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SRE GROUP LIMITED

上置集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1207)

**SUPPLEMENTAL ANNOUNCEMENT ON
CONNECTED TRANSACTION
ACQUISITION OF 39% EQUITY INTEREST IN A SUBSIDIARY**

Reference is made to the announcement of SRE Group Limited (the “**Company**“, together with its subsidiaries, the “**Group**”) dated 4 August 2021 (the “**Announcement**”) in relation to, among others, the Acquisition. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

BASIS FOR DETERMINATION OF THE CONSIDERATION

The following factors were considered by the Group when determining the Consideration, which is determined after arm’s length negotiations among the Purchaser and the Sellers with reference to the actual capital contributions made by the Sellers to the Target Company and an annualised rate of return of 10%:

- the property project held and being developed by the Target Company will soon enter the comprehensive development stage, and the Group is expected to be able to realise the gains on its investments;
- completion of the Acquisition will result in the Group holding 100% ownership in the Target Company, thereby enabling it to exercise full control over the Target Company and to swiftly make decisions at key development stages of the property project;
- having considered the development progress of the property project and the current upward trend of property prices in the vicinity, the Group is of the view that the Acquisition will put the Group in an optimal position to reap the economic benefits from the Target Company when the relevant pre-sale of the property project commences, and 100% ownership in the Target Company will enable the Group to enjoy the entire economic benefit to be generated by such project;

- the amount representing the 10% annualised rate of return to the Sellers is lower than the appreciation in value of the land parcel held by the Target Company, with reference to the prices at which nearby land parcels were sold; and
- the Company considers the land parcel held by the Target Company to be located at a better location, rendering the such land parcel more valuable.

Considering the aforementioned, the Board is of the view that the Consideration is fair and reasonable, and that the Acquisition is in the interest of the Company and the Shareholders as a whole.

By Order of the Board
SRE Group Limited
Hong Zhihua
Chairman

Hong Kong, 6 October 2021

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Hong Zhihua, Mr. Kong Yong, Mr. Xu Ming and Mr. Jiang Qi; two non-executive Directors, namely Mr. Lu Jianhua and Mr. Luo Guorong; and three independent non-executive Directors, namely Mr. Zhuo Fumin, Mr. Chan, Charles Sheung Wai and Mr. Ma Lishan.

* *For identification purpose only*