

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



SRE GROUP LIMITED

上置集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1207)

INSIDE INFORMATION

(1) NON-BINDING MEMORANDUM OF UNDERSTANDING IN RELATION TO A POSSIBLE SUBSCRIPTION OF SHARES IN THE COMPANY AND (2) POSSIBLE APPLICATION FOR WHITEWASH WAIVER

The Board of the Company announces that on 5 June 2015 (after trading hours), the Company, Poly Real Estate and SREI entered into a non-binding MOU, under which Poly Real Estate expressed an interest to subscribe for (or to procure its wholly-owned subsidiary to subscribe for) Shares to be allotted and issued by the Company for subscription at HK\$0.25 per Share. It is intended that, to the extent the Possible Subscription materializes and is completed, Poly Real Estate (or its wholly-owned subsidiary) will become the single largest shareholder of the Company holding more than 30% of the enlarged issued share capital immediately following the completion of the Possible Subscription.

The MOU does not constitute the parties' legally binding commitments as to the Possible Subscription, except for the provisions on inter alia, exclusivity, costs and expenses, governing law and confidentiality.

It is the intention of Poly Real Estate to apply for the Whitewash Waiver. Completion of the Possible Subscription will be conditional upon, among other conditions, the Executive having granted the Whitewash Waiver, which, if granted, shall be subject to, among other things, approval by the independent shareholders of the Company. Pursuant to the MOU, the Company and Poly Real Estate have agreed not to reserve the right to waive this condition.

* For identification only

Further announcement(s) in respect of the Possible Subscription will be made by the Company as and when appropriate in accordance with the Listing Rules and/or the Takeovers Code as applicable. The Company will comply with all the applicable laws and regulations and all the applicable provisions of the Listing Rules and the Takeovers Code in relation to the Possible Subscription.

Shareholders and potential investors in the Company are urged to exercise caution when dealing in the securities of the Company. In particular, shareholders and potential investors in the Company are reminded that there is no assurance that the Possible Subscription or any other transaction mentioned in this announcement will materialize or eventually be consummated, and that the Possible Subscription will be subject to various conditions and the terms of the MOU are subject to change. The Board wishes to emphasize that no Binding Agreement in relation to the Possible Subscription has been entered into as of the date of this announcement and in particular, the Possible Subscription may be conditional upon, among other things, any necessary regulators' consents, approvals and/or waivers. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisors.

This announcement is made by SRE Group Limited (the “**Company**”) pursuant to Rules 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong.

NON-BINDING MEMORANDUM OF UNDERSTANDING

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that on 5 June 2015 (after trading hours), the Company, Poly Real Estate Group Co., Ltd. (“**Poly Real Estate**”) and SRE Investment Holding Limited (“**SREI**”) entered into a non-binding memorandum of understanding (the “**MOU**”), under which Poly Real Estate expressed an interest to subscribe for (or to procure its wholly-owned subsidiary to subscribe for) shares in the Company (“**Shares**”) to be allotted and issued by the Company for subscription at HK\$0.25 per Share (the “**Possible Subscription**”). It is intended that, to the extent the Possible Subscription materializes and is completed, Poly Real Estate (or its wholly-owned subsidiary) will become the single largest shareholder of the Company holding more than 30% of the enlarged issued share capital immediately following the completion of the Possible Subscription.

Pursuant to the MOU, each of the Company and SREI undertook that for a period of four months commencing from the date of the MOU, Poly Real Estate is entitled to conduct exclusive negotiation in respect of the Possible Subscription and neither the Company nor SREI may conduct any negotiation with any other investor in relation to any transaction which may conflict with the Possible Subscription.

The MOU does not constitute the parties' legally binding commitments as to the Possible Subscription, except for the provisions on, inter alia, exclusivity, costs and expenses, governing law and confidentiality.

WHITEWASH WAIVER AND OTHER CONDITIONS

According to the MOU, if consensus is reached by the Company and Poly Real Estate as to the Possible Subscription, the Company and Poly Real Estate (or its wholly-owned subsidiary) will enter into a legally binding subscription agreement (the “**Binding Agreement**”) setting out the detailed terms and conditions of the Possible Subscription.

Under Rule 26 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”), if Poly Real Estate (or its wholly-owned subsidiary) acquires more than 30% of the voting rights of the Company under the Possible Subscription, Poly Real Estate (or its wholly-owned subsidiary) will be obliged to make a mandatory offer for all the Shares other than those already owned or agreed to be acquired by Poly Real Estate (or its wholly-owned subsidiary) and persons acting in concert with it unless a waiver for the mandatory offer obligation (the “**Whitewash Waiver**”) is granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission (the “**Executive**”) pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. It is the intention of Poly Real Estate to apply for the Whitewash Waiver. Completion of the Possible Subscription will be conditional upon, among other conditions, the Executive having granted the Whitewash Waiver, which, if granted, shall be subject to, among other things, approval by the independent shareholders of the Company. Pursuant to the MOU, the Company and Poly Real Estate have agreed not to reserve the right to waive this condition.

In addition to the above condition regarding the Whitewash Waiver, it is expected that the Binding Agreement, if one is entered into, will contain other conditions precedent as shall be agreed by the parties thereto, including, among other things, (i) announcement and shareholders’ approval requirements under the Listing Rules; (ii) specific mandate to be obtained from the shareholders of the Company at a general meeting of the Company as regards the issue of the new Shares contemplated under the Possible Subscription; and (iii) all necessary corporate approvals of the parties and any necessary regulatory consents, approvals and/or waivers, including the listing approval to be granted by the Stock Exchange.

INFORMATION ON POLY REAL ESTATE AND SREI

Poly Real Estate is a major property developer in China, whose shares are listed on the Shanghai Stock Exchange with stock code: 600048. To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, Poly Real Estate and its ultimate beneficial owner(s) are third parties independent of the Company, its subsidiaries and its connected persons (as defined in the Listing Rules).

The controlling shareholder of the Company, SREI, currently holds approximately 51.01% of the issued share capital of the Company. The principal activity of SREI is investment holding. As at the date of this announcement, based on the information available to the Company, the beneficial shareholders of SREI are Mr. Shi Jian (a director of the Company, holding 36% interest), Madam Si Xiao Dong (the spouse of Mr. Shi Jian, holding 30% interest), certain relatives of Mr. Shi Jian and/or Madam Si Xiao Dong (holding in aggregate 13% interest) and some other individuals (holding in aggregate 21% interest).

REASONS FOR CONSIDERING THE POSSIBLE SUBSCRIPTION

The Company and its subsidiaries (the “**Group**”) are mainly engaged in real estate development, property leasing and hotel operations in Mainland China.

In view of Poly Real Estate’s established operations in the real estate industry in China, the Company considers that the Possible Subscription will present opportunities to strengthen the Group’s principal business.

It is expected that the proceeds from the Possible Subscription will enhance the Company’s capital structure and working capital.

LISTING RULES AND TAKEOVERS CODE COMPLIANCE

In the event that the Binding Agreement is signed and the Whitewash Waiver is to be applied for, an independent board committee will be established by the Board and an independent financial adviser will be appointed by the Company at an appropriate time to advise the independent board committee, which will then make recommendation to the independent shareholders of the Company on the resolution(s) to approve the Possible Subscription and the Whitewash Waiver.

Further announcement(s) in respect of the Possible Subscription will be made by the Company as and when appropriate in accordance with the Listing Rules and/or the Takeovers Code as applicable. The Company will comply with all the applicable laws and regulations and all the applicable provisions of the Listing Rules and the Takeovers Code in relation to the Possible Subscription.

GENERAL

Shareholders and potential investors in the Company are urged to exercise caution when dealing in the securities of the Company. In particular, shareholders and potential investors in the Company are reminded that there is no assurance that the Possible Subscription or any other transaction mentioned in this announcement will materialize or eventually be consummated, and that the Possible Subscription will be subject to various conditions and the terms of the MOU are subject to change. The Board wishes to emphasize that no Binding Agreement in relation to the Possible Subscription has been entered into as of the date of this announcement and in particular, the Possible Subscription may be conditional upon, among other things, any necessary regulators’ consents, approvals and/or waivers. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisors.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on Friday, 5 June 2015 pending the release of an announcement by the Company in relation to another inside information of the Company. Trading in the Shares will remain suspended pending the release of further announcement(s) by the Company.

By order of the Board

SRE Group Limited

Wang Zi Xiong

Acting Chairman and Chief Executive Officer

Hong Kong, 9 June 2015

As at the date of this announcement, the Board comprises six executive directors, namely Mr. Shi Jian, Mr. Wang Zi Xiong, Mr. Ma Dayu, Mr. Li Genfa, 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. Zhuo Fumin, Mr. Chan, Charles Sheung Wai, Mr. Yang Chao and Mr. Guoping.

The directors of SRE Group Limited jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, 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.