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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)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF FURTHER EQUITY INTEREST
IN A SUBSIDIARY OF THE COMPANY**

On 18 November 2011, the Vendor and the Purchaser, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Equity Interest at the Consideration of RMB185,000,000. The Equity Interest represents 7.5% of the entire registered capital in the Targetco, which is currently 90% owned by the Company and is principally engaged in the development project in respect of the Land.

As one of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules for the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirements under Chapter 14 of the Listing Rules.

THE ACQUISITION

On 18 November 2011, the Vendor and the Purchaser entered into the Acquisition Agreement pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Equity Interest at the Consideration.

Date of the Acquisition Agreement

18 November 2011

* *For identification purpose only*

Parties to the Acquisition Agreement

- (i) 上海錦美建築裝潢有限公司, a company principally engaged in, *inter alia*, construction, renovation and decoration works and installation of electronic equipment, as the vendor; and
- (ii) 瀋陽綠怡酒店管理有限公司, a wholly-owned subsidiary of the Company, as the purchaser.

Assets to be acquired

The assets to be acquired is the Equity Interest being 7.5% of the entire registered capital of the Targetco, which is principally engaged in the development project in respect of the Land.

The Consideration

The total consideration for the Acquisition is RMB185,000,000. The Consideration shall be satisfied by the Purchaser in the following manner:

- (i) RMB92,500,000 being the first installment shall be paid by the Purchaser to the Vendor within 3 days after the date of the Acquisition Agreement; and
- (ii) RMB92,500,000 being the balance shall be paid by the Purchaser to the Vendor within 3 days after the relevant authorities as stipulated in the Acquisition Agreement have approved of the Acquisition and the transfer of the Equity Interest has been registered with the relevant authorities in the PRC.

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser, with reference to, among other things, the financial position of the Targetco and the geographical location, the fair value and the potential of the Land.

Termination

If the filing and/or registration of the transfer of the Equity Interest is not completed within 60 days after the date of the Acquisition Agreement due to any reason attributable to the Vendor, the Vendor shall refund the first installment of the Consideration to the Purchaser in accordance with the Acquisition Agreement.

Completion

Completion shall take place upon all approvals, agreements, filing and/or or registrations in respect of the transfer of the Equity Interest have been obtained and completed in accordance with the PRC laws and regulations. Upon completion, the Company's equity interest in the Targetco will be increased from 90% to 97.5%.

Information on the Targetco and the Land

The Targetco

The Targetco is a limited company established under the laws of the PRC on 4 December 2000 and is principally engaged in property development, commercial housing sales and property leasing in the PRC. The Targetco had also successfully won the bid held on 3 August 2007 for the acquisition of the Land. Details of the Land are set out below.

The audited consolidated net asset value of Targetco as at 31 December 2010 was RMB723,075,235.05. For the financial year ended 31 December 2009, the audited net loss of the Targetco was RMB43,050,088.52. For the financial year ended 31 December 2010, the audited net loss of the Targetco was RMB4,388,574.2.

The Land

The Land is located at South Street East, Heping District, Shenyang, the PRC with land plot number 2007-024, for residential (with a term of land use right of 50 years) and commercial (for a term of land use right of 40 years) uses, and has a site area of approximately 153,696 sq.m.

Reasons for and benefits of the Acquisition

The Company is now holding 90% of the equity interest in the Targetco. The Targetco is going to develop the Land by a number of phases which will take about seven to eight years to complete. The development of the first phase commenced in 2009 and will be completed by the end of 2011. As a major portion of the properties developed under the first phase have already been sold in 2010 and 2011, the Targetco will start to realize profit in 2011. The Acquisition will enable the Company to enlarge its profit contributable to the shareholders in the years to come.

Having considered the above, the Directors consider that the Acquisition is on normal commercial terms and in the ordinary and usual course of business of the Company, and that the terms of the Acquisition Agreement are fair and reasonable and the Acquisition is in the interests of the Group and the Shareholders as a whole.

Implications of the Listing Rules

As the applicable percentage ratios as set out in the Listing Rules are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules.

GENERAL

The Group is an integrated property developer and is primarily engaged in the development and sale of residential and commercial properties in Shanghai, Shenyang and Haikou, the PRC, with a specific focus on the middle to high-end residential properties.

DEFINITIONS

“Acquisition”	the acquisition of the Equity Interest pursuant to the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement dated 18 November 2011 entered into between the Vendor and the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Equity Interest
“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 Acquisition Agreement
“Consideration”	the aggregate consideration for the Equity Interest in the amount of RMB185,000,000
“Directors”	the directors of the Company
“Equity Interest”	7.5% of the entire registered capital of the Targetco
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	the plot of land located at South Street East, Heping District, Shenyang, the PRC with land plot number 2007-024
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the 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
“Purchaser”	瀋陽綠怡酒店管理有限公司, a company established in the PRC with limited liability, and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Targetco”	遼寧高校後勤集團房地產開發有限公司, a company established in the PRC with limited liability, a subsidiary of the Company

“Vendor”	上海錦美建築裝潢有限公司, a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metres
“%”	per cent.

By order of the Board
SRE Group Limited
Shi Jian
Chairman

Hong Kong, 18 November 2011

As at the date hereof, the Board comprises seven executive directors, namely Mr. Shi Jian, Mr. Li Yao Min, Mr. Yu Hai Sheng, Mr. Jiang Xu Dong, Mr. Shi Pin Ren, Mr. Zhang Hongfei and Mr. Shi Lizhou; 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.