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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transfer all your shares in SRE Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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PROPOSED SPECIFIC MANDATE TO ISSUE NEW SHARES

A letter from the Board is set out on pages 5 to 16 of this circular. A notice convening the SGM of the Company to be held at Room 2501, 25th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on 13 July 2009 at 10:00 a.m. are set out on pages I-1 to I-2 of this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible. The form of proxy should be returned to the Company's branch registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the SGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM (or at any adjourned meeting thereof) should you so desire.

* *for identification purpose only*

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“Announcement”	the announcement issued by the Company on 9 June 2009
“Associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Convertible Notes”	convertible notes proposed to be issued and sold by the Company having those terms described under the section “Indicative Principal Terms of the Convertible Notes” of this circular
“Conversion Price”	the conversion price for the Convertible Notes
“Conversion Rights”	the conversion rights attaching to the Convertible Notes to convert into new Shares pursuant to the terms and conditions of the Convertible Notes
“Conversion Shares”	the Shares to be issued by the Company pursuant to the exercise of the Conversion Rights
“Directors”	the directors of the Company
“Extraordinary Resolutions”	the amendments to the trust deed governing the Notes proposed by the Company pursuant to the Consent Solicitation
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 2 June 2009 to issue and allot not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the said annual general meeting
“Holders”	the registered holders of the Notes

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“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Independent Third Party”	third parties independent of and not connected with the Company or connected persons of the Company
“Latest Practicable Date”	24 June 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Meetings”	the meetings of Holders convened by the Company to consider and vote on the Extraordinary Resolutions
“New Shares”	413,223,761 new Shares of the Company to be issued and allotted under the proposed Specific Mandate
“Notes”	the US\$200 million 8.625% guaranteed notes issued by the Company on 24 April 2006 with the maturity date on 24 April 2013
“Noteholders”	holders of the Convertible Notes
“Placee(s)”	any institutional, corporate or individual investor(s) or any of their respective subsidiaries or associates procured by the Placing Agents to subscribe for any of the Placing Shares pursuant to the Placing Agents’ obligations under the Placing Agreement
“Placing”	the placing of the Placing Shares (including top up placing of the Placing Shares) by the Placing Agents pursuant to the terms of the Placing Agreement
“Placing Agents”	one or more placing agents that will procure the Placees to subscribe to and purchase Shares from the Company pursuant to the Placing
“Placing Agreement”	the placing agreement to be entered between the Company and the Placing Agents in relation to the Placing

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“Placing Price”	the placing price of the Placing, which shall be determined with reference to the prevailing market price of the Shares and shall not represent a discount of 15% or more to the higher of (x) the closing price per Share (as quoted on the Stock Exchange) immediately prior to the Placing and (y) the average closing price per Share (as quoted on the Stock Exchange) for the five trading days immediately prior to the Placing.
“Placing Shares”	up to 1,000,000,000 Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“Requisite Consents”	for the purposes of the Tender Offer and Consent Solicitation, the receipt of such number of consents from Holders to approve the proposed amendments to the trust deed governing the Notes, which may be effected by: (i) the adoption of the Extraordinary Resolutions at the Meetings where requisite quorum is present, by a majority consisting of not less than three-quarters of the votes cast at such Meetings in favor of the Extraordinary Resolutions, or (ii) by consent of holders of Notes representing 90 percent in principal amount of the Notes who are eligible to attend the Meetings to the adoption of the Extraordinary Resolutions by written consent
“SGM”	the special general meeting of the Shareholders to be convened and held for the purpose of approving the proposed Specific Mandate
“Shares”	the ordinary shares of nominal value of HK\$0.10 each in the share capital of the Company, which are listed on the Main Board of the Stock Exchange
“Shareholders”	holders of the Shares of the Company

DEFINITIONS

“Specific Mandate”	the specific mandate proposed to be granted to the Directors by the Shareholders at the SGM to issue and allot up to 413,223,761 new Shares, representing approximately 14% of the Company’s existing total issued share capital as at the date of this announcement, at any time during the period specified in the relevant resolution set out in the notice of SGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“Tender Offer and Consent Solicitation”	the offer by the Company to purchase for cash any and all of the Notes and the solicitation of consents relating to the Notes. The maximum amount payable by the Company under the Tender Offer and Consent Solicitation is approximately US\$164.31 million
“Trust Deed”	the trust deed pursuant to which the Convertible Notes will be issued
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

Unless otherwise stated, amounts in US\$ have been translated into HK\$ at exchange rate of HK\$7.80 to US\$1.00 for illustration purposes only. No representation is made that any amounts in US\$ or HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.

LETTER FROM THE BOARD



SRE GROUP LIMITED

上置集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1207)

Executive Directors:

Mr. Shi Jian (*Chairman & President*)

Mr. Li Yao Min (*Vice-Chairman*)

Mr. Yu Hai Sheng (*Vice-Chairman*)

Mr. Jiang Xu Dong

Mr. Yue Wai Leung, Stan

Non-executive Directors:

Mr. Cheung Wing Yui

Mr. Jin Bing Rong

Independent Non-executive Directors:

Mr. Jiang Xie Fu

Mr. E. Hock Yap

Mr. Pan Long Qing

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Hong Kong Office:

36th Floor, Times Tower

391-407 Jaffe Road

Wanchai, Hong Kong

Hong Kong Branch Registrar

and Transfer Office:

Tricor Tengis Limited

26/F, Tesbury Centre

28 Queen's Road East

Wanchai, Hong Kong

26 June 2009

To the Shareholders

Dear Sir or Madam,

PROPOSED SPECIFIC MANDATE TO ISSUE NEW SHARES

INTRODUCTION

Reference is made to the Announcement in which, among other things, the Company announced (i) the commencement of tender offer and consent solicitation for the 8.625% guaranteed senior notes due 2013, and (ii) the proposed Specific Mandate to issue New Shares. Unless otherwise defined herein, all terms and expressions in this circular shall have the meaning ascribed to them in the Announcement.

The purpose of this circular is to provide you with further information on the proposed Specific Mandate and to give you notice of the SGM to be convened for the purpose of approving the proposed Specific Mandate.

* *for identification purpose only*

LETTER FROM THE BOARD

PROPOSED SPECIFIC MANDATE TO ISSUE NEW SHARES

As described in the Announcement, the Company launched the Tender Offer and Consent Solicitation on June 9, 2009 pursuant to which it offered to purchase for cash any and all of the Notes and it solicited consents to amend certain terms of the Notes. The Company's obligation to consummate the closing under the Tender Offer and Consent Solicitation is conditional upon, among other things, it being able to raise the requisite financing. The Company is seeking to raise such financing through the issuance and placing of equity and/or equity-linked securities as further described below. The Company expects that it will need to issue more Shares than that permitted under the General Mandate in order for it to issue and place a sufficient quantity of equity and/or equity-linked securities to pay for all amounts due under the Tender Offer and Consent Solicitation.

The purpose of the proposed Specific Mandate is to give the Company the flexibility to raise funds through the issuance and placing of equity and/or equity-linked securities (the "Financing"), the net proceeds of which will be used by the Company to fund the amounts payable under the Tender Offer and Consent Solicitation. Currently, the Company plans to raise financing through the issuance and placing of (i) Shares having those terms described under the section "Indicative Principal Terms of the Placing" below, (ii) Convertible Notes having those terms described under the section "Indicative Principal Terms of the Convertible Notes" below, or (iii) a combination of new Shares and Convertible Notes having those terms described under the sections "Indicative Principal Terms of the Placing" and "Indicative Principal Terms of the Convertible Notes" below (subject to the necessary adjustments between the maximum number of new Shares and Convertible Notes to be issued and placed). The exact fund raising method and the mix of Shares and Convertible Notes (to the extent the Company decides to issue and place both Shares and Convertible Notes) will depend on, among other things, the market price of the Shares immediately prior to the raising of funds, management's assessment of the attractiveness of the terms of the transactions and the Company's debt level, the global economy and the performance of the stock market in Hong Kong. The Company currently plans to raise approximately US\$160 million through one or more of the methods described above, subject to market conditions. The Company expects that it will be in a position to decide definitively on the exact terms of the Financing (including the mix of Shares and Convertible Notes to be issued and sold) within two weeks of the SGM. The Company will disclose its final decision on the Financing, including the exact terms, by way of a further announcement.

If the Company decides to issue and place Shares and/or Convertible Notes, it will have an obligation to issue and allot new Shares (immediately upon closing or, in the case of Convertible Notes, at a future date as per the terms of the Convertible Notes). The exact number of new Shares to be issued by the Company will depend upon, among others, the size of the Placing or the Convertible Notes, the prevailing market price used to determine the placing price or the offer price, the price at which the Placing Shares are placed or the Convertible Notes are sold, and the conversion ratio of such Convertible Notes to Shares. As of the date of this circular, the Company may, pursuant to the General Mandate, issue 586,776,239 Shares, representing approximately 20% of the Company's existing total issued share capital. In order to preserve its flexibility to take advantage of favourable market conditions and opportunities, the Company is seeking the approval of the Shareholders to grant the proposed Specific Mandate so that it may issue and allot up to an aggregate of

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1,000,000,000 Shares (including the 586,776,239 Shares that may be issued pursuant to the General Mandate) in connection with the Placing or the Convertible Notes or a combination of both, for the purpose of funding the amounts payable under the Tender Offer and Consent Solicitation. The Company will issue and allot new Shares pursuant to the General Mandate for any new Shares that are required to be issued and allotted by the Company pursuant to the Placing or the Convertible Notes, and in the event the General Mandate is fully used up, the Company will then proceed to issue and allot New Shares pursuant to the proposed Specific Mandate for any outstanding new Shares required to be issued and allotted pursuant to the Placing or the Convertible Notes.

The Company will only proceed with the Placing or the Convertible Notes (or a combination of both) if it is able to obtain the Requisite Consents. If the Requisite Consents cannot be obtained by the Expiration Date or if completion of the Placing or the Convertible Notes (or a combination of both) does not take place for any reason, the Tender Offer and Consent Solicitation will not be consummated and the Company will not be purchasing any of the Notes pursuant to the Tender Offer and the proposed Specific Mandate will not be utilised. For details of the progress of the Tender Offer and Consent Solicitation, please see the section “Further Information on Tender Offer and Consent Solicitation” below.

If the proposed Specific Mandate is approved, the Directors can issue and allot all or some of the New Shares (or securities convertible into all or some of the New Shares) at any time and from time to time (before the expiry of six months from the date of grant of the Specific Mandate) on such terms as described under the sections “Indicative Principal Terms of the Placing” and “Indicative Principal Terms of the Convertible Notes” in this circular. As part of the Placing or the Convertible Notes (or a combination of both), the issue and allotment of the Shares that may be issued pursuant to the existing General Mandate and the proposed Specific Mandate is subject to the condition that any such Shares shall be offered to investors who are independent of and not connected with the Company and any of its connected persons in full compliance with the requirements of the Listing Rules and all applicable laws.

In the event the Company issues Shares or Convertible Notes, it will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, those Shares or such number of new Shares that may fall to be allotted and issued upon exercise of the Conversion Rights. An offering circular in respect of the Convertible Notes is expected to be prepared for distribution to selected professional investors if the Convertible Notes will be listed on a stock exchange. If the Company decides to issue the Convertible Notes and to have such Convertible Notes listed on the Stock Exchange, an application will be sought for the listing of or permission to deal in the Convertible Notes.

Investors should note that the proposed Specific Mandate may or may not be approved by the Shareholders at the SGM. Even if the proposed Specific Mandate is granted to the Board, the transactions relating to or otherwise contemplated under the Tender Offer and Consent Solicitation, the Placing, the Convertible Notes or the Financing may not be consummated. There is no assurance that any of these conditions will be fulfilled and therefore the Tender Offer and Consent Solicitation, the Placing, the Convertible Notes and the Financing may not proceed. In the event (i) the final terms of the Placing or the Convertible Notes deviate significantly from the indicative

LETTER FROM THE BOARD

principal terms of the Placing or the Convertible Notes described in this circular and (ii) the Directors believe that such new terms are adverse to the interest of the Company and the Shareholders as a whole, the proposed Specific Mandate (if granted at the SGM) shall lapse and the Company shall seek another approval from the Shareholders. For the avoidance of doubt, if the new terms are beneficial to the Company and the Shareholders as a whole, the Company will not be seeking another approval from the Shareholders. Investors should therefore exercise caution when dealing in the Shares.

INDICATIVE PRINCIPAL TERMS OF THE PLACING

The Company currently expects that any Placing that may take place in connection with the Financing will contain terms as follows:

(a) The Placing Shares:

The Placing Agents shall be independent of the Company and its connected person. The Company may place up to a maximum aggregate number of 1,000,000,000 Placing Shares. The Placing Shares will rank *pari passu* among themselves and with Shares in issue as at the date of this circular, including the right to receive all dividends and distributions declared, made or paid at any time after the date of issue of the Placing Shares.

The Placing Shares may be issued under the General Mandate and the proposed Specific Mandate. Under the General Mandate, the Company is authorized to issue up to 586,776,239 Shares. Up to the date of this circular, no Share has been issued under the General Mandate.

(b) Placees:

The Placing Shares shall be placed to not fewer than six Placees who are independent institutional, corporate or individual investors. The Placees and their ultimate beneficial owners shall be third parties independent of the Company and its connected persons, and are not connected persons (as defined in the Listing Rules) of the Company. Immediately after completion of the Placing, none of the Placees is expected to become a substantial shareholder (as defined in the Listing Rules).

(c) Placing Price:

The Placing Price shall be determined with reference to the prevailing market price of the Shares and shall not represent a discount of 15% or more to the higher of (x) the closing price per Share (as quoted on the Stock Exchange) immediately prior to the Placing and (y) the average closing price per Share (as quoted on the Stock Exchange) for the five trading days immediately prior to the Placing. The Company expects that it will have to pay customary commissions to the Placement Agents. Reasonable fees and expenses incurred in connection with the Placing are also expected to be deducted from the placing proceeds to be paid to the Company.

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(d) Conditions of the Placing:

The Placing is conditional upon (i) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment and/or despatch of certificates for the Placing Shares) the listing of, and permission to deal in, all of the Placing Shares; and (ii) approval having been obtained from the Bermuda Monetary Authority consenting to the issue of the new Shares.

INDICATIVE PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

The Company currently expects that any Convertible Notes that may be issued by it in connection with the Financing will contain terms as follows:

Aggregate principal amount:	Up to HK\$1,250 million.
Structure:	Independent third party investment banks are expected to act as underwriters for the Convertible Notes, to be sold in a transaction exempt from registration under the U.S. Securities Act of 1933, as amended.
Number of Placees:	Not less than six placees that are independent institutional, corporate or private investors and each of them and their respective ultimate beneficial owners will be an Independent Third Party prior to and immediately after completion of the issue of the Convertible Notes.
Maturity Date:	No later than the fifth anniversary of the issue date of the Convertible Notes.
Conversion:	Noteholders are expected to be able to convert the outstanding principal amount of the Convertible Notes in whole or in part into Shares at any time, on or after the 41st day after the closing date of the Convertible Notes, until the close of business on the date which falls 10 days prior to the Maturity Date, unless previously redeemed, converted or purchased and cancelled.
Conversion Ratio:	Based on the Aggregate principal amount divided by final Conversion Price.

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Conversion Price:	An indicative premium of 5 to 25% to either the Placing Price (if there is a concurrent Placing) or the closing price per Share (as quoted on the Stock Exchange) immediately prior to the launch of the Convertible Notes (if there is no concurrent Placing). The Conversion Price will be determined by the Company in consultation with the underwriters to the offering of the Convertible Notes after taking into account the market price of the Shares immediately prior to the launch of the Convertible Notes and during the time of the offering, the prevailing market sentiment and the tenure and conversion period of the Convertible Notes, among other factors.
Adjustments to the Conversion Price:	The Conversion Price will be adjusted for subdivisions, consolidations or reclassification of shares; capitalisation of profits; capital distribution; stock dividends; any other dividends or distributions on the Shares (including distributions of Shares, evidences of indebtedness, cash, securities, or any other assets); rights issues; and distribution of cash or other consideration in respect of a tender offer or exchange offer for all or any portion of the Shares.
Interest rate:	The Convertible Notes are expected to bear interest at a fixed rate that will be determined at pricing. Based on information currently available, the Company expects the interest rate to be between zero and 6% per annum. The exact interest rate will be determined by the Company in consultation with the underwriters to the offering of the Convertible Notes after taking into account the creditworthiness of the Company, the tenure and conversion period of the Convertible Notes, the prevailing market sentiment, the conversion ratio of Convertible Notes to Shares and whether the Convertible Bonds are to be sold at par, among others. Interest will be payable semi-annually in arrear.
Early Redemption Amount	Amount representing the Noteholders on the relevant date of determination a gross yield to maturity identical to that applicable in the case of redemption on the Maturity Date (calculated on a semi-annual basis).
Early redemption at option of the Company:	The Company is expected to have a customary option to redeem the Convertible Notes, in whole or in part, at the Early Redemption Amount upon occurrence of certain events. Such option is not expected to be exercisable immediately after the issuance of the Convertible Notes.

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Early redemption at option of the Noteholders:	Noteholders are expected to have a customary option to require the Company to redeem all or some only of the Convertible Notes after the expiry of an agreed period of time.
Tax redemption:	The Company is expected to have the right to redeem all but not some only of the Convertible Notes in the event of certain changes in Bermuda or Hong Kong taxation.
Redemption upon Delisting or Change of Control:	Each Noteholder is expected to have a customary option to require the Company to redeem all but not some only of his or her Convertible Notes upon (i) the Shares ceasing to be listed on the Stock Exchange or (ii) the occurrence of certain events amounting to a change of control with respect to the Company.
Voting:	Noteholders will not be entitled to receive notice of, attend or vote at any general meeting of the Company.
Listing:	The Company will apply to the Stock Exchange for the listing of and permission to deal in the Conversion Shares which fall to be allotted and issued upon exercise of the Conversion Rights on the Stock Exchange. An offering circular in respect of the Convertible Notes is expected to be prepared for distribution to selected professional investors if the Convertible Notes will be listed on a stock exchange. If the Company decides to issue the Convertible Notes and to have such Convertible Notes listed on the Stock Exchange, an application will be sought for the listing of or permission to deal in the Convertible Notes.
Ranking:	The Convertible Notes are expected to constitute direct, unconditional, unsubordinated and unsecured obligations of the Company. The Convertible Notes shall rank <i>pari passu</i> in all respects among themselves and <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Company. The Conversion Shares, when fully paid and allotted, will rank <i>pari passu</i> in all respects with the then Shares in issue on the date of allotment and issue of the relevant Conversion Shares.

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Negative Pledge:

The Company will undertake that, for so long as any of the Convertible Notes remains outstanding or any amount remains due under the Trust Deed, it will not, and it will procure that none of its subsidiaries will, create or permit to subsist any lien, security interest or encumbrance upon the whole or any part of their present or future assets (including revenues) to secure any relevant indebtedness, unless the Company shall, at the same time of granting the lien, security interest or encumbrance over any such asset, grant to the trustee for the Convertible Notes either (a) the same lien, security interest or encumbrance over such asset or (b) a lien, security interest or encumbrance over another asset as the holders of the Convertible Notes may approve pursuant to an extraordinary resolution of such holders.

Events of Default:

If any of the following events occurs on the part of or against the Company, it will constitute an Event of Default (subject to the expiry of applicable cure periods) and may result in the acceleration of the Company's obligation to pay principal amount and accrued but unpaid interest under the Convertible Notes:

- (a) delay in payment under the Convertible Notes;
- (b) failure to deliver the Shares upon conversion;
- (c) breach under the Convertible Notes or the Trust Deed that is incurable or not cured within 21 days upon the Trustee's written notice;
- (d) insolvency, bankruptcy, proposal of debt restructuring;
- (e) cross-default by virtue of acceleration;
- (f) seizure of material assets;
- (g) winding up, dissolution, judicial management or administration;
- (h) enforcement of encumbrance on material assets; and
- (i) other customary events of default.

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The Conversion Shares will be allotted and issued pursuant to the existing General Mandate and the proposed Specific Mandate. The Company will seek the grant of the proposed Specific Mandate from the Shareholders to allot and issue the New Shares at the SGM.

RANKING OF NEW SHARES

The New Shares or the Shares that may fall to be allotted and issued upon exercise of the Conversion Rights, if and when issued, allotted and fully paid, will rank *pari passu* in all respects among themselves with the existing Shares in issue, including the right to receive all future dividends and distributions which may be declared, made or paid after the date of issue and allotment of any of the New Shares or the Shares that may fall to be allotted and issued upon exercise of the Conversion Rights.

POTENTIAL CHANGE TO SHARE CAPITAL AND SHAREHOLDING STRUCTURE

For reference and illustrative purposes only, the table below summarizes the share capital and shareholding structure of the Company upon (i) the full issue and allotment of Shares or securities convertible into Shares pursuant to the General Mandate and (ii) the full issue and allotment of Shares or securities convertible into Shares pursuant to the General Mandate and the proposed Specific Mandate:

Shareholders	As at the date of the Latest Practicable Date		Upon full issue and allotment of Shares or securities convertible into Shares pursuant to the General Mandate		Upon full issue and allotment of Shares or securities convertible into Shares pursuant to the General Mandate and the proposed Specific Mandate	
	No. of Shares	Approx. % to issued share capital of the Company	No. of Shares	Approx. % to issued share capital of the Company as enlarged by the full issue and allotment of Shares or securities convertible into Shares pursuant to the General Mandate	No. of Shares	Approx. % to issued share capital of the Company as enlarged by the full issue and allotment of Shares or securities convertible into Shares pursuant to the General Mandate and the proposed Specific Mandate
SRE Investment Holding Limited (Note 1)	1,248,400,938	42.55	1,248,400,938	35.46	1,248,400,938	31.73
Directors and their spouses (Note 2)	3,147,314	0.10	3,147,314	0.08	3,147,314	0.08
New shareholders (Note 3)	Nil	Nil	586,776,239	16.67	1,000,000,000	25.42
Public Shareholder:	<u>1,682,332,943</u>	<u>57.35</u>	<u>1,682,332,943</u>	<u>47.79</u>	<u>1,682,332,943</u>	<u>42.77</u>
Total	<u>2,933,881,195</u>	<u>100</u>	<u>3,520,657,434</u>	<u>100</u>	<u>3,933,881,195</u>	<u>100</u>

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Note 1 These Shares are held by SRE Investment Holding Limited, a company incorporated in the British Virgin Islands in which Mr. Shi Jian and his wife, Ms. Si Xiao Dong, together beneficially own 63% of its issued share capital. The remaining 37% interest in SRE Investment Holding Limited are held by other management staff of the Company including but not limited to Mr. Yu Hai Sheng, Mr. Li Yao Min, Mr. Yue Wai Leung, Stan and Mr. Jian Xu Dong. Mr. Shi Jian and Mr. Li Yao Min, being executive Directors, are directors of SRE Investment Holding Limited.

Note 2 This does not include the interest in the Company held by Mr. Shi Jian and his wife, Ms. Si Xiao Dong, through their beneficial interest in SRE Investment Holding Limited.

Note 3 All such new shareholders are expected to be public shareholders pursuant to the Listing Rules.

Note 4 The above table does not take into account any Shares which may fall to be issued and allotted upon conversion of the outstanding HK\$165 million 2.5% coupon convertible bonds due 2013.

APPLICATION FOR LISTING

Application will be made to the Stock Exchange for listing of, and permission to deal in, any new Shares to be issued and allotted pursuant to the General Mandate and any New Shares to be issued and allotted pursuant to the proposed Specific Mandate. Subject to the permission of the listing of, and to deal in, any or all such Shares on the Main Board and in compliance with the stock admission requirements of HKSCC, such Shares (if any) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of the commencement of dealings in such Shares on the Main Board or such other dates as determined by the HKSCC. All necessary arrangements will be made for such Shares to be admitted into CCASS.

If the Company decides to issue the Convertible Notes and to have such Convertible Notes listed on the Stock Exchange, an application will be sought for the listing of or permission to deal in the Convertible Notes.

FURTHER INFORMATION ON TENDER OFFER AND CONSENT SOLICITATION

As mentioned in the Announcement, the Company has commenced on 9 June 2009 (i) a tender offer (the “Tender Offer”) to purchase for cash any and all of its US\$200,000,000 Guaranteed Senior Notes Due 2013 (the “Notes”) and (ii) a solicitation of consents (“Consents”) by holders of the Notes (“Holders”) to amend certain terms of the trust deed governing the Notes (the “Consent Solicitation”, and together with the Tender Offer, the “Tender Offer and Consent Solicitation”). The Tender Offer and Consent Solicitation commenced on 9 June 2009 and will expire at 5:00 p.m., New York City time, on 14 July 2009, unless otherwise extended by the Company (such date and time, the “Expiration Date”).

Holders who validly tender and do not withdraw their Notes on or prior to 5:00 p.m., New York City Time, on 18 June 2009, unless otherwise extended by the Company (such date and time, the “Early Consent Deadline”), will be eligible to receive the total consideration of US\$800 for each US\$1,000 principal amount of the Notes tendered (the “Total Consideration”), which consists of (i) an amount of US\$725 (the “Purchase Price”), (ii) an amount of US\$62, which constitutes an early tender payment (the “Early Tender

LETTER FROM THE BOARD

Payment”), and (iii) a consent payment of US\$13 (the “Consent Payment”), in each case for each US\$1,000 principal amount of the Notes, plus accrued and unpaid interest thereon up to, but not including, the date of payment (the “Settlement Date”).

Holders who validly tender after the Early Consent Deadline but on or before the Expiration Date will be eligible to receive the Purchase Price only, plus accrued and unpaid interest thereon up to, but not including, the Settlement Date. Holders who do not tender their Notes but validly deliver Consents on or prior to the Early Consent Deadline, and do not validly revoke their Consents on or prior to the Early Consent Deadline, will be eligible to receive the Consent Payment only. All holders who tender Notes pursuant to the Tender Offer will also be deemed to deliver their Consents with respect to such Notes pursuant to the Consent Solicitation. The Settlement Date on which the payment of the Total Consideration, the Purchase Price, the Early Tender Payment and the Consent Payment will be made is expected to occur on or about 24 July 2009.

The principal purpose of the Tender Offer and Consent Solicitation is to acquire all outstanding Notes in order to reduce the future interest expense of the Company, to eliminate substantially all of the restrictive covenants and to modify certain of the events of default and other provisions contained in the trust deed governing the Notes (as described in the paragraph immediately following this sentence).

The proposed amendments to the trust deed governing the Notes will remove the restrictions imposed by such trust deed on the Company’s and its restricted subsidiaries’ ability to incur additional indebtedness, make restricted payments, make dividend payments or other distributions, sell assets, issue or sell capital stock in the restricted subsidiaries, create liens on their assets, issue guarantees, enter into transactions with shareholders and affiliates, enter into sale-leaseback transactions, and engage in certain business activities. The requirement of the Company to make an offer to repurchase the Notes upon certain change of control events will also be eliminated. All events of defaults under the Notes will be eliminated, except for the failure to pay principal of and interest on the Notes; any guarantees given with respect to the Notes becoming unenforceable or invalid, or ceasing to be in full force and effect; and certain events of bankruptcy and insolvency.

The consummation of the Tender Offer and Consent Solicitation, and payment of the Total Consideration, the Purchase Price, the Early Tender Payment and the Consent Payment, as applicable, are conditional upon, among other things, the receipt of the Requisite Consents, the successful completion of the Convertible Notes or the Financing and the satisfaction or waiver of the customary conditions to the Tender Offer and Consent Solicitation, as set forth in the Offer to Purchase and Consent Solicitation Statement issued by the Company, dated as of 9 June 2009.

The maximum aggregate amount payable by the Company under the Tender Offer and Consent Solicitation (exclusive of related expenses and inclusive of accrued interest on the Notes purchased pursuant to the Tender Offer, assuming payment is made on 24 July 2009) is approximately US\$164.31 million.

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Whilst the results of the Tender Offer and Consent Solicitation are not currently known, the Directors expect that such results may be known at or around 17 July 2009. The Directors expect that the results of the Tender Offer and Consent Solicitation will be disclosed by way of a further announcement to the Shareholders.

The Company has appointed Deutsche Bank AG, Singapore Branch as the Sole Dealer Manager, and Bondholder Communications Group as the Information, Consent and Tender Agent with respect to the Tender Offer and Consent Solicitation.

SPECIAL GENERAL MEETING

The notice convening the SGM is set out on pages I-1 to I-2 of this circular for the purpose of considering and, if though fit, passing the ordinary resolution set out therein. A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible. The form of proxy should be returned to the Company's branch registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the SGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM (or at any adjourned meeting thereof) should you so desire. The voting of the Shareholders at the SGM must be taken by way of poll. Any Holder who is also a Shareholder is required to abstain from voting on the resolution for the proposed Specific Mandate at the SGM. As the Controlling Shareholder of the Company and its Associates are not Holders, they are not required to abstain from voting on the resolution for the proposed Specific Mandate under the Listing Rules and the Company's articles of association. Accordingly, the Controlling Shareholder and its Associate are entitled to vote at the SGM.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the proposed Specific Mandate to be considered at the SGM. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts not contained herein the omission of which would make any statement herein misleading.

RECOMMENDATION

The Directors, including each of the independent non-executive Directors, consider that the proposed Specific Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM.

For and on behalf of the Board
SRE GROUP LIMITED
Shi Jian
Chairman

NOTICE OF SPECIAL GENERAL MEETING



SRE GROUP LIMITED

上置集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1207)

NOTICE IS HEREBY GIVEN that a special general meeting of SRE Group Limited (the “Company”) will be held at 10:00 a.m. on Monday, 13 July 2009 at Room 2501, 25th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong for the purpose of considering, and if appropriate, passing, with or without modification, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the directors of the Company be and are hereby authorised to issue, allot and deal with not more than 413,223,761 new shares of the Company (the “**New Shares**”) (including any securities which carry rights to subscribe for or are convertible into Shares into the Company) under a specific mandate (the “**Specific Mandate**”) at any time and from time to time within six months from the date of this resolution, for the purpose of allowing the Company to raise funds through the Placing (as defined in the Circular) or the issuance and placing of the Convertible Notes (as defined in the Circular) or a combination of both having those terms described under the sections “Indicative Principal Terms of the Placing” and “Indicative Principal Terms of the Convertible Notes” in the circular of the Company dated 26 June 2009 (the “**Circular**”), the net proceeds of which will be used by the Company to fund the amounts payable under the Tender Offer and Consent Solicitation (as defined in the Circular); and **THAT** the proposed Specific Mandate be and is hereby approved, and **THAT**, subject to compliance with the Listing Rules (as defined in the Circular), any director of the Company be and are hereby authorised to sign, seal, execute, perfect and deliver all such documents and do all such deeds, acts, matters, and things as he may in his discretion considers necessary or desirable for the purpose of the implementation of the proposed Specific Mandate. The proposed Specific Mandate is in addition to, and shall not prejudice nor revoke the existing general mandate granted to the directors of the Company by the shareholders of the Company in the annual general meeting of the Company held on 2 June 2009 or such other general or specific mandate(s) that may have been granted to the directors of the Company prior to the passing of this resolution.”

By order of the Board
SRE Group Limited
Shi Jian
Chairman

Hong Kong, 26 June 2009

* *for identification purpose only*

NOTICE OF SPECIAL GENERAL MEETING

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude any member from attending and voting in person at the meeting if the member so wishes.
3. Pursuant to rule 13.39(4) of the Rules Governing the Listing of Securities ("the Listing Rules") on the Stock Exchange, all votes of shareholders at the Special General Meeting will be taken by poll and the Company will announce the results of the poll in the manner prescribed under rule 13.39(5) of the Listing Rules.
4. With regard to the resolution referred to in this notice, the board of directors of the Company proposes to seek its shareholders' approval of the specific mandate to issue shares in the Company and a circular in connection with such proposal will be dispatched to the shareholders of the Company.

As at the date hereof, the Board comprises ten Directors, five of whom are executive directors, namely Mr. Shi Jian, Mr. Li Yao Min, Mr. Yu Hai Sheng, Mr. Jiang Xu Dong and Mr. Yue Wai Leung, Stan; two of whom are non-executive directors, namely Mr. Cheung Wing Yui and Mr. Jin Bing Rong; and three of whom are independent non-executive directors, namely Mr. Jiang Xie Fu, Mr. E Hock Yap and Mr. Pan Long Qing.