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

CONNECTED TRANSACTION
ACQUISITION OF PROPERTIES

THE ACQUISITION

On 28 June 2018 (after trading hours), the Purchaser (a non-wholly owned subsidiary of the Company) entered into the Agreements with, among others, the Vendor (a connected person of the Company) pursuant to which, among other things, the Vendor agreed to sell and the Purchaser agreed to purchase the Target Properties at the Purchase Price of RMB127,554,308.37 (for illustration purpose only, equivalent to approximately HK\$153,065,170 using the exchange rate of RMB1:HK\$1.2). The Acquisition is for the purpose of relocating and resettling the incumbent residents affected by the development of the Daxing Project by the Purchaser.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Vendor is an associate of Zhongchong Group Co., Ltd., which is an indirect substantial shareholder of the Purchaser. As such, the Vendor is a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On 28 June 2018 (after trading hours), the Purchaser (a non-wholly owned subsidiary of the Company) entered into the Agreements with, among others, the Vendor (a connected person of the Company)

pursuant to which, among other things, the Vendor agreed to sell and the Purchaser agreed to purchase the Target Properties at the Purchase Price of RMB127,554,308.37 (for illustration purpose only, equivalent to approximately HK\$153,065,170 using the exchange rate of RMB1:HK\$1.2). The Acquisition is for the purpose of relocating and resettling the incumbent residents affected by the development of the Daxing Project by the Purchaser.

THE ACQUISITION

The principal terms of the Agreements are set out as follows:

Date

28 June 2018 (after trading hours)

Parties to the Sale and Purchase Agreement

- (1) the Purchaser (a non-wholly owned subsidiary of the Company);
- (2) Shanghai Caohejing;
- (3) the Construction Council; and
- (4) the Vendor (a connected person of the Company).

Parties to the Supplemental Sale and Purchase Agreement

- (1) the Purchaser;
- (2) the Construction Council; and
- (3) the Vendor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Shanghai Caohejing and the Construction Council and their ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

The Target Properties

The Target Properties consist of 33 units of relocation and resettling properties, with a total gross floor area of 2547.04 square meters and are situated at 2289 Wan Yuan Road, Minhang District, Shanghai. The Target Properties form part of the 159 units of relocation and resettling properties which were acquired by the Vendor from Shanghai Caohejing between 2016 and 2017 for the relocation and resettlement of incumbent residents affected by the development of a residential project by the Vendor.

Currently, the construction of such residential project of the Vendor has been completed, yet a total of 68 units of relocation and resettling properties (the “**Remaining Units**”) have not been occupied and remained vacant. According to relevant PRC laws, since the Remaining Units could only be used for relocating and resettling affected incumbent residents within the Minhang District and not for any other purposes, though the Remaining Units are acquired and fully paid for by the Vendor, the legal title to the

Remaining Units still vests in Shanghai Caohejing.

According to the Vendor, since currently there is no further imminent need to resettle and relocate residents within the Minhang District, after negotiations between the Vendor and the relevant government authorities, the Remaining Units are allowed to be used to relocate and resettle residents affected by town projects outside of the Minhang District. As such, for the development of the Daxing Project by the Purchaser, the Purchaser entered into the Agreements to acquire 33 out of the 68 Remaining Units, i.e. the Target Properties, from the Vendor, to relocate and resettle the incumbent residents affected by the development of the Daxing Project.

The original acquisition cost of the Target Properties paid by the Vendor is RMB127,554,308.37.

Purchase Price and payment terms

The Purchase Price for the Acquisition is RMB127,554,308.37 (for illustration purpose only, equivalent to approximately HK\$153,065,170 using the exchange rate of RMB1:HK\$1.2). Pursuant to the Agreements, the Purchase Price will be paid by the Purchaser via the Construction Council. It is expected that the Purchase Price will be financed by the internal resources of the Group.

The Purchase Price shall be settled in the following manner:

- (1) within five business days after signing of the Sale and Purchase Agreement, the Construction Council shall pay RMB63,777,154.18 (for illustration purpose only, equivalent to approximately HK\$76,532,585 using the exchange rate of RMB1:HK\$1.2) to the Vendor as the first instalment of the Purchase Price (the “**First Instalment**”). Immediately after the payment of the First Instalment, the Vendor shall procure Shanghai Caohejing to transfer the legal title to the Target Properties to the Purchaser, and the title transfer registration shall be completed within 60 days after the payment of the First Instalment;
- (2) within 10 business days after the transfer of the legal title to the Target Properties to the Purchaser, the Construction Council shall then pay RMB25,510,861.67 (for illustration purpose only, equivalent to approximately HK\$30,613,034 using the exchange rate of RMB1:HK\$1.2) to the Vendor as the second instalment of the Purchase Price;
- (3) within 10 business days after the keys of the Target Properties have been passed to the Purchaser, the Construction Council shall then pay RMB25,510,861.67 (for illustration purpose only, equivalent to approximately HK\$30,613,034 using the exchange rate of RMB1:HK\$1.2) to the Vendor as the third instalment of the Purchase Price (the “**Third Instalment**”) ; and
- (4) within 30 business days after the payment of the Third Instalment, the Construction Council shall pay the remaining RMB12,755,430.85 (for illustration purpose only, equivalent to approximately HK\$15,306,517 using the exchange rate of RMB1:HK\$1.2) to the Vendor.

If the legal title to the Target Properties fails to be transferred to the Purchaser within 60 days from the payment of the First Instalment, the Purchaser has the right to terminate the Agreements, and all amounts paid to the Vendor shall be refunded with an additional interest payment of 8% per annum.

Basis for determining the Purchase Price

The Purchase Price was arrived at after arm's length negotiations between the parties to the Agreements with reference to the original purchase price of the relocation and resettling properties paid by the Vendor to Shanghai Caohejing.

Completion

Upon Completion, the Purchaser shall own the legal title to the Target Properties.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Pursuant to the Agreements, the Target Properties will be sold to the Group at the original price initially paid by the Vendor to Shanghai Caohejing. As such, given the growth in the property market in the PRC, the Group would acquire the Target Properties at a discount to their prevailing market value. Therefore, the Board considers that the Acquisition represents a good investment by the Group by saving the cost of relocating and resettling the incumbent residents affected by the development of the Daxing Project by the Group.

The Board (including the independent non-executive Directors) is of the view that the terms of the Agreements and the transactions contemplated thereunder, which have been reached after arm's length negotiation between the parties, are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, and the Acquisition is in the ordinary and usual course of business of the Group.

INFORMATION OF THE GROUP AND THE PURCHASER

The Group is an integrated real estate developer focusing on high-quality development projects and renewal projects in first-tier cities and second-tier cities with high potential in the PRC. While the Group is mainly focusing on high-quality property development, it is also seeking to explore new opportunities in urban development and renewal, medical and senior properties and cultural tourism and innovative technology properties. The Group will also expand its investment businesses, accelerate the investment-withdrawal and gain-capturing process by adopting the "financing, investment, management and withdrawal" approach and operate in a "light and heavy assets in parallel" model. The Group is also putting the strategy of internationalization into practice by seeking high-quality assets overseas, and will prudently attempt limited diversification, including the cultivation of real estate-related internet, fund and finance businesses, striving to become a fully integrated trans-sector real estate and finance group.

The Purchaser is a company incorporated under the laws of the PRC with limited liability and is held as to 51% equity interest by the Company. The Purchaser is principally engaged in property development

and investment in the PRC.

INFORMATION OF THE OTHER PARTIES TO THE AGREEMENTS

Shanghai Caohejing is a company incorporated under the laws of the PRC with limited liability and is principally engaged in property development and investment in the PRC.

The Construction Council is the PRC government entity responsible for the construction affairs of Huangpu District, Shanghai.

The Vendor is a company incorporated under the laws of the PRC with limited liability and is principally engaged in property development and investment in the PRC.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Vendor is an indirect non-wholly owned subsidiary of Zhongchong Group Co., Ltd* (中崇集團有限公司). Zhongchong Group Co., Ltd. holds 63.7% equity interest in Shanghai Zhongchong Binjiang Industry Co. Ltd.* (上海中崇濱江實業發展有限公司), which in turn holds 49% equity interest in the Purchaser. Accordingly, the Vendor is an associate of Zhongchong Group Co., Ltd., which is an indirect substantial shareholder of the Purchaser. As such, the Vendor is a connected person of the Company, and therefore the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

To the best of the Board's knowledge, information and belief having made all reasonable enquiries, no Director has a material interest in the Acquisition, and no Director has abstained from voting on the board resolutions approving the Acquisition.

DEFINITIONS

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

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| “Acquisition” | the acquisition of the Target Properties by the Purchaser from the Vendor pursuant to the Agreements |
| “Agreements” | the Sale and Purchase Agreement and the Supplemental Sale and Purchase Agreement |

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| “associate” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “Company” | SRE Group Limited, a company incorporated in Bermuda with limited liability, whose Shares are listed on the Main Board of the Stock Exchange |
| “Completion” | completion of the Acquisition in accordance with the Agreements |
| “connected person” | has the meaning ascribed to it under the Listing Rules |
| “Construction Council” | Huangpu Construction and Management Council* (黃浦區建設和管理委員會), a PRC government entity |
| “Daxing Project” | the site project situated at 717-719 Daxing Street, Huangpu District, Shanghai and owned by the Purchaser |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “Purchaser” | Shanghai Jinxin Real Estate Co., Ltd.* (上海金心置業有限公司), a limited liability company incorporated in the PRC and a non-wholly owned subsidiary of the Company |
| “Purchase Price” | RMB127,554,308.37 (for illustration purpose only, equivalent to approximately HK\$153,065,170 using the exchange rate of |

RMB1:HK\$1.2) in respect of the Acquisition payable by the Purchaser (via the Construction Council) in cash to the Vendor pursuant to the Agreements

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| “RMB” | Renminbi, the lawful currency of the PRC |
| “Sale and Purchase Agreement” | the sale and purchase agreement dated 28 June 2018 and entered into among the Purchaser, Shanghai Caohejing, the Construction Council and the Vendor in relation to the Acquisition |
| “Shanghai Caohejing” | Shanghai Caohejing Development Zone High-tech Park Development Co., Limited* (上海漕河涇開發區高科技園發展有限公司), a limited liability company incorporated in the PRC |
| “Shareholders” | registered holders of the Shares from time to time |
| “Shares” | ordinary shares of HK\$0.10 each in the capital of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the meaning ascribed to it under the Listing Rules |
| “substantial shareholder” | has the meaning ascribed to it under the Listing Rules |
| “Supplemental Sale and Purchase Agreement” | the supplemental sale and purchase agreement dated 28 June 2018 and entered into among the Purchaser, the Construction Council and the Vendor, in relation to the Acquisition |
| “Target Properties” | 33 units of relocation and resettling properties situated at 2289 Wan Yuan Road, Minhang District, Shanghai with a total gross floor area of 2547.04 square meters |
| “Vendor” | Shanghai Xiangfu Real Estate Development Co., Limited* (上海湘府房地產開發有限公司), a limited liability company incorporated in the PRC and a connected person of the Company |
| “%” | per cent |

By Order of the Board
SRE Group Limited
Peng Xinquang
Chairman

Hong Kong, 28 June 2018

As at the date of this announcement, the Board comprises seven executive directors, namely Mr. Peng Xinquang, Mr. Liu Feng, 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*