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

POSTPONEMENT OF COMPLETION DATE

The Subscriber and the Company had on 6 September 2011 agreed in writing to postpone the Completion Date to 30 December 2011 or such other date as the Company and the Subscriber may agree in writing.

Reference is made to the circular of the Company dated 26 May 2011 (the “**Circular**”) in relation to the Convertible Note Subscription, the Convertible Note Subscription Agreement and the Whitewash Waiver and the announcement of the Company dated 14 June 2011 in relation to the poll results of the SGM (the “**Announcement**”). Capitalised terms used herein shall have the same meanings as those defined in the Circular, unless otherwise specified.

POSTPONEMENT OF COMPLETION DATE

According to the Convertible Note Subscription Agreement, completion of the Convertible Note Subscription Agreement shall take place on 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. As set out in the Announcement, since all the Conditions have been fulfilled following the approval by the Independent Shareholders of the Whitewash Waiver by way of poll at the SGM, completion of the Convertible Note Subscription Agreement shall take place on 12 September 2011.

As requested by the Subscriber that more time than expected would be required for it to complete the Convertible Note Subscription, the Subscriber and the Company had on 6 September 2011 agreed in writing to change the Completion Date to 30 December 2011 or such other date as the Subscriber and the Company may agree in writing. Given that all the other terms of the Convertible Note Subscription Agreement will remain the same (including the Conversion Price which presently represents an even greater premium to the current market price of the Shares than that when the Convertible Note Subscription Agreement was entered into), the Board is of the view that the Convertible Note Subscription remains as an attractive financing opportunity to the Company and considers it in the interests of the Company and the Shareholders as a whole to agree to the Subscriber's request for postponing the Completion Date rather than allowing the Convertible Note Subscription Agreement to lapse.

Save for the aforesaid alteration of the Completion Date, all clauses, agreements, provisions, terms and conditions as contained and/or referred to in the Convertible Note Subscription Agreement shall remain unchanged and shall continue in full force and effect, and the Convertible Note Subscription Agreement as modified as aforesaid shall remain valid and continue to be binding upon the Subscriber and the Company.

By order of the Board
SRE Group Limited
Shi Jian
Chairman

Hong Kong, 6 September 2011

As at the date hereof, the Board comprises five executive directors, namely Mr. Shi Jian, Mr. Li Yao Min, Mr. Yu Hai Sheng, Mr. Jiang Xu Dong and Mr. Shi Pin Ren; two non-executive directors, namely Mr. Cheung Wing Yui and Mr. Jin Bing Rong and four independent non-executive directors, namely Mr. Jiang Xie Fu, Mr. E Hock Yap, Mr. Zhuo Fumin and Mr. Yuan Pu.

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.

* For identification purpose only