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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

THE PROJECT AGREEMENT

On 4 December 2017 (after trading hours), Zhongtong Wanfang (an indirect non-wholly owned subsidiary of the Company) and the Qiaoxi Government entered into the Project Agreement, pursuant to which Zhongtong Wanfang agreed to, and the Qiaoxi Government authorised and entrusted Zhongtong Wanfang to, implement the land redevelopment procedures for the Land with capital commitment of RMB270 million.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Project Agreement (calculated based on Zhongtong Wanfang's capital commitment of RMB270 million) exceed(s) 5% but is/are less than 25%, the entering into of the Project Agreement and the transaction contemplated thereunder 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

On 4 December 2017 (after trading hours), Zhongtong Wanfang (an indirect non-wholly owned subsidiary of the Company) and the Qiaoxi Government entered into the Project Agreement, pursuant to which Zhongtong Wanfang agreed to, and the Qiaoxi Government authorised and entrusted Zhongtong Wanfang to, implement the land redevelopment procedures for the Land with capital commitment of RMB270 million.

THE PROJECT AGREEMENT

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

Date

4 December 2017 (after trading hours)

Parties

- (a) Zhongtong Wanfang; and
- (b) the Qiaoxi Government.

Work scope

Pursuant to the Project Agreement, Zhongtong Wanfang agreed to, and the Qiaoxi Government authorised and entrusted Zhongtong Wanhang to, implement the following land redevelopment procedures for the Land (the “**Project**”):

- (a) expropriation, requisition, acquisition, resettlement and relocation of and compensation for lands, buildings, structures and attachments within the Land;
- (b) waste removal;
- (c) land leveling and preparation for road access and supply of water and electricity; and
- (d) municipal infrastructure construction (if any).

The Land

The Land is a land parcel with a site area of 215 mu in Beiwapenyao, Qiaoxi District, Zhangjiakou City, Hebei Province, the PRC. The total area to be expropriated is approximately 86,000 square metres, involving approximately 930 households.

Capital commitment

Pursuant to the Project Agreement, the total budget for the Project is approximately RMB1,088 million, of which 20% shall be funded by capital to be provided by Zhongtong Wanfang and 80% shall be funded by financings to be arranged by the Qiaoxi Government (the “**Financings**”). For the avoidance of doubt, Zhongtong Wanfang and its shareholders will not be the borrower or otherwise be responsible for the repayment of or provide any pledges, guarantees or other kinds of security in connection with the Financings.

Pursuant to the Project Agreement, the capital commitment of Zhongtong Wanfang for the Project shall be approximately RMB270 million.

Investment return

Pursuant to the Project Agreement, Zhongtong Wanfang shall be entitled to receive, in addition to related disbursements as agreed in the Project Agreement, return on its investment (the “**Investment Return**”) for the Project which shall be calculated as 13% of the sum of (a) the actual amount of compensation to be provided to peasants, residents, private enterprises, collective enterprises and state-owned enterprises during the expropriation processes; (b) the actual amount of compensation to be paid for expropriated lands and related fees and taxes; (c) the actual costs of municipal infrastructure construction, including the demolition, land leveling, waste disposal, road planning and ancillary works, landscape engineering and other related works involved during the development process; (d) financing costs (including, among others, interest on the Financings); and (e) other costs and expenses as agreed between parties or audited by third party auditing agencies.

After completion of the relevant land redevelopment procedures, the Qiaoxi Government shall arrange for the sale of the Land as governmental land(s) through a tender, auction or listing-for-sale. Proceeds from the sale of the Land, after deducting the relevant governmental fees, shall first be applied for settlement of the Investment Return and related disbursements.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROJECT AGREEMENT

As an integrated real estate developer, the Group is seeking to explore new opportunities to diversify its property development businesses, such as opportunities in urban development and renewal. The Board considers that the entering into of the Project Agreement provides a valuable opportunity for the Group to engage in land redevelopment with secured investment return by cooperation with the local government. The Board also considers that the entering into of the Project Agreement is in line with the overall business development plan of the Group, and has positive influence on the long-term development of the Company.

Having regard to the reasons and benefits mentioned above, the Board is of the view that the terms of the Project 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.

INFORMATION OF THE GROUP AND ZHONGTONG WANFANG

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.

Zhongtong Wanfang is a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company owned as to 90% by the Company and 10% by Zhangjiakou Wanfang Real Estate Development Group Co., Ltd. (an Independent Third Party). Zhongtong Wanfang is a special purpose vehicle established for engaging in land redevelopment in Qiaoxi District, Zhangjiakou City, Hebei Province, the PRC.

INFORMATION OF THE QIAOXI GOVERNMENT

The Qiaoxi Government is the local People’s Government of Qiaoxi District. Qiaoxi District is a district located in the northwest of Zhangjiakou City in the Hebei Province of the PRC.

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, the Qiaoxi Government is an Independent Third Party.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Project Agreement (calculated based on Zhongtong Wanfang’s capital commitment of RMB270 million) exceed(s) 5% but is/are less than 25%, the entering into of the Project Agreement and the transaction contemplated thereunder 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 Project Agreement, and no Director has abstained from voting on the board resolutions approving the Project Agreement.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	SRE Group Limited, a company incorporated in Bermuda with limited liability, whose Shares are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“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
“Independent Third Party”	an independent third party not connected with the Company or its connected persons (as defined in the Listing Rules)
“Land”	a land parcel with a site area of 215 mu in Beiwapenyao, Qiaoxi District, Zhangjiakou City, Hebei Province, the PRC
“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
“Project Agreement”	a project agreement dated 4 December 2017 and entered into between Zhongtong Wanfang and the Qiaoxi Government in relation to land redevelopment in Qiaoxi District, Zhangjiakou City, Hebei Province, the PRC
“Qiaoxi Government”	the People’s Government of Qiaoxi District, Zhangjiakou City, Hebei Province, the PRC
“RMB”	renminbi, the lawful currency of the PRC
“Shareholders”	registered holders of the Shares from time to time
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhongtong Wanfang”	Zhongtong Wanfang Construction and Development (Zhangjiakou) Co., Ltd., a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company owned as to 90% by the Company and 10% by Zhangjiakou Wanfang Real Estate Development Group Co., Ltd. (an Independent Third Party)
“%”	per cent

By Order of the Board
SRE Group Limited
Peng Xinkuang
Chairman

Hong Kong, 4 December 2017

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. Shi Janson Bing, Mr. Zhu Qiang, and Ms. Qin Wenying; 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*