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SRE GROUP LIMITED

上置集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1207)

ANNOUNCEMENT – UPDATE RELATING TO LITIGATION

Reference is made to the announcements of SRE GROUP LIMITED (the “**Company**”) dated 6 September 2019 and 10 September 2019 (the “**Announcements**”) in respect of the claim commenced by SRE Investment Holding Limited (a shareholder of the Company) (the “**Plaintiff**”) against the Company, and the circular of the Company dated 16 June 2016 (the “**Circular**”) setting out the subject matter of the said claim. Unless otherwise stated, terms used in this announcement shall have the same meanings as those defined in the Circular.

The Board would like to provide an update on the present status of the said litigation.

On 31 October 2019, the Company received a statement of claim dated 31 October 2019 in respect of High Court Action No. 1609/2019 filed by the Plaintiff (the “**Statement of Claim**”) against the Company as a defendant. According to the Statement of Claim, it was alleged that:

- i. on or about 20 April 2016, the Company entered into the Acquisition Master Agreement with CNTD and the Plaintiff in respect of the Company’s acquisition of the Target Assets (being certain assets of Luodian Co prior to the acquisition) at a consideration of RMB1,315,198,723 in cash;
- ii. on or about 18 May 2016, the Company entered into an agreement (the “**Agreement**”) with the Plaintiff in respect of their respective obligations under the Acquisition Master Agreement, which provided that, among others, the Company, along with its acquisition of the Target Assets, shall assume certain loans and liabilities of Luodian Co and/or its associated companies at the material time, including certain banks loans and trade payables in the total amount of RMB75,811,700. The Plaintiff alleged that despite repeated demands, the Company is unable to and/or refuses to fully or partially repay the said amount;

iii. during the period from January 2016 to April 2016, upon the Company's request and undertaking that it would fully repay certain advancements to the Plaintiff, the Plaintiff procured the said advancements in the total amount of RMB67,293,229 to be made for and on behalf of the Company to settle the liabilities/amounts payable of the Luodian Co and/or its associated companies, in order to facilitate the Company's acquisition of the Target Assets. The Plaintiff alleged that despite repeated demands, the Company is unable to and/or refuses to fully or partially repay the said advancements to the Plaintiff, and thus received an unjust enrichment of RMB67,293,229.

On the above basis, the Plaintiff seeks the following relief against the Company:

1. an aggregate amount of RMB75,811,700 required to be borne by the Company under the Agreement;
2. unjust enrichment in the amount of RMB67,293,229 paid by the Plaintiff at the request of the Company;
3. interest;
4. costs; and
5. further or other relief.

The Company is currently seeking legal advice in respect of the above proceeding and would defend its position. The Company will keep its shareholders and potential investors informed of any further material development by way of announcement as and when appropriate.

By Order of the Board
SRE Group Limited
Peng Xinkuang
Chairman and Chief Executive Officer

Hong Kong, 14 November 2019

As at the date of this announcement, the board of directors of the Company comprises seven executive directors, namely Mr. Peng Xinkuang, Mr. Chen Donghui, Mr. Zhu Qiang, Ms. Qin Wenying, Mr. Jiang Qi, Ms. Jiang Chuming and Mr. Zong Shihua; 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*