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SRE GROUP LIMITED

上置集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1207)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF INTEREST IN JOINT VENTURE**

DISPOSAL OF INTEREST IN JOINT VENTURE

Reference is made to the announcements of the Company dated 29 December 2016 and 6 January 2017 regarding, among other things, the formation of the Joint Venture.

On 5 December 2018 (after trading hours), Shanghai Oasis (a subsidiary of the Company), AVIC Trust and the Joint Venture entered into the Transfer Agreement pursuant to which Shanghai Oasis agreed to sell and AVIC Trust agreed to purchase the Interest at a consideration of RMB500 million.

LISTING RULES IMPLICATIONS

Since one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the announcements of the Company dated 29 December 2016 and 6 January 2017 regarding, among other things, the formation of the Joint Venture.

On 5 December 2018 (after trading hours), Shanghai Oasis (a subsidiary of the Company), AVIC Trust and the Joint Venture entered into the Transfer Agreement pursuant to which Shanghai Oasis agreed to sell and AVIC Trust agreed to purchase the Interest at a consideration of RMB500 million.

THE TRANSFER AGREEMENT

The principal terms of the Transfer Agreement are set out as follows:

Date

5 December 2018 (after trading hours)

Parties

- (1) Shanghai Oasis (a subsidiary of the Company), which is a limited partner of the Joint Venture, as seller
- (2) AVIC Trust, as buyer
- (3) Joint Venture

Subject Matter

AVIC Trust agreed (a) to purchase the limited partnership interest of RMB500 million in the Joint Venture from Shanghai Oasis and (b) to be admitted to the Joint Venture as Superior Limited Partner.

Consideration

The consideration for the Disposal was RMB500 million and was determined after arm's length negotiations between Shanghai Oasis and AVIC Trust with reference to the financial position of the Joint Venture at the time of the Disposal. The consideration will be settled in cash by AVIC Trust pursuant to the terms and conditions of the Transfer Agreement and in any event no later than 29 December 2018.

Upon the receipt of the consideration, the parties agree, among other things,

- (a) AVIC Trust shall be deemed to be held with the Interest immediately and simultaneously become the Superior Limited Partner while Shanghai Oasis shall continue to be the Inferior Limited Partner but the limited partnership interest of Shanghai Oasis shall be reduced accordingly to RMB477 million;
- (b) to enter into an amended agreement of the Joint Venture among the general partners and limited partners (including Shanghai Oasis and AVIC Trust), the material terms of which shall be the same as the previous partnership agreement dated 29 December 2016;
- (c) to perform all such acts and things and/or to execute and deliver all such documents, as may be required by PRC law to the extent necessary to register the change of partnership interest within 15 Business Days.

The liability of Shanghai Oasis, as well as AVIC Trust, in respect of the Joint Venture shall be limited to the amount of their corresponding capital commitment.

INFORMATION OF THE JOINT VENTURE

The Joint Venture is a limited partnership enterprise established in the PRC on 29 December 2016, the purpose of which is to acquire the right of return in respect of the property projects from CMBC and is responsible for the development, operation, management and disposal of the property projects.

As at the date of this announcement, the Inferior Limited Partners have fully paid their portion of capital contribution of RMB997,000,000. The total capital commitment of the Joint Venture is RMB5,116,000,002 as at the date of this announcement.

Pursuant to a separate agreement entered into between AVIC Trust and Huaneng Guicheng Trust prior to the date of this announcement, Huaneng Guicheng Trust will cease to be the Superior Limited Partner and dispose all of its partnership interest from the Joint Venture. As a result, upon the Completion, the total capital commitment of the Joint Venture will be RMB3,897,000,002, of which RMB3,400,000,000 (being approximately 87.2% of the total capital commitment of the Joint Venture upon the Completion) shall be contributed by AVIC Trust being the Superior Limited Partner and an aggregate of RMB497,000,000 (being approximately 12.8% of the total capital commitment of the Joint Venture upon the Completion) shall be contributed by the Inferior Limited Partners (which have been fully paid as at the date of this announcement). As the Inferior Limited Partners and the SRE General Partner together will only be interested in the Joint Venture as to approximately 12.8% of the total capital commitment, the Joint Venture will not be consolidated in the financial statements of the Group.

Financial Information of the Joint Venture and Financial Effect of the Disposal

Based on the confirmation of the General Partners, the unaudited profit/(loss) before and after taxation of the Joint Venture for the period from 1 January 2017 to 31 December 2017 and for the ten months ended 31 October 2018 are as follows:

	For the period from 1 January 2017 to 31 December 2017	For the ten months ended 31 October 2018
Profit/(loss) before taxation and extraordinary items	RMB(2,001,807.55)	RMB(11,359,805.50)
Profit/(loss) after taxation and extraordinary items	RMB(2,001,807.55)	RMB(11,359,805.50)

Based on the confirmation of the General Partners, the unaudited total asset value of the Joint Venture as at 31 October 2018 was approximately RMB5,550,250,048.18.

Upon the Completion, Shanghai Oasis will continue to have a limited partnership interest in the Joint

Venture with a capital commitment of RMB477 million. While there is no gain or loss from the Disposal (which is calculated based on the amount of the consideration of the Disposal), the net proceeds from the Disposal of RMB500 million will be used for general working capital purpose or funding potential investments of the Group in the future.

INFORMATION OF THE PARTIES

The Group is an integrated real estate developer focusing on high-quality development projects and renewal projects in first-tier cities in the PRC, in particular core areas in Shanghai, which is geographically the base for the Group's property development business. 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, funds and finance businesses, striving to become a fully integrated trans-sector real estate and finance group.

Shanghai Oasis is a company incorporated with limited liability in accordance with the law of the PRC and a subsidiary of the Company, and is principally engaged in development and sale of real estate.

AVIC Trust is a company incorporated with limited liability in accordance with the law of the PRC, and is principally engaged in trust funds and consultation services.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, AVIC Trust and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Joint Venture focuses on investment in quality property projects in first-tier cities in the PRC. The Group considers that the Disposal represents a good opportunity to realize the investment and to enhance the cash position of the Group to fund potential investments and thus Shanghai Oasis decided to sell the Interest to AVIC Trust.

Having regard to the reasons for and benefits of the transactions contemplated under the Disposal, the Board is of the view that the terms of the Transfer Agreement, which have been reached after arm's length negotiations between the parties, are fair and reasonable, on normal commercial terms and in line with the overall investment strategy of the Group, and therefore in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Since one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 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 Transfer Agreement, and no Director has abstained from voting on the board resolutions approving the Transfer Agreement and the transactions contemplated under the Transfer Agreement.

DEFINITIONS

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

“AVIC Trust”	China Aviation Trust Co., Ltd.* (中航信託股份有限公司), a company incorporated in the PRC with limited liability, a limited partner of the Joint Venture upon Completion
“Board”	the board of Directors
“Business Days”	a day (other than Saturdays, Sundays and statutory public holidays in the PRC)
“CMBC”	China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司), a joint stock company incorporated with limited liability in accordance with the law of the PRC
“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”	the completion of the Transfer Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of Interest by Shanghai Oasis to AVIC Trust pursuant to the Transfer Agreement
“General Partners”	the general partners of the Joint Venture
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huaneng Guicheng Trust”	Huaneng Guicheng Trust Co., Ltd. (華能貴誠信託有限公司), a company incorporated in the PRC with limited liability, a limited partner of the Joint Venture as at the date of this announcement
“Inferior Limited Partner(s)”	Shanghai Oasis and Ningbo Meishan Baoshuigangqu Zhiao Investment Centre (寧波梅山保稅港區置翱投資中心), a limited partnership established in the PRC and a subsidiary of the Company, being the limited partners of the Joint Venture, which have lower priority than the Superior Limited Partner on distribution of profits of the Joint Venture
“Interest”	the limited partnership interest of RMB500 million in the Joint Venture
“Joint Venture”	a limited partnership enterprise (有限合夥企業) established in the PRC on 29 December 2016. Further details of the Joint Venture are set out in the announcements of the Company dated 29 December 2016 and 6 January 2017
“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 and Taiwan
“RMB”	renminbi, the lawful currency of the PRC
“Shanghai Oasis”	Shanghai Oasis Garden Real Estate Co., Ltd.* (上海綠洲花園置業有限公司), a company incorporated in the PRC with limited liability and a subsidiary of the Company, one of the Inferior Limited Partners
“Shareholders”	registered holders of the Shares from time to time
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“SRE General Partner”	Shanghai Shangpan Investment Management Co., Ltd. (上海上磐投資管理有限公司), a company incorporated in the PRC with limited liability and an indirectly wholly-owned subsidiary of the

	Company, a general partner of the Joint Venture
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Superior Limited Partner”	Huaneng Guicheng Trust (before the Completion), or AVIC Trust (after the Completion), as the case may be, a limited partner of the Joint Venture which has higher priority than the Inferior Limited Partners on distribution of profits of the Joint Venture
“Transfer Agreement”	the transfer agreement dated 5 December 2018 entered into among Shanghai Oasis, AVIC Trust and the Joint Venture in relation to the Disposal
“%”	per cent

By Order of the Board
SRE Group Limited
Peng Xinkuang
Chairman

Hong Kong, 5 December 2018

As at the date of this announcement, the Board comprises seven executive directors, namely Mr. Peng Xinkuang, Mr. Liu Feng, Mr. Chen Donghui, Mr. Chen Chao, Mr. Zhu Qiang, Ms. Qin Wenying and Mr. Jiang Qi; 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*