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*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1207)**

## **DISCLOSEABLE TRANSACTION EQUITY TRANSFER AGREEMENT**

### **THE EQUITY TRANSFER AGREEMENT**

On 15 December 2021, Shanghai Wingo, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Shanghai Baixiao, pursuant to which Shanghai Wingo agreed to transfer 20% of the equity interest in the Target Company to Shanghai Baixiao at a consideration of RMB28,000,000.

### **LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction exceed 5% but are less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **INTRODUCTION**

On 15 December 2021, Shanghai Wingo, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Shanghai Baixiao, pursuant to which Shanghai Wingo agreed to transfer 20% of the equity interest in the Target Company to Shanghai Baixiao at a consideration of RMB28,000,000.

## **EQUITY TRANSFER AGREEMENT**

The principal terms of the Equity Transfer Agreement are as follows:

- Date : 15 December 2021
- Parties : (i) Shanghai Wingo as the seller; and  
(ii) Shanghai Baixiao as the purchaser
- Subject matter : 20% equity interest in the Target Company
- Consideration : RMB28,000,000
- Payment terms : The Consideration shall be settled by Shanghai Baixiao in the following manner:
- (i) 70% of the Consideration shall be settled within five business days upon the execution of the Equity Transfer Agreement; and
  - (ii) 30% of the Consideration shall be settled within five business days upon the completion of the industrial and commercial registration of the Transaction.

## **INFORMATION ON THE GROUP**

The Group is an integrated real estate developer focusing on real estate investment and development business in first and second-tier cities in the PRC, particularly in the Shanghai Metropolitan Area which is geographically the base for the Group's property development business, and popular cities in the Yangtze River Economic Belt. The Group is committed to expanding by virtue of integration development of "industry + real estate + finance" under the models of "financial city" and "primary and secondary co-development in industrial-urban integration". The Group will also expand its investment businesses, accelerate the investment-withdrawal and profit-making process by adopting the "financing, investment, management and exit" approach, and operate in a "light and heavy assets in parallel" model. The Group also focuses on investment opportunities in the high-growth regions along the "One Belt, One Road", striving to become a fully integrated trans-sector finance and real estate group.

Shanghai Wingo is a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the development of technology housing and provision of construction services.

## INFORMATION ON THE PURCHASER

Shanghai Baixiao is a company established under the laws of the PRC which is principally engaged in the provision of telecommunication services. Shanghai Baixiao is a wholly-owned subsidiary of Nanjing Canatal Data-Centre Environmental Tech Co., Ltd 南京佳力圖機房環境技術股份有限公司, a company established under the laws of the PRC and listed on the Shanghai Stock Exchange, which is principally engaged in the research and development of precision environmental control technology.

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

## INFORMATION ON THE TARGET COMPANY

The Target Company is a company established under the laws of the PRC with limited liability and is principally engaged in telecommunication businesses, including the development of broadband network, the engineering and access and services relating thereto, and the provision of broadband network multimedia information services. As at the date of this announcement, the Target Company is owned as to 60%, 20% and 20% by China Telecom Corporation Limited\* 中國電信股份有限公司, Shanghai SmarTone Broadband Network Co., Ltd.\* 上海數碼通寬帶網絡有限公司 and Shanghai Wingo, respectively.

The financial information of the Target Company as extracted from its unaudited consolidated management accounts, compiled in accordance with the generally accepted accounting principles of the PRC, is as follows:

|                        | <b>For the<br/>year ended<br/>31 December<br/>2019<br/>(RMB)<br/>(unaudited)</b> | <b>For the<br/>year ended<br/>31 December<br/>2020<br/>(RMB)<br/>(unaudited)</b> |
|------------------------|--|--|
| Profit before taxation | 19,193,335   | 18,538,518   |
| Profit after taxation  | 14,347,775   | 13,930,888   |

As at 31 December 2020, the unaudited net assets of the Target Company amounted to approximately RMB120,979,352.

It is estimated that the Group will record a gain on the Transaction in the amount of approximately RMB2,924,972 (equivalent to approximately HK\$3,582,900), being the difference between the sale proceeds and the related transaction costs and expenses of the Transaction. The actual gain or loss arising from the Transaction will be subject to audit and may be different from the amount stated.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT**

The Company has carefully reviewed its financial position, the progress and the development planning of the various projects it has undertaken and after due deliberation, the Board has decided to withdraw from the Target Company. The proceeds from the Transaction will enhance the Company's cash flow position and provide additional capital resources for the Company to focus on investment projects, operating projects and other opportunities.

The terms of the Equity Transfer Agreement were arrived at after arm's length negotiations between the Shanghai Wingo and Shanghai Baixiao taking into account the unaudited net asset value of the Target Company of approximately RMB130 million as at 31 October 2021. The Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement and the Transaction contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction exceed 5% but are less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

|                |   |
|----------------|---|
| “Board”        | the board of Directors  |
| “business day” | any day (other than a Saturday or Sunday or general public holiday in the PRC, except any Saturday or Sunday designated as a working day by the State Council 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   |
| “connected person”          | has the meaning ascribed to it under the Listing Rules   |
| “Consideration”             | the aggregate consideration payable by Shanghai Baixiao to Shanghai Wingo under the Equity Transfer Agreement  |
| “Director(s)”               | the director(s) of the Company   |
| “Equity Transfer Agreement” | the share transfer agreement entered into between Shanghai Wingo and Shanghai Baixiao dated 15 December 2021 in relation to the transfer of 20% of the equity interest in the Target Company |
| “Hong Kong”                 | the Hong Kong Special Administrative Region of the PRC   |
| “Listing Rules”             | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “PRC”                       | the People’s Republic of China and for the purpose of this announcement, does not include Hong Kong, Macau Special Administrative Region and Taiwan  |
| “RMB”                       | Renminbi, the lawful currency of the PRC   |
| “Shanghai Baixiao”          | Shanghai Baixiao Information Technology Co., Ltd.* (上海柏道信息科技有限公司), a company established under the law of the PRC with limited liability   |
| “Shanghai Wingo”            | Shanghai Wingo Infrastructure Co., Ltd. (上海永高建设有限公司), a company established under the law of the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company         |
| “Stock Exchange”            | The Stock Exchange of Hong Kong Limited  |

|                  |   |
|------------------|---|
| “Target Company” | Shanghai Telecom Broadband Networking Co., Ltd.* (上海電信住宅寬頻網絡有限公司), a company established under the laws of the PRC with limited liability |
| “Transaction”    | the transaction contemplated under the Equity Transfer Agreement  |
| “%”              | per cent  |

By Order of the Board  
**SRE Group Limited**  
**Hong Zhihua**  
*Chairman*

Hong Kong, 15 December 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 purposes only*