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SRE GROUP LIMITED **上置集團有限公司***

(Incorporated in Bermuda with limited liability)

(Stock Code: 1207)

MAJOR TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF TARGET COMPANY

THE SALE AND PURCHASE AGREEMENT

On 11 June 2019, the Vendors, the Purchasers and the Target Company entered into the Sale and Purchase Agreement, pursuant to which (i) the Vendors agreed to sell, and the Purchasers agreed to purchase, the 100% equity interest of the Target Company for an aggregate price of RMB1,150 million (for which RMB1,121.25 million is for the SRE Sale Shares and the remaining is for the V3 Sale Shares); and (ii) the Purchasers have agreed to pay to SRE Vendors the Shareholder Loan in the amount of approximately RMB135.16 million. The Purchasers have also agreed to pay the Related Loan to the Related Lender. As at the date of the Sale and Purchase Agreement, the Target Company is owned as to 97.5% by SRE Vendors and as to 2.5% by the Vendor 3.

IMPLICATION UNDER THE LISTING RULES

As the highest applicable percentage ratio under the Listing Rules in respect of the Disposal exceeds 25% but below 75%, the Disposal constitutes a major transaction of the Company and is therefore subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. The Related Lender (i.e. China Minsheng Jiaye Investment Co., Ltd) is a controlling shareholder of the Company. The transactions contemplated under the Sale and Purchase Agreement also constitutes a connected transaction and is subject to reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the independent Shareholders in relation to the transactions contemplated under the Sale and Purchase Agreement. An independent financial adviser will be appointed to advise the Independent Board Committee and the independent Shareholders of the same.

SGM

The SGM will be convened for the purposes of considering, and if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder. A circular containing, among other things, (1) details of the Sale and Purchase Agreement and the Disposal; (2) a letter from the independent financial adviser; (3) a letter from the Independent Board Committee; (4) other information as required to be disclosed under the Listing Rules; and (5) the notice of the SGM and a form of proxy is expected to be despatched to the Shareholders within 15 business days after the publication of this announcement, that is, on or before 3 July 2019.

INTRODUCTION

On 11 June 2019, the Vendors, the Purchasers and the Target Company entered into the Sale and Purchase Agreement, pursuant to which (i) the Vendors agreed to sell, and the Purchasers agreed to purchase, the 100% equity interest of the Target Company for an aggregate price of RMB1,150 million (for which RMB1,121.25 million is for the SRE Sale Shares and the remaining is for the V3 Sale Shares); and (ii) the Purchasers have agreed to pay to SRE Vendors the Shareholder Loan in the amount of approximately RMB135.16 million.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as follows:

Date

11 June 2019 (after trading hours)

Parties

- (i) SRE Vendors: Konmen Investment Limited (康明投資有限公司) (i.e. Vendor 1) and 瀋陽綠怡酒店管理有限公司 (Shenyang Luyi Hotel Management Co., Ltd.*) (i.e. Vendor 2)

SRE Vendors are indirect wholly-owned subsidiaries of the Company and are investment holding company.

Vendor 3: 上海亞羅企業管理合夥企業 (有限合夥) (Shanghai Ya Luo Enterprise Management Partnership (Limited Partnership)*)

- (ii) Purchasers: Hong Kong Chong Dei Company Limited (香港創地有限公司) (i.e. Purchaser 1) and 瀋陽瑞光貿易有限公司 (Shenyang Ruiguang Trading Co., Ltd.*) (i.e. Purchaser 2); and

(iii) Target Company: 遼寧高校後勤集團房地產開發有限公司 (Liaoning Gao Xiao Support Group Property Development Co., Ltd.*)

As at the date of the Sale and Purchase Agreement, the Target Company is owned as to 97.5% by SRE Vendors and as to 2.5% by the Vendor 3.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor 3 and its ultimate beneficial owners is an Independent Third Party and the principal business of the Vendor 3 is investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Purchasers are wholly-owned subsidiaries of Yango Group whose principal business is property development and commodity trading; and (ii) the principal business of Purchaser 1 and Purchaser 2 is investment holding; (iii) as at the date of this announcement, a 50%-owned company of China Minsheng Jiaye Investment Co., Ltd (a controlling shareholder of the Company) holds approximately 18.04% of the issued shares of Yango Group; (iv) a 2%-shareholder of the controlling shareholder of China Minsheng Jiaye Investment Co., Ltd (a controlling shareholder of the Company) holds approximately 10.17% of the issued shares of Yango Group; and (v) the Company and Yango Group has one common director. Save as disclosed above, each of Yango Group, the Purchasers and their respective ultimate beneficial owners is an Independent Third Party.

Subject matter

Subject to the terms and conditions of the Sale and Purchase Agreement, the Vendors agreed to sell and the Purchasers agreed to purchase the Sale Shares (i.e. 100% equity interests of the Target Company).

Consideration

The aggregate price of the Sale Shares is RMB1,150 million (for which RMB1,121.25 million is for the SRE Sale Shares payable to the SRE Vendors and the remaining is for the V3 Sale Shares payable to Vendor 3). The Purchasers have also agreed to pay to the SRE Vendors the Shareholder Loan in the amount of approximately RMB135.16 million.

The payment shall be settled by the Purchasers in 5 stages in the following manner:

Stage	Date of payment	Amount	Method of payment	Remarks
1A	3 Business Days from the date of the Sale and Purchase Agreement	RMB150,000,000 (as deposit of the SRE Sale Shares)	Pay to V2 Designated Account	Apply as payment of the purchase price of the SRE Sale Shares after the Sale and Purchase Agreement becomes effective

1B	According to the payment instruction of Vendor 2 (subject to all necessary procedures in relation to the Disposal having been completed in accordance with the Listing Rules and requirements of the Securities and Futures Commission, and after the shareholder's meeting in respect of the Sale and Purchase Agreement and the Disposal has been passed); the repayment of the Related Loan further subject to the Target Company and the Related Lender reaching an agreement to designate an account for receipt of the repayment sum and issuing payment instruction accordingly	RMB650,000,000, comprising (i) RMB341,250,000 (as purchase price of the SRE Sale Shares) (ii) RMB28,750,000 (as purchase price of the V3 Sale Shares) (iii) the repayment of the Related Loan to the Related Lender (iv) the remaining for the payment of the Shareholder Loan	(i) Pay to V2 Joint Account (ii) Pay to V3 Joint Account (iii) Pay to account designated by the Related Lender (iv) Pay to V2 Joint Account	Within 10 days of stage 1B payment, the parties shall cause the Purchasers to become the registered shareholder of the Target Company at the relevant State Administration for Market Regulation. On the Completion Date, the Vendors and the Purchasers shall, if applicable, arrange for the funds in the V2 Joint Account; the V3 Joint Account and the account designated by the Related Lender to be released.
2	Before the relevant documents for changing the registered shareholder of the Target Company are submitted to the relevant State Administration for Market Regulation	RMB398,000,000 (as purchase price of the SRE Sale Shares)	For repayment of Hua Rong Loan pursuant to the Tri-Party Agreement. Please refer to the paragraph headed "Release of guarantee and charge over land" below.	
3	After completion but within 5 days after confirmation of the deductions stipulated in Note 1 below	RMB300,000,000 (<i>Subject to deduction as set out in Note 1</i>)	Pay to V2 Designated Account or such other account as agreed in the Sale and Purchase Agreement	
4	Within 5 Business Days after the signing of Final Confirmation of Liabilities (which should be agreed within 1 month after the issue of the Completion Account) (<i>Note 3</i>)	RMB200,000,000 (less the profit tax in connection the Disposal payable by Vendor 1 and the remaining amount of Other Liabilities (excluding Related Loan which has been paid in Stage 1B) if such amount has not been deducted from stage 3 payment) (<i>Note 2</i>)	Pay to V2 Designated Account	

5	Within 5 Business Days after (i) the conditions in respect of payment stages 1A, 1B, 2, 3 and 4 have been met; and (ii) the Target Company having obtained First Phase Construction Permit in respect of the Target Land	RMB162,000,000 Pay to V2 Designated Account
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In the event the Purchasers' due diligence review of the Target Company discloses a further balance of Other Liabilities, the Purchasers and the Vendors shall adjust the aggregate price of the Sale Shares accordingly so as not to disturb the final amount of the consideration.

Notes:

1. Within 30 calendar days after the Completion Date, the Purchasers and SRE Vendors shall cause the Target Company to enter into the Termination Agreement with NT2C. The Purchasers shall settle the amount due to NT2C under the Termination Agreement. This amount shall be deducted from stage 3 payment. Provided that the Purchasers or the Target Company has not contributed to any delays to enter into the Termination Agreement, the Purchasers shall be entitled to deduct from stage 3 payment any extra amount incurred by the Target Company to NT2C if the Termination Agreement is not agreed within the 30 calendar days and the Purchasers have to take over conduct of the Termination Agreement.

Within 3 months after the Completion Date, SRE Vendors shall complete all demolition and relocation works within the Target Land. All compensation and agreements to be paid or entered into by the Target Company in connection with the demolition and relocation shall first be agreed by the Purchasers and SRE Vendors and shall be settled by the Purchasers. This amount shall be deducted from stage 3 payment and any remaining amount shall be paid to V2 Designated Account. Provided that the Purchasers or the Target Company has not contributed to any delays to the demolition works, the Purchasers shall be entitled to deduct from stage 3 payment any extra amount incurred by the Target Company if the Purchasers have to take over conduct of the demolition works.

In the event the total amount of deductions above exceeds the amount of stage 3 payment, SRE Vendors shall be responsible for the shortfall and the Purchasers reserve the right to deduct the same from subsequent stages of payment to the SRE Vendors.

2. The Vendors and the Purchasers shall cause the income tax return of Vendor 1 to be filed with the government of PRC within 1 month after the Completion Date, and the income tax payable by Vendor 1 shall be withheld by the Purchasers or the Target Company and this amount shall be deducted from stage 4 payment.
3. The Vendors and the Purchasers shall cause the Completion Account to be compiled within 2 months after the Completion Date. Vendor 2 and the Purchasers shall sign the Final Confirmation of Liabilities within 1 month of the date of the Completion Account, and such agreement shall constitute confirmation of the amount of the Target Company's Other Liabilities (excluding the Related Loan and the amount confirmed in stage 3 as stipulated in Note 1) which shall be deducted from stage 4 payment.

- a. Subject to the aforesaid deductions, the Purchasers shall pay the remainder of RMB200 million into the V2 Designated Account within 5 Business Days after signing of the Final Confirmation of Liabilities.
- b. Notwithstanding the foregoing, in the event that the parties are unable to enter into the Final Confirmation of Liabilities as per the timeline prescribed, the parties agree the Purchasers shall nevertheless pay into the V2 Designated Account the undisputed amount of stage 4 payment within 5 Business Days after 3 months from the Completion Date, and the remaining disputed amount shall become payable by the Purchasers upon the parties' later resolution of the same.

Basis of consideration

The total consideration of the Disposal was determined after arm's length negotiations between the Vendors and the Purchasers, taking into consideration of, among others, (i) the assets and liabilities of the Target Company; (ii) the amount of the Shareholder Loan; and (iii) the valuation of the assets of the Target Company by independent professional valuer.

Release of guarantee and charge over land

The Target Company has provided guarantee and charge over certain land of the Target Project in favour of Hua Rong in respect of certain loan provided by Hua Rong to Shanghai Oasis ("**Hua Rong Loan**"). As at the date of the Sale and Purchase Agreement, the guaranteed loan amounted to RMB398 million.

It is agreed by the SRE Vendors and the Purchasers that stage 2 payment of the consideration will be utilized to repay the loan owed by Shanghai Oasis to Hua Rong and after such repayment, the aforesaid guarantee and charge over land provided by the Target Company will be released ("**Release**").

Conditions precedent and effectiveness

Completion of the Disposal is conditional upon the Company having convened and held a general meeting in accordance with the Listing Rules and other applicable laws and has obtained approval of the Sale and Purchase Agreement and the transactions contemplated thereunder from the Shareholders who are entitled to vote thereat under the applicable laws.

The Sale and Purchase Agreement shall become effective upon the holding company of the Purchasers and SRE Vendors having obtained the necessary shareholders' approval. In the event that such shareholders' approval cannot be obtained, the parties may terminate the Sale and Purchase Agreement and the SRE Vendors shall refund all payment received (together with cost of usage of fund calculated at the rate of bank interest rate) to the Purchasers within 3 days after the receipt of the termination notice.

Completion

Completion of the Disposal takes place upon the Purchasers becoming the registered shareholders of the Sale Shares and the Target Company obtaining the new business licence. Upon completion of the Disposal, the Group will cease to have any shareholding interest in the Target Company and the Target Company will cease to be a subsidiary of the Group.

Guarantee

On 11 June 2019, Yango Group has executed a letter of guarantee in favour of SRE Vendors pursuant to which Yango Group has agreed to guarantee the payment obligations of the Purchasers under the Sale and Purchase Agreement.

On 11 June 2019, the Target Company has executed a letter of guarantee in favour of the Purchasers pursuant to which the Target Company has agreed to guarantee SRE Vendors' obligations to refund any purchase price and the related costs to the Purchasers under the Sale and Purchase Agreement.

On 11 June 2019, the Company has executed a letter of guarantee in favour of the Purchasers pursuant to which the Company has agreed to guarantee SRE Vendors' obligations in respect of the following matters under the Sale and Purchase Agreement:

- i. the cancellation of the tenancy agreement as set out in the paragraph headed "Other terms" below;
- ii. any undisclosed liabilities of the Target Company; and
- iii. all payment or refund obligations of SRE Vendors.

Other terms

Cancellation of tenancy agreement

In June 2013, the Target Company (as lessor) entered into a tenancy agreement in respect of certain part of Phase IIIA of the Land with an independent tenant. However, such tenancy agreement has not been performed by both parties. SRE Vendors agreed to arrange the signing of cancellation agreement in respect of such tenancy agreement before 31 December 2019 and be responsible for any loss or compensation (if any) in respect of such cancellation.

Conduct after completion

The parties agreed that

- (1) the Target Company shall continue to fulfill its obligations undertaken in contracts relating to the Target Project that have been signed and are in the process of being fulfilled;
- (2) in respect of contracts relating to the Target Project that have been signed but are not in the process of being fulfilled by the Target Company, the Purchasers shall be at liberty to determine if the Target Company would proceed to fulfill those contracts and in the event that the Purchasers determine to not so proceed with such contracts, the Target Company shall be responsible for whatever liability relating to construction cost, penalty or compensation that shall arise from the termination of such contracts by the Vendors on behalf of the Target Company.

INFORMATION OF THE GROUP

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. 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.

INFORMATION OF THE TARGET COMPANY

The Target Company is a limited company established under the laws of the PRC with registered capital of RMB750 million and is principally engaged in property development in the PRC.

The Target Company had successfully won the bid held on 3 August 2007 for the acquisition of the Land. The Land is located at South Street East, Heping District, Shenyang, the PRC and has a site area of approximately 158,541 sq.m. The Land has been developed into a real estate project named “Shenyang Albany Garden”. As at the date of the Sale and Purchase Agreement, the development status of the Land is as follows:

Development of Phases I, IIA, IIB and IIIA, with site area of approximately 84,109 sq.m. and ploy ratio-based area of approximately 338,486 sq.m. have been completed. In 2018, sales contracts with monetary value of approximately RMB113,943,000 and contractual area of approximately 7,318 sq.m. have been signed.

Phases IIIB and IIIC are currently pending planning proposal approval, with plot ratio-based area of approximately 216,309 m².

Set out below is the consolidated financial information of the Target Company for the two years ended 31 December 2017 and 2018:

	For the financial year ended	
	31 December	
	2017	2018
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before taxation and extraordinary items	155,003	25,476
Net profit after taxation and extraordinary items	140,409	37,871

According to the unaudited management accounts of the Target Company as of 31 December 2018, the consolidated total assets and net assets of the Target Company was approximately RMB2,108,714,855 and HK\$916,523,900, respectively.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group has always been reviewing its regional planning in order to achieve a better return for its Shareholders. The Group has decided to adopt a strategic focus in order to better concentrate on its present assets and realize their full potential by (i) optimizing the sales and operations of its present assets; (ii) reserving land to deal with problems of demolition and relocation; and (iii) seeking funding and business partners where appropriate.

In the light of the foregoing, the Group has given due consideration to the matter and decided to withdraw from the Shenyang Albany Garden project and dispose of the Target Company. The proceeds from the Disposal will enhance the Company's cash flow position and provide additional capital resources for the Company to capture other investment opportunities, which is in line with the Company's business strategy of investment-withdrawal and gain-capturing by adopting the "financing, investment, management and withdrawal" approach.

Having regard to the reasons and benefits mentioned above, the Board (excluding the independent non-executive Directors, who shall provide their recommendation after taking into account the advice of the Independent Financial Adviser) is of the view that the terms of the Sale and Purchase Agreement, which have been reached after arm's length negotiations between the parties, are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Immediately upon completion of the Disposal, the Group will cease to have any shareholding interest in the Target Company. Subject to audit, it is expected that the Group will record a gain of approximately RMB193 million, being (the SRE Sale Shares (approximately RMB1,121.25 million) minus the unaudited net assets of the Target Company (approximately RMB890.8 million as at 30 April 2019)) \times 97.5%, after deduction of the estimated tax (approximately RMB59.6 million related to the Disposal), as a result of the Disposal.

The net proceeds to be received by the Group from the Disposal amounted to approximately RMB1,256.4 million will be applied towards other real estate development projects of the Group and repayment of the outstanding loans of the Group.

IMPLICATION UNDER THE LISTING RULES

As the highest applicable percentage ratio under the Listing Rules in respect of the Disposal exceeds 25% but below 75%, the Disposal constitutes a major transaction of the Company and is therefore subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. The Related Lender (i.e. China Minsheng Jiaye Investment Co., Ltd) is a controlling shareholder of the Company. The transactions contemplated under the Sale and Purchase Agreement also constitutes a connected transaction and is subject to reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the independent Shareholders in relation to the transactions contemplated under the Sale and Purchase Agreement. An independent financial adviser will be appointed to advise the Independent Board Committee and the independent Shareholders of the same.

SGM

The SGM will be convened for the purposes of considering, and if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

As at the date of this announcement, a 50%-owned company of China Minsheng Jiaye Investment Co., Ltd (a controlling shareholder of the Company) holds approximately 18.04% of the issued shares of Yango Group. Accordingly, China Minsheng Jiaye Investment Co., Ltd, its associates, and any person who has a material interest in the Sale and Purchase Agreement and the Disposal, are required to abstain from voting with respect to the resolution for approving the Sale and Purchase Agreement and the Disposal.

A circular containing, among other things, (1) details of the Sale and Purchase Agreement and the Disposal; (2) a letter from the independent financial adviser; (3) a letter from the Independent Board Committee; (4) other information as required to be disclosed under the Listing Rules; and (5) the notice of the SGM and a form of proxy is expected to be despatched to the Shareholders within 15 business days after the publication of this announcement, that is, on or before 3 July 2019.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires

“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday or general public holiday) on which banks open for general business in 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 Account”	the management account of the Target Company to be audited and prepared by an independent third-party auditor and comprising the following information in respect of the Target Company:- (i) Assets and liabilities; (ii) Amount of estimated land value taxes/rebates payable in respect of Phase IIA and IIB of the Target Project.
“Completion Date”	the date on which the procedures of change of business registration for the transfer of the Sale Shares to the Purchasers are complete and the Target Company obtains a new business license
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the SRE Sale Shares by the SRE Vendors to the Purchasers and the transactions contemplated thereunder pursuant to the Sale and Purchase Agreement
“Final Confirmation of Liabilities”	an agreement to be entered into between the SRE Vendors and the Purchasers, pursuant to which the contents of the Completion Account shall be agreed, including but not limited to the amount of the Other Liabilities (excluding the Related Loan and the amount confirmed in stage 3 payment as stipulated in Note 1 in the paragraph headed “Consideration” in this announcement)

“General Contractor Contract”	an agreement entered into between the Target Company and NT2C as general contractor, in respect of the development of the Target Project
“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
“Hua Rong”	中國華融資產管理股份有限公司上海分公司 (China Huarong Asset Management Co., Ltd. Shanghai Branch*)
“Hua Rong Loan”	has the meaning ascribed to it in the paragraph headed “Release of guarantee and charge over land” in this announcement
“Independent Board Committee”	the independent board committee of the Company established by all the independent non-executive Directors to advise the independent Shareholders on the terms of the Sale and Purchase Agreement
“Independent Third Party”	an independent third party not connected with the Company or its connected persons (as defined in the Listing Rules)
“NT2C”	江蘇南通二建集團有限公司 (Jiangsu Nantong No. 2 Construction Engineering (Group) Co., Ltd), a company established in the PRC with limited liability
“Land”	the plot of land located at South Street East, Heping District, Shenyang, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Other Liabilities”	the net amount of all liabilities of the Target Company excluding the Shareholder Loan minus the Target Company’s assets except inventory and land, which amounted to approximately RMB574.84 million as at 30 April 2019.
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser 1”	Hong Kong Chong Dei Company Limited (香港創地有限公司), a company incorporated in Hong Kong with limited liability
“Purchaser 2”	瀋陽瑞光貿易有限公司 (Shenyang Ruiguang Trading Co., Ltd.*), a company established in the PRC with limited liability
“Purchasers”	collectively, Purchaser 1 and Purchaser 2

“Related Lender”	China Minsheng Jiaye Investment Co., Ltd, a controlling shareholder of the Company
“Related Loan”	the loan and the related interest owing to the Related Lender by the Target Company, which amounted to approximately RMB269.79 million as at 30 April 2019
“Release”	has the meaning ascribed to it in the paragraph headed “Release of guarantee and charge over land” in this announcement
“RMB”	Renminbi,, the lawful currency of PRC
“Sale and Purchase Agreement”	an agreement dated 11 June 2019 and entered into among the Vendors, the Purchasers and the Target Company in relation to the Disposal
“Sale Shares”	100% equity interest of the Target Company held by the Vendors and the related shareholders’ right in the Target Company (as to 70% held by Vendor 1, 27.5% held by Vendor 2 and as to 2.5% held by Vendor 3)
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“Shareholders”	registered holders of the Shares from time to time
“Shareholder Loan”	the total outstanding loan due from the Target Company to the Group, which amounts to approximately RMB135,156,907.30 as at 30 April 2019
“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
“SGM”	a special general meeting of the Company to be convened for the purposes of considering, and if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder
“SRE Sale Shares”	97.5% equity interest of the Target Company held by the SRE Vendors and the related shareholders’ right in the Target Company (as to 70% held by Vendor 1 and 27.5% held by Vendor 2)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	遼寧高校後勤集團房地產開發有限公司 (Liaoning Gao Xiao Support Group Property Development Co., Ltd.*), a company established in the PRC with limited liability, a 97.5%-owned subsidiary of the Company as at the date of this announcement

“Target Land”	Phases IIIB and IIIC of the Land
“Target Project”	the real estate project of Shenyang Albany Garden on the Land, including all construction, construction in progress and inventory
“Termination Agreement”	<p>an agreement to be entered into between the Target Company and NT2C, pursuant to which:-</p> <ul style="list-style-type: none"> (i) the General Contractor Contract shall be terminated; (ii) the Target Company shall settle all matters relating to the exit of NT2C from the Target Land, including confirmation of all outstanding amount due to NT2C pursuant to the General Contractor Contract for which NT2C shall issue value-added tax invoices which are in compliance with all relevant laws and regulations; (iii) the conditions for NT2C to exit the Target Land shall be set out; (iv) NT2C shall pass all information pertaining to the Target Project on the Target Land to the Target Company and terminate the agreement on project quality monitoring with relevant government departments
“Tri-Party Agreement”	<p>an agreement to be entered into among the (1) Vendors, the Target Company and Shanghai Oasis; (2) the Purchasers and their parent company (if applicable); and (3) Hua Rong after the Sale and Purchase Agreement has been signed but before the Target Company has completed the change of business registration, pursuant to which:-</p> <ul style="list-style-type: none"> (i) the Purchasers shall repay, or alternatively become liable to repay, to Hua Rong RMB398 million in settlement of the Hua Rong Loan to effect the Release; (ii) the payment of RMB398 million pursuant to the Tri-Party Agreement shall be deducted from the consideration for the Sale Shares payable by the Purchasers.
“V2 Designated Account”	the account designated by Vendor 2 to receive payments from the Purchasers on behalf of Vendor 1 and Vendor 2 pursuant to the Sale and Purchase Agreement
“V2 Joint Account”	an account to be jointly opened by Purchaser 2 and Vendor 2 under the latter’s name and to be jointly administered by Purchaser 2 and Vendor 2 within 5 Business Days of the signing of the Sale and Purchase Agreement

“V3 Joint Account”	an account to be jointly opened by Purchaser 2 and Vendor 3 under the latter’s name and to be jointly administered by Purchaser 2 and Vendor 3 within 5 Business Days of the signing of the Sale and Purchase Agreement
“Vendor 1”	Konmen Investment Limited (康明投資有限公司), a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company which holds 70% interests in the Target Company as at the date of this announcement
“Vendor 2”	瀋陽綠怡酒店管理有限公司 (Shenyang Luyi Hotel Management Co., Ltd.*), a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company which holds 27.5% interests in the Target Company as at the date of this announcement
“Vendor 3”	上海亞羅企業管理合夥企業 (有限合夥) (Shanghai Ya Luo Enterprise Management Partnership (Limited Partnership)*), an Independent Third Party which holds 2.5% interests in the Target Company as at the date of this announcement
“V3 Sale Shares”	2.5% equity interest of the Target Company held by Vendor 3
“Yango Group”	陽光城集團股份有限公司 (Yango Group Co Ltd.) (a company listed on the Shenzhen Stock Exchange (stock code: 000671))
“%”	per cent

By Order of the Board
SRE Group Limited
Peng Xinkuang
Chairman

Hong Kong, 11 June 2019

In this announcement, unless otherwise indicated, the respective exchange rate of HKD1.00 = RMB0.8695 has been used for the purpose of illustration only.

As at the date of this announcement, the Board comprises six executive directors of the Company, namely Mr. Peng Xinkuang, Mr. Liu Feng, Mr. Chen Donghui, Mr. Zhu Qiang, Ms. Qin Wenying and Mr. Jiang Qi; and four independent non-executive directors of the Company, namely Mr. Zhuo Fumin, Mr. Chan, Charles Sheung Wai, Mr. Ma Lishan and Mr. Han Gensheng.

* For identification purpose only