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**CONNECTED TRANSACTION RELATING TO  
THE SUBSCRIPTION OF CONVERTIBLE NOTE  
BY THE CONTROLLING SHAREHOLDER  
AND APPLICATION FOR WHITEWASH WAIVER**

**DESPATCH OF CIRCULAR**

The Circular containing, among other things, details of the Convertible Note Subscription, the Convertible Note Subscription Agreement and the Whitewash Waiver and the notice convening the SGM has been despatched to the Shareholders on 26 May 2011.

Reference is made to the announcement of the Company dated 6 May 2011 relating to the Convertible Note Subscription, the Convertible Note Subscription Agreement and the Whitewash Waiver (the “**Announcement**”). Unless otherwise defined herein, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

**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 Convertible Note Subscription, the Convertible Note Subscription Agreement and the Whitewash Waiver, (b) the letter of recommendation from the Subscription IBC to the Independent Shareholders in respect of the Convertible Note Subscription Agreement and the transactions contemplated thereunder, (c) the letter of recommendation from the Whitewash IBC to the Independent Shareholders in respect of the fairness and reasonableness of the Convertible Note 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 Convertible Note Subscription, the Convertible Note Subscription Agreement and the Whitewash

\* For identification purpose only

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 26 May 2011.

The SGM will be held at 3:00 p.m. on Tuesday, 14 June 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, 26 May 2011

*As at 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 contained in this announcement and confirm, having made all reasonable inquiries, 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 statement in this announcement misleading.*