



SRE Group Limited **上置集團有限公司***

(Incorporated in Bermuda with limited liability)

(Stock Code: 1207)

POSSIBLE ACQUISITION OF A REAL ESTATE DEVELOPMENT PROJECT IN CHINA

Financial Adviser

COMMERZBANK 

Commerzbank AG Hong Kong Branch

The Company is pleased to announce that it has commenced preliminary negotiations with regard to a possible acquisition of certain interests in a real estate development project in Shenyang, Liaoning Province, the People's Republic of China (the "PRC").

THE POSSIBLE ACQUISITION

The board of directors (the "Board") of the Company is pleased to announce that the Company has commenced preliminary negotiations with Good Time Resources Limited ("Good Time Resources"), its controlling shareholder (as defined under the Rules Governing the Listing of the Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules")), in relation to a possible acquisition (the "Possible Acquisition") of certain interests in a real estate development project (the "Real Estate Development Project") located at the prime commercial area in Shenyang, Liaoning Province, the PRC, with a total site area of approximately 160,000 square metres.

According to a recent research performed by an independent professional surveyor in relation to the real estate market in Shenyang, investment in the real estate market in Shenyang during the first three months of 2007 surged by 30.9% when compared with the same period last year. In addition, during the first quarter of 2007, the total transaction area of commercial housing in Shenyang's urban area increased by 12.0% while transaction value grew by 14.4%, when compared with the same period of last year. In addition, during the recent years, the average residential price of Shenyang went up steadily with limited fluctuation, reflecting the stable upswing for the overall residential market in Shenyang due to the rapid growth in the economy of Shenyang.

In view of the growing demand for and the increase in the market prices of resident and commercial estates in Shenyang, the Board considers that the Possible Acquisition, if materialized, will provide the Company with additional land reserve located at the prime commercial area of Shenyang and allow the Company to enjoy the continuous growth in the real estate market in Shenyang, thereby improving the Group's future profitability and competitiveness in the PRC's real estate market. However, the Board wishes to state that, as at the date of this announcement, no material terms in relation to the Possible Acquisition have been agreed.

The Board confirms that other than the aforesaid, there are no negotiations or agreements relating to the Possible Acquisition which are discloseable under Chapters 14 and/or 14A of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature. The Board wishes to emphasize that the Possible Acquisition may or may not proceed, and shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

The Company has appointed Commerzbank AG Hong Kong Branch as its financial adviser to assist in the evaluation and negotiation of the Possible Acquisition.

The Possible Acquisition, if materialized, may constitute a notifiable and connected transaction of the Company under Chapters 14 and/or 14A of the Listing Rules.

By Order of the Board
SRE Group Limited
Shi Jian
Chairman

Hong Kong, 20 July 2007

As at the date of this announcement, the Company's executive directors are Mr. Shi Jian, Mr. Li Yao Min, Mr. Yu Hai Sheng and Mr. Jiang Xu Dong; non-executive directors are Mr. Cheung Wing Yui and Mr. Jin Bing Rong; and independent non-executive directors are Mr. Yeung Kwok Wing, Mr. Geng Yu Xiu and Mr. E. Hock Yap.

* *for identification purpose only*