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(Incorporated in Bermuda with limited liability)

(Stock Code: 1207)

**UPDATES TO THE INSIDE INFORMATION ANNOUNCEMENT
DATED 27 MARCH 2022 AND
DISCLOSEABLE TRANSACTION —
PROVISION OF FINANCIAL ASSISTANCE
UNDER ENTRUSTED LOAN ARRANGEMENT**

Reference is made to the Announcement in relation to an Overdue Payment by Shanghai Jinxin, which involved Guarantees Provided by the Group.

Considering the circumstances described in the Announcement, Shanghai Jinxin entered into the Entrusted Loan Agreement on 20 May 2022 with Shanghai Xiangyuan (as lending principal) and Industrial and Commercial Bank of China Limited, Shanghai Bund Branch* (中國工商銀行股份有限公司上海市外灘支行), the Entrusted Party (as lending agent), whereby Shanghai Xiangyuan agreed to provide a loan in the maximum amount of RMB185,000,000 (equivalent to approximately HK\$214,023,762) to Shanghai Jinxin (as borrower) from 20 May 2022 to 30 August 2022 in the form of an entrusted loan. Certain subsidiaries of the Company have also on 20 May 2022 entered into the Guarantee Agreement and the Entrusted Loan Pledge Agreement as part of the arrangement for the Entrusted Loan to provide security for at least 50% of the maximum principal amount of the Entrusted Loan and the corresponding interest, namely RMB92,500,000 (equivalent to approximately HK\$107,011,881) and RMB2,713,333 (equivalent to approximately HK\$3,139,015) respectively.

Since one or more of applicable percentage ratios defined in Rule 14.07 under the Listing Rules for the financial assistance provided by our Group in respect of the Entrusted Loan arrangement exceed 5% but are less than 25%, the entry into the Guarantee Agreement and the Entrusted Loan Pledge Agreement as part of the arrangement for the Entrusted Loan in aggregate constitutes disclosable transactions of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 27 March 2022 (the “**Announcement**”) in relation to an Overdue Payment by Shanghai Jinxin Real Estate Company Limited* (上海金心置業有限公司) (“**Shanghai Jinxin**”) (a company established under the laws of the PRC with limited liability, which is held as to 51% equity interest by the Company but is not a subsidiary of the Company), which involved Guarantees Provided by the Group. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

As Shanghai Jinxin had failed to repay the Accrued Interest on the agreed interest payment date designated under the Loan Agreements, being 21 March 2022, the relevant lenders issued a Reminder to Shanghai Jinxin and the Guarantors requesting that Shanghai Jinxin and each of the Guarantors shall fulfill their relevant payment or guarantee obligations to pay the Accrued Interest and the related overdue interest by 31 March 2022. The Group has been in active discussion with Shanghai Jinxin and Zhongchong Binjiang with respect to the payment plan of the Accrued Interest and with the Lenders in respect of the Overdue Payment, and has also been considering a number of fundraising activities.

Considering the aforementioned circumstances, Shanghai Jinxin (as borrower) entered into an entrusted loan agreement (the “**Entrusted Loan Agreement**”) on 20 May 2022 with Shanghai Xiangyuan Enterprise Development Co., Ltd.* (上海祥源企業發展有限公司) (“**Shanghai Xiangyuan**”) (as lending principal), as recommended by Zhongchong Binjiang, and Industrial and Commercial Bank of China Limited, Shanghai Bund branch* (中國工商銀行股份有限公司上海市外灘支行) (the “**Entrusted Party**”) (as lending agent), whereby Shanghai Xiangyuan agreed to provide a loan in the maximum amount of RMB185,000,000 to Shanghai Jinxin from 20 May 2022 to 30 August 2022 in the form of an entrusted loan (the “**Entrusted Loan**”). As part of the entrusted loan arrangement, Shanghai Xiangyuan has requested that the Entrusted Loan Guarantors (as defined hereinafter) provide certain guarantees to Shanghai Xiangyuan. In particular, Entrusted Loan Guarantors which are the Company’s subsidiaries have been requested to provide guarantees and/or security in respect of 50% of the amount of the maximum principal amount of the Entrusted Loan and the corresponding interest, being RMB92,500,000 (equivalent to approximately HK\$107,011,881) and RMB2,713,333 (equivalent to approximately HK\$3,139,015) respectively.

THE ENTRUSTED LOAN AGREEMENT

The major terms of the Entrusted Loan Agreement are set out below:

Date	:	20 May 2022
Parties	:	Shanghai Xiangyuan (as lending principal); Industrial and Commercial Bank of China Limited, Shanghai Bund branch* (中國工商銀行股份有限公司上海 市外灘支行) the Entrusted Party (as lending agent); and Shanghai Jinxin (as borrower)
Subject matter	:	Shanghai Xiangyuan entrusted the Entrusted Party to provide a loan in the maximum principal amount of RMB185,000,000 (equivalent to approximately HK\$214,023,762) to Shanghai Jinxin
Term	:	From 20 May 2022 to 30 August 2022
Interest rate	:	8% per annum (on or before 30 June 2022); 12% per annum (between 1 July 2022 and 30 August 2022)
Default interest	:	Additional 50% to the interest rate of the Entrusted Loan (i.e. adding 50% to the interest rate of 12% per annum), provided that the default interest rate shall not exceed 4 times the applicable loan prime rate announced by the National Interbank Funding Centre, PRC (i.e. the default interest rate shall be 14.8% per annum)
Designated use of the Entrusted Loan	:	For repayment of the accrued interest and overdue interest of Shanghai Jinxin under the Loan Agreements

SECURITY FOR THE ENTRUSTED LOAN

Pursuant to the arrangement for the Entrusted Loan, each subsidiary of the Company holding equity interest in Shanghai Jinxin as set out below shall bear joint guarantee liability for 50% of the maximum principal amount of the Entrusted Loan and the corresponding interest, being RMB92,500,000 (equivalent to approximately HK\$107,011,881) and RMB2,713,333 (equivalent to approximately HK\$3,139,015) respectively.

The Company's subsidiaries as Guarantors

On 20 May 2022, Shanghai Xiangyuan and the Entrusted Loan Guarantors entered into the guarantee agreement (the “**Guarantee Agreement**”), the principal terms of which are set out as follows:

- Date** : 20 May 2022
- Parties** : Shanghai Xiangyuan;
- Shunlink Investment Limited* (上聯投資有限公司) (as guarantor);
- Gaken Investment Limited* (嘉勤投資有限公司) (as guarantor);
- SRE Jiaye Real Estate Development (Shanghai) Company Limited* (上置嘉業房地產發展(上海)有限公司) (as guarantor); and
- Shanghai Oasis Garden Real Estate Company Limited* (上海綠洲花園置業有限公司) (as guarantor)
- Shunlink Investment Limited* (上聯投資有限公司), Gaken Investment Limited* (嘉勤投資有限公司), SRE Jiaye Real Estate Development (Shanghai) Company Limited* (上置嘉業房地產發展(上海)有限公司) and Shanghai Oasis Garden Real Estate Company Limited* (上海綠洲花園置業有限公司) (together shall hereinafter be referred to as the **Entrusted Loan Guarantors**) are all indirect wholly-owned subsidiaries of the Company, and together are interested in 51% of the equity interest in Shanghai Jinxin.
- Subject matter** : The Entrusted Loan Guarantors have agreed to provide a joint guarantee in favour of Shanghai Xiangyuan covering 50% of the maximum principal amount of the Entrusted Loan and the corresponding interest

The Company's subsidiary as Pledgor

In connection with the provision of the Entrusted Loan to Shanghai Jinxin, a subsidiary of the Company, namely Shanghai SRE Real Estate Development Co., Ltd.* (上海上置房地產發展有限公司), has entered into an entrusted loan pledge agreement (the “**Entrusted Loan Pledge Agreement**”) with Shanghai Xiangyuan and the Entrusted Party on 20 May 2022, the principal terms of which are set out as follows:

Date	:	20 May 2022
Parties	:	Shanghai Xiangyuan (as pledgee/principal) Shanghai SRE Real Estate Development Co., Ltd.* (上海上置房地產發展有限公司) (as pledgor) (the “ Pledgor ”); and Industrial and Commercial Bank of China Limited, Shanghai Bund Branch* (中國工商銀行股份有限公司上海市外灘支行) (as agent)
Subject matter	:	The Pledgor has agreed to provide a guarantee in favour of Shanghai Xiangyuan covering 50% of the principal amount of the Entrusted Loan and the maximum corresponding interest

To the best of the knowledge, information and belief of the directors of the Company (the “**Directors**”) having made all reasonable enquiry, Shanghai Xiangyuan and the Entrusted Party are third parties independent of the Company and connected persons of the Company.

REASONS AND BENEFITS OF ENTERING THE GUARANTEE AGREEMENT

The Guarantee Agreement and the Entrusted Loan Pledge Agreement are entered into as part of an arrangement for the Entrusted Loan. As the Lenders had issued a Reminder to Shanghai Jinxin and each of the Guarantors for the repayment of the Overdue Interest, the board of Directors (the “**Board**”) after due consideration, are of the view that entering into the Guarantee Agreement and the Entrusted Loan Pledge Agreement as part of the arrangement for the Entrusted Loan is necessary to avoid aggravating the negative consequences owing to the failure of timely repayment of the Accrued Interest.

The terms of the Guarantee Agreement and the Entrusted Loan Pledge Agreement were agreed by the parties after arms' length negotiations, are on normal commercial terms and are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

IMPLICATION UNDER THE LISTING RULES

Since one or more of applicable percentage ratios defined in Rule 14.07 under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the financial assistance provided by our Group in respect of the Entrusted Loan Arrangement exceed 5% but are less than 25%, the entry into the Guarantee Agreement and the Entrusted Loan Pledge Agreement as part of the arrangement for the arrangement Entrusted Loan in aggregate constitutes disclosable transactions of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

By Order of the Board
SRE GROUP LIMITED
Hong Zhihua
Chairman

Hong Kong, 20 May 2022

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. Pan Pan, and three independent non-executive directors, namely Mr. Zhuo Fumin, Mr. Chan, Charles Sheung Wai and Mr. Ma Lishan.

For the purpose of this announcement, the exchange rate of RMB100.000 = HK\$86.439 has been used for currency translation, where applicable. Such an exchange rate is for illustrative purpose and does not constitute representations that any amount in RMB or HK\$ has been, could have been or may be converted at such a rate.

* *For identification purpose only*