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SRE GROUP LIMITED

上置集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1207)

PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME

The board of directors (the “**Board**”) of SRE Group Limited (the “**Company**”) proposed to adopt a new share option scheme (the “**Scheme**”) pursuant to Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). As at the date of this announcement, none of the Company and any of its subsidiaries has adopted any share option scheme pursuant to the Listing Rules. The purpose of the Scheme is to reward the contributions made by the employees that are eligible under the Scheme (the “**Eligible Employees**”), to provide incentive for the Eligible Employees to work towards enhancing the value of the Company and its shares (the “**Shares**”) for the benefit of the Company and its shareholders (the “**Shareholders**”) as a whole.

The proposed principal terms of the Scheme are as follows:

Conditions Precedent of the Scheme

The adoption of the Scheme is conditional upon (i) the approval by the Shareholders to adopt the Scheme at a special general meeting of the Company (the “**SGM**”); and (ii) The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting approval of the listing of and permission to deal in the Shares which may be issued upon the exercise of the options which may be granted under the Scheme.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued and allotted upon the exercise of the options granted under the Scheme.

* For identification purpose only

Maximum number of Shares available under the Scheme

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes shall not in aggregate exceed 10% of the Shares in issue as at the date of approval by the Shareholders and as such limit is refreshed by the Shareholders from time to time. The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes shall not exceed 30% of the Shares in issue from time to time.

As at the date of this announcement, the issued share capital of the Company comprised 20,564,713,722 Shares. Assuming that there is no change in the share capital of the Company from the date of this announcement to the date of adoption of the Scheme, the maximum number of new Shares in the Company that may be issued under the Scheme on the date of its adoption will be 2,056,471,372 Shares.

Maximum entitlement of each Eligible Employee

The total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Employee under the Scheme and any other option schemes (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the total number of Shares in issue. Where any further grant of options to an Eligible Employee would result in the Shares issued and to be issued upon exercise of the options granted to such Eligible Employee (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total number of Shares in issue, such further grant must be separately approved by the Shareholders at the general meeting with such Eligible Employee and his/her close associates abstaining from voting.

Exercise Period

The exercise period of the options granted under the Scheme is to be determined by the Board, and such period shall not exceed a period of ten years commencing on the date on which an offer of the grant of an option is made by the Board (the “**Date of Grant**”) and expiring on the last day of such period.

Exercise Price

The exercise price of the options granted under the Scheme shall be a price solely determined by the Board and shall be at least be the highest of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the Date of Grant; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the Date of Grant; and (iii) the nominal value of the Share on the Date of Grant.

Duration and Termination

The Scheme shall be valid and effective for a period of ten years commencing on the date of its adoption, after which period no further options will be granted under the Scheme but in all other respects the provisions of the Scheme shall remain in full force and effect and options which are granted during the life of the Scheme may continue to be exercisable in accordance with their terms of issue.

Circular

A circular containing finalised details of the Scheme to be considered by the Shareholders at the SGM will be despatched to the Shareholders in accordance with the Listing Rules.

Shareholders should note that the proposed Scheme is subject to, amongst others, the approval by the Shareholders at the SGM and as such, it may or may not proceed.

By Order of the Board
SRE Group Limited
He Binwu
Chairman

Hong Kong, 3 June 2016

As at the date of this announcement, the Board comprises seven executive directors, namely Mr. He Binwu, Mr. Wang Zi Xiong, Mr. Peng Xinkuang, Mr. Shi Janson Bing, Mr. Chen Chao, Mr. Zhu Qiang and Mr. Zhao Xiaodong; and four independent non-executive directors, namely Mr. Zhuo Fumin, Mr. Chan, Charles Sheung Wai, Mr. Guoping and Mr. Ma Lishan.