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SRE GROUP LIMITED
上置集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 1207)

CLARIFICATION ANNOUNCEMENT
FORMATION OF JOINT VENTURE

Reference is made to the announcement of SRE Group Limited (the “**Company**”) dated 29 December 2016 (the “**Announcement**”). Unless otherwise defined, all capitalised terms used herein shall have the same meanings given to them in the Announcement.

The Board wishes to clarify the following:

- (i) The Joint Venture will acquire from CMBC the Right of Return in respect of the Property Projects at a consideration of RMB4,856,000,000, which was determined after arm’s length negotiations between the Company and CMBC with reference to the value and condition of the Property Projects as at November 2016. The total capital commitment of RMB5,116,000,002 to the Joint Venture was determined with reference to the consideration to be paid by the Joint Venture for the acquisition of the Right of Return, the estimated costs and expenses to be incurred by the Joint Venture for further development and/or refurbishment of the Project Projects and the distributions to be made by the Joint Venture to the Superior Limited Partner. The capital commitment of the Inferior Limited Partners in the aggregate amount of 997,000,000 was determined in proportion to the approximate 19% interest of the Group in the Joint Venture.
- (ii) Pursuant to the JV Agreement, profit distribution of the Joint Venture shall be calculated for both the Superior Limited Partner and the Inferior Limited Partners, and be actually distributed to the Superior Limited Partner on a half-yearly basis as basic distributions, the amount of which shall be calculated based on the respective balance of paid-in capital contributed by the Superior Limited Partner and the Inferior Limited Partners to the Joint Venture at the prevailing time at fixed annual rates ranging from 6.5% to 10%. The Inferior Limited Partners will receive the basic distributions to which they are entitled pursuant to the JV Agreement only after the Joint Venture has distributed to the Superior Limited Partner all basic distributions to which it is entitled and has returned to the Superior Limited Partner the balance of its paid-in capital contribution. After the Property Projects have been fully disposed of, the amount of (a) all distributable assets of the Joint Venture

net of (b) all basic distributions to the Superior Limited Partner and the Inferior Limited Partners and the total paid-in capital contributions by all partners of the Joint Venture will then be distributed among the Superior Limited Partner and the Inferior Limited Partners in the proportion of 5:5.

- (iii) Notwithstanding the arrangements set out in paragraph (ii) above, if the Property Projects have not been fully disposed of upon the expiry of the five-year term of operation of the Joint Venture, provided that the Joint Venture has returned to the Superior Limited Partner the balance of its paid-in capital contribution and has distributed to the Superior Limited Partner all basic distributions to which it is entitled pursuant to the JV Agreement (whereupon the Superior Limited Partner shall withdraw from the Joint Venture), CMBC shall transfer free of consideration the remaining Property Projects to the Inferior Limited Partners or other entities designated by the Inferior Limited Partners.

Save as disclosed above, all other information in the Announcement remains unchanged.

By Order of the Board
SRE Group Limited
He Binwu
Chairman

Hong Kong, 6 January 2017

As at the date of this announcement, the Board comprises seven executive Directors, namely Mr. He Binwu, Mr. Peng Xinkuang, Mr. Chen Donghui, Mr. Chen Chao, Mr. Shi Janson Bing, Mr. Zhu Qiang, and Ms. Qin Wenying; and four independent non-executive Directors, namely Mr. Zhuo Fumin, Mr. Chan, Charles Sheung Wai, Mr. Ma Lishan and Mr. Han Gensheng.

**For identification purpose only*