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**CONNECTED TRANSACTION RELATING TO
THE SUBSCRIPTION OF NEW SHARES
AND APPLICATION FOR WHITEWASH WAIVER**

DESPATCH OF CIRCULAR

The Circular containing, among other things, details of the Subscription, the Subscription Agreement and the Whitewash Waiver and the notice convening the SGM has been dispatched to the Shareholders on 10 January 2011.

Reference is made to the announcement of the Company dated 9 December 2010 relating to the Subscription, the Subscription Agreement and the Whitewash Waiver (the “**Announcement**”). Capitalized terms used herein shall have the same meanings as those defined in the Announcement, unless otherwise specified.

DESPATCH OF CIRCULAR

The Board is pleased to announce that the circular of the Company (the “**Circular**”) containing, among other things, (a) the details of the Subscription and the Whitewash Waiver; (b) the letter of recommendation from the Subscription IBC to the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder; (c) the letter of recommendation from the Whitewash IBC to the Independent Shareholders in respect of the Subscription and the Whitewash Waiver; (d) the letter of advice from the Independent Financial Adviser to the Subscription IBC, the Whitewash IBC and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver; (e) the notice of the SGM; and (f) other information as required under the Listing Rules and the Takeovers Code has been despatched to the Shareholders on 10 January 2011.

The SGM will be held at 10:00 a.m. on Thursday, 27 January 2011, details of which are set out in the notice of the SGM contained in the Circular.

By order of the Board
SRE Group Limited
Shi Jian
Chairman

Hong Kong, 10 January 2011

As as the date of this announcement, the Board comprises six executive Directors, namely Mr. Shi Jian, Mr. Li Yao Min, Mr. Yu Hai Sheng, Mr. Jiang Xu Dong, Mr. Shi Pin Ren 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. Zhuo Fumin.

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