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

**POLL RESULTS OF THE SPECIAL GENERAL MEETING  
HELD ON 14 JUNE 2011**

The Board is pleased to announce that the ordinary resolutions set out in the SGM Notice to approve, among others, the Convertible Note Subscription Agreement and the Whitewash Waiver were duly passed by the Independent Shareholders by way of poll at the SGM held on 14 June 2011.

Reference is made to the circular of the Company dated 26 May 2011 relating to the Convertible Note Subscription, the Convertible Note Subscription Agreement and the Whitewash Waiver (the “**Circular**”). Capitalized terms used herein shall have the same meanings as those defined in the Circular, unless otherwise specified.

**POLL RESULTS OF THE SGM**

The Board is pleased to announce that the ordinary resolutions set out in the notice of the SGM dated 26 May 2011 (the “**SGM Notice**”) were duly passed by the Independent Shareholders by way of poll at the SGM held on 14 June 2011. The poll results were as follows:

\* For identification purpose only

Ordinary Resolutions	Number of votes cast and percentage of total number of votes cast (%)		Total number of votes cast
	For	Against	
1. To approve, confirm and ratify the Convertible Note Subscription Agreement and the transactions contemplated thereunder, the issue of the Convertible Note and the allotment and issue of such number of the Conversion Shares as may be required to be allotted and issued upon the exercise of the conversion rights attached to the Convertible Note	273,591,460 (55.68%)	217,769,452 (44.32%)	491,360,912
2. Subject to and conditional on the passing of resolution no.1 as set out in the SGM Notice, to approve the Whitewash Waiver	273,591,460 (55.68%)	217,769,452 (44.32%)	491,360,912

As more than 50% of the votes were cast in favour of each of the resolutions above, each of the said resolutions was duly passed as an ordinary resolution of the Company. Tricor Tengis Limited, the Company's branch share registrar, acted as the scrutineer at the SGM for the purpose of vote-taking.

As at the date of the SGM, the total number of issued Shares was 4,303,881,194. As set out in the Circular, the Subscriber and persons acting in concert with it and persons otherwise involved or interested in the Convertible Note Subscription, the transactions contemplated under the Convertible Note Subscription Agreement or the Whitewash Waiver (including Mr. Shi Jian, Md. Si Xiao Dong, Mr. Li Yao Min, Mr. Yu Hai Sheng, and Mr. Shi Jian Dong) were required to, and had abstained from, voting in respect of the resolutions approving the Convertible Note Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the SGM.

As at the date of the Announcement up to the date of the SGM, the Subscriber and persons acting in concert with it, (including Mr. Shi Jian, Md. Si Xiao Dong, Mr. Li Yao Min, Mr. Yu Hai Sheng and Mr. Shi Jian Dong) held in aggregate 1,819,460,472 Shares if excluding the 150,000,000 Lent Shares the voting rights of which the Subscriber had no control and had no means of ascertaining whether and how they were voted at the SGM or 1,969,460,472 Shares if including the Lent Shares, representing approximately 42.27% or approximately 45.76% of the total issued share capital of the Company as at the date of the SGM. As at the date of the SGM, no holder of the Lent Shares is a person acting in concert with the Subscriber or is otherwise involved or interested in, or have participated in any negotiations relating to, the Convertible Note Subscription and the transactions contemplated under the Convertible Note Subscription Agreement or the Whitewash Waiver. Accordingly, as at the date of the SGM, a total of 2,484,420,722 Shares (including the Lent Shares but without taking into account any new Shares which may be issued under the Scrip Dividend Scheme and assuming that there is no change in the issued share capital of the Company since the date of the Announcement up to the date of the SGM), representing approximately 57.73% of the total issued share capital of the Company as at the date of

the SGM, were held by Independent Shareholders who were entitled to attend and vote for or against the resolutions at the SGM. There were no Shares entitling the holders thereof to attend and vote only against the resolutions at the SGM.

As at the date of this announcement, save for the Lent Shares, there are no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Subscriber or any person acting in concert with it has borrowed or lent.

## **CONDITIONS OF THE CONVERTIBLE NOTE SUBSCRIPTION AND COMPLETION**

The Listing Committee of the Stock Exchange has granted listing approval for the Conversion Shares subject to the issue of the Conversion Shares being approved by the Independent Shareholders at the SGM and fulfillment of all other Conditions. The Executive has granted the Whitewash Waiver subject to (i) the issue of the Convertible Note and the allotment and issue of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Note being approved by the Independent Shareholders at the SGM by way of poll; and (ii) no acquisition or disposal of voting rights being made by the Subscriber and its concert parties between the date of the Announcement and Completion, unless with the prior consent of the Executive. As mentioned above, the Whitewash Waiver was approved by the Independent Shareholders at the SGM. The Subscriber and parties acting in concert with it have not acquired or agreed to acquire any voting rights of the Company between the date of the Announcement and the date of this announcement. As all Conditions under the Convertible Note Subscription Agreement have been fulfilled, completion of the Convertible Note Subscription Agreement will take place on the Completion Date, being 12 September 2011, which is the 90th calendar day after all the Conditions have been fulfilled, or such other date as may be agreed in writing between the Company and the Subscriber.

Immediately after the full conversion of the Convertible Note, without taking into account any new Shares which may be issued under the Scrip Dividend Scheme and assuming that there is no change in the issued share capital of the Company other than the issue of the Conversion Shares since the date of the SGM up to the date of full conversion of the Convertible Note, the Subscriber will be interested in 2,498,400,938 Shares (including the Lent Shares), and the Subscriber together with persons acting in concert with it will be interested in a total of 2,519,460,472 Shares (including the Lent Shares), representing approximately 51.47% and approximately 51.91% respectively of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Convertible Note.

By order of the Board  
**SRE Group Limited**  
**Shi Jian**  
*Chairman*

Hong Kong, 14 June 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 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 statements in this announcement misleading.*