and/or its nominee. The Company will comply with the relevant disclosure, announcement and independent shareholders' approval requirements under Listing Rules as appropriate in the event that the Purchaser exercises the Call Option. The Vendor has also agreed that the relevant sale and purchase agreement relating to the Option Interest shall contain such conditions precedent as the Purchaser shall deem appropriate for the purpose of complying with any applicable Listing Rules requirements.

## **First Right of Refusal**

In the event that the Vendor wishes to dispose of any of her direct or indirect interest in Huarui Asset Management (the "Sale Interest"), she shall give written notice to the Purchaser of such intention (the "Sale Notice") specifying (i) the nature and particulars of the Sale Interests, (ii) the intended purchaser of the Sale Interest ("Intended Purchaser") and (iii) the proposed terms of the sale including the price for the Sale Interest (the "Sale Price") and the payment terms. Such Sale Notice once given shall be irrevocable and shall be deemed an offer to sell and assign to the Purchaser the Sale Interest at the price

and on the terms specified in such notice and the Purchaser shall by written notice inform the Vendor whether it elects to acquire the Sale Interest (the "Election Notice"). In the event that the Purchaser shall elect to acquire the Sale Interest, the Company will comply with the relevant disclosure, announcement and independent shareholders' approval requirements under Listing Rules as appropriate. The Vendor has agreed that the relevant sale and purchase agreement relating to the Sale Interest shall also contain such conditions precedent as the Purchaser shall deem appropriate for the purpose of complying with any applicable Listing Rules requirements. In the event that the Purchaser elects not to acquire the Sale Interest, the Vendor may then within the period of 1 month from the date of the Election Notice sell the Sale Interest to the Intended Purchaser at the Sale Price and on terms no more favourable than those offered to the Purchaser and as specified in the Sale Notice.

### **Indemnity on tax**

Pursuant to the New Acquisition Agreement, the Vendor has undertaken to indemnify the Purchaser, for itself and as trustee for each member of the Subject Group, of:

- (a) any tax liabilities which may be chargeable by any PRC tax authorities on the Purchaser and/or any member of the Subject Group or which any PRC tax authorities may require the Purchaser and/or any member of the Subject Group to pay in connection with the sale of 9% equity interest in Huarui Asset Management from Perfect Media to the HK Subsidiary pursuant to the HK Subsidiary Acquisition, the sale of the Sale Share and the Loan by the Vendor to the Purchaser pursuant to the New Acquisition Agreement and/or the acquisition of any Option Interest by the Purchaser and/or its nominee pursuant to the exercise of the Call Option; and
- (b) the Agreed Percentage of any income tax liabilities and land appreciation tax liabilities of Huarui Asset Management which may arise as a result of the disposal by Huarui Asset Management of the whole or any part of the Retail Property within the period of 5 years from the Completion Date, provided that the aggregate amount payable by the Vendor pursuant to the indemnity in this paragraph (b) shall not exceed an amount equal to the Agreed Percentage of the deferred tax liabilities of Huarui Asset Management as shown in the audited financial statements of Huarui Asset Management for the year ended 31 December 2009, which audited financial statements shall be prepared in accordance with Hong Kong Financial Reporting Standards.

### **REASONS FOR THE TERMINATION OF THE PREVIOUS ACQUISITION AGREEMENT AND REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE NEW ACQUISITION AGREEMENT**

The Company was advised that SRE Investment and the Vendor had entered into a termination agreement to terminate the SREI Acquisition Agreement on 10 February 2010. Since the Previous Acquisition Agreement is conditional upon, inter alia, completion of the SREI Acquisition Agreement, SRE Investment and the Purchaser have accordingly entered into the Termination Agreement to terminate the Previous Acquisition Agreement.

Notwithstanding the termination of the Previous Acquisition Agreement, the Company still wishes to acquire additional interest in the Retail Property due to the reasons set out below.

Given its large scale and prime location in the emerging Shenyang Golden Corridor business circle and its good potential for growth in both rental rates and occupancy, the Board is of the view that the Retail Property is of strategic importance to the Group's commercial property portfolio. The Golden Corridor business circle will be developed into a central business district in the city centre of Shenyang under the Golden Corridor project initiated by the Shenyang Municipal Government. Having considered the continuous expansion of the Rich Gate Shopping Mall and the increase of its occupancy rate, the Directors (excluding the independent non-executive Directors who will express their views after considering the advice from Ample Capital) are of the view that any opportunity for the Group to increase its stake in the Retail Property will potentially have positive impact on the Group's consolidated financial results attributable to the Shareholders, including, among others, potential additional capital appreciation and the reduction in minority interests.

Pursuant to the New Acquisition Agreement, the Vendor has granted to the Purchaser the Call Option, which may be exercised by the Purchaser at any time during the period of 2 years from the Completion Date, to purchase in aggregate up to 40% of the equity interest in Huarui Asset Management. The Company considers the Call Option valuable as it provides a good investment opportunity to acquire additional interest in the Retail Property at 10% discount based on the fair value of the Option Interest yet presents flexibility since the Call Option may be exercised multiple times over a period of 2 years.

Given the above, the Directors (excluding the independent non-executive Directors who will express their views after considering the advice from Ample Capital) consider that the Acquisition and the New Acquisition Agreement are fair and reasonable and on normal commercial terms and the Acquisition is in the interests of the Group and the Shareholders as a whole.

## **IMPLICATION OF THE LISTING RULES**

As the consideration ratio calculated pursuant to Rule 14.07(4) of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the announcement requirement pursuant to Chapter 14 of the Listing Rules. Further, as the Vendor is a substantial shareholder of Huarui Asset Management, a 51% owned subsidiary of the Company, through its 100% interest in Gao Feng, the Vendor is a connected person of the Company as defined under the Listing Rules, and the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the consideration ratio calculated pursuant to Rule 14.07(4) of the Listing Rules in respect of the Acquisition exceeds 2.5% and the consideration for the Acquisition is more than HK\$10,000,000, the Acquisition is also subject to the Independent Shareholders' approval by way of poll at the SGM pursuant to the Listing Rules.

## **THE SGM**

The Company will convene the SGM for the purpose of seeking approval from the Independent Shareholders on the Acquisition and the New Acquisition Agreement. The votes at the SGM shall be taken by poll.



“Ample Capital”	Ample Capital Limited, a corporation licensed to carry on type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Acquisition
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Call Option”	an irrevocable option granted by the Vendor to the Purchaser under the New Acquisition Agreement to require the Vendor to sell or procure the sale to the Purchaser and/or its nominee up to 40% of the equity interest in Huarui Asset Management
“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 New Acquisition Agreement
“Completion Date”	the tenth business day after all the Conditions have been satisfied or waived (as the case may be) or such other date as may be agreed in writing between the parties to the New Acquisition Agreement
“Conditions”	the conditions precedent to the Completion, as more particularly set out under the section headed “Conditions to Completion” of this announcement
“Consideration”	the total consideration for the Acquisition in the amount of RMB305,000,000 (approximately HK\$346,000,000), of which RMB285,247,396.48 (approximately HK\$323,755,795) is the consideration for the Sale Share and RMB19,752,603.52 (approximately HK\$22,419,205) is the consideration for the Loan
“Consideration Shares”	1,700,000,000 new Shares purportedly to be issued by the Company to SRE Investment as part of the consideration pursuant to the Previous Acquisition Agreement
“Directors”	the directors of the Company

“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong from time to time and any delegate of such Executive Director
“Gao Feng”	Gao Feng Limited, company incorporated in the BVI which is wholly-owned by the Vendor
“Golden Corridor”	a project initiated by the government of the city of Shenyang, the PRC to develop a central business district in the centre of the city of Shenyang
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK Subsidiary”	Better Capital Limited, a limited liability company incorporated in Hong Kong which is a wholly-owned subsidiary of the Subject Company
“HK Subsidiary Acquisition”	the acquisition by the HK Subsidiary of 9% equity interest in Huarui Asset Management from Perfect Media, which is to be completed prior to Completion
“Huarui Asset Management”	瀋陽華銳世紀資產管理有限公司 (Shenyang Huarui Shiji Asset Management Limited), a limited liability company established in the PRC which is a 51% owned subsidiary of the Company with the remaining 49% equity interest currently owned by Perfect Media
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors
“Independent Shareholders”	Shareholders who are not prohibited from voting under the Listing Rules to approve the New Acquisition Agreement
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the unsecured, non-interest bearing and repayable on demand loan in the sum of US\$2,874,257 (approximately HK\$22,419,205) which was at the date of the New Acquisition Agreement and will as at Completion be outstanding and owing by the Subject Company to the Vendor
“Long Stop Date”	10 November 2010 or such later date as may be agreed in writing between the parties to the New Acquisition Agreement

“Material Adverse Change (or Effect)”	any change (or effect), the consequence of which is to materially and adversely affect the financial position, business or property, results of operations, business prospects or assets of the Subject Group as a whole
“New Acquisition Agreement”	the conditional sale and purchase agreement dated 10 February 2010 entered into between the Vendor and the Purchaser pursuant to which the Purchaser has conditionally agreed to purchase the Sale Share and the Loan from the Vendor
“Option Interest”	such equity interest in Huarui Asset Management to be purchased by the Purchaser and/or its nominee pursuant to each exercise of the Call Option
“Perfect Media”	Perfect Media Holdings Limited, a company incorporated in Hong Kong which is wholly-owned by the Vendor through Gao Feng
“persons acting in concert”	has the meaning given to it under the Takeovers Code
“PRC”	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
“Previous Acquisition Agreement”	the conditional sale and purchase agreement dated 21 January 2010 entered into between SRE Investment, the Purchaser and the Company pursuant to which the Purchaser has conditionally agreed to purchase the entire issued share capital of, and the shareholders’ loan to, Gao Feng from SRE Investment, particulars of which are set out in the announcement of the Company dated 21 January 2010
“Purchaser”	Sinopower Investment Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Retail Property”	the property known as Rich Gate Shopping Mall (華府天地購物中心) together with the corresponding land use rights in respect of Rich Gate Shopping Mall
“Registration Procedures”	the registration procedures at the relevant State Administration for Industry & Commerce in the PRC in connection with the HK Subsidiary Acquisition pursuant to which the HK Subsidiary shall be registered as a shareholder of Huarui Asset Management interested in the registered capital of Huarui Asset Management in the sum of US\$2,874,258 (representing 9% equity interest in Huarui Asset Management) and a new business license shall be issued to Huarui Asset Management

“Sale Share”	1 share of US\$1 in the Subject Company, representing the entire issued share capital of the Subject Company
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, to approve the Acquisition and the New Acquisition Agreement
“Shareholders”	holders of Shares
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“SRE Investment”	SRE Investment Holding Limited, a company incorporated in the BVI and a controlling Shareholder
“SREI Acquisition Agreement”	the sale and purchase agreement dated 21 January 2010 entered into between the Vendor and SRE Investment in relation to the acquisition by SRE Investment of the entire issued share capital of, and the shareholder’s loan to, Gao Feng from the Vendor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Company”	Big Prime Limited, a company incorporated in the BVI
“Subject Group”	the Subject Company, the HK Subsidiary and Huarui Asset Management
“Takeovers Code”	The Code on Takeovers and Mergers
“Termination Agreement”	the agreement dated 10 February 2010 entered into between SRE Investment, the Purchaser and the Company in relation to the termination of the Previous Acquisition Agreement
“Vendor”	Md. Li De E (李德娥), who, save for her indirect interest in Huarui Asset Management through the Subject Company and Gao Feng, is independent of and not connected with the Company and its connected persons
“Whitewash Waiver”	the waiver by the Executive of the obligation on the part of SRE Investment and persons acting in concert with it to make a general offer to the Shareholders for all the securities of the Company not already owned or agreed to be acquired by SRE Investment and persons acting in concert with it as a result of the issue and allotment of the Consideration Shares to SRE Investment

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi Yuan, 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, 10 February 2010

*As as the date of this announcement, the Board 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 the Retail Property 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 RMB0.881 = HK\$1 and US\$ has been converted to HK\$ at the rate of US\$1 = HK\$7.8 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.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.*

*\* For identification purpose only*