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(Incorporated in Bermuda with limited liability)

(Stock Code: 1207)

MAJOR TRANSACTION PROVISION OF FINANCIAL ASSISTANCE

THE GUARANTEE

Changsha Hongrongyuan is a joint venture company in which the Company indirectly holds 49.5% equity interest, entered into the Loan Agreement on 26 August 2022 with Sanxiang Bank, pursuant to which Sanxiang Bank agreed to lend and Changsha Hongrongyuan agreed to borrow a loan in the amount of RMB380 million (equivalent to approximately HK\$421 million) for a term of 35 months subject to the terms and conditions thereunder. Indirect subsidiaries of the Company, namely SRE Industrial and Ningbo Jiazhi, have been requested to provide guarantee and pledges to the Loan as part of the terms of the Loan Agreement.

On 29 September 2022, (a) SRE Industrial entered into a maximum guarantee agreement with Sanxiang Bank pursuant to which SRE Industrial agreed to act as guarantor to the Loan for the repayment of the principal amount of the Loan, and the interest, overdue interest and other related payable amounts with joint liability; and (b) Ningbo Jiazhi entered into a maximum equity pledge agreement with Sanxiang Bank pursuant to which Ningbo Jiazhi agreed to pledge the equity interest held by it in Changsha Hongrongyuan, representing 49.5% of the equity interest in Changsha Hongrongyuan, and rights derived therefrom, to Sanxiang Bank as security for repayment of the Loan, and the interest, overdue interest and other related payable amounts.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Guarantee and the Pledge is more than 25% but less than 100%, the provision of the Guarantee and the Pledge will constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and the Shareholders' approval requirements.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder or their associate(s) has any material interest in the Loan, the Guarantee or the Pledge and the transactions contemplated thereunder and accordingly, no Shareholder is required to abstain from voting if the Company were to convene a Shareholders' meeting for approving the Security Documents and the respective transactions contemplated thereunder.

On the date of this announcement, the Company has obtained the written approval from Jiashun (Holding) Investment Limited, a controlling Shareholder which is interested in 12,500,000,000 Shares, representing approximately 60.78% of the issued Shares as at the date of this announcement, in respect of the execution of the Security Documents by the Group and its performance of the respective transactions contemplated thereunder. Jiashun (Holding) Investment Limited has further confirmed that their approval in respect of the Security Documents shall include any amendment, alterations, additions, supplement or restatement thereto respectively as may be approved by the Board and entered into between the parties to the Security Documents respectively from time to time and the respective transactions contemplated thereunder.

Pursuant to Rule 14.44(2) of the Listing Rules, the written approval from Jiashun (Holding) Investment Limited will be accepted in lieu of holding a general meeting of the Shareholders. Accordingly, no physical Shareholders' meeting will be held by the Company to approve the Security Documents and the respective transactions contemplated thereunder.

GENERAL

It is expected that the circular containing, among other things, (i) further information on the Guarantee; and (ii) other information required under the Listing Rules, will be despatched to the Shareholders on or before 21 October 2022.

BACKGROUND

Changsha Hongrongyuan, a joint venture company in which the Company indirectly holds 49.5% equity interest, entered into the Loan Agreement on 26 August 2022 with Sanxiang Bank, pursuant to which Sanxiang Bank agreed to lend and Changsha Hongrongyuan agreed to borrow a loan in the amount of RMB380 million (equivalent to approximately HK\$421 million) for a term of 35 months subject to the terms and conditions thereunder. Indirect subsidiaries of the Company, namely SRE Industrial and Ningbo Jiazhi, have been requested to provide guarantee and pledges to the Loan as part of the terms of the Loan Agreement.

A summary of the principal terms of the Loan Agreement is set out below:

Date:	26 August 2022
Borrower:	Changsha Hongrongyuan
Leader:	Sanxiang Bank
Loan amount:	RMB380 million (equivalent to approximately HK\$421 million)
Use of Loan:	Restricted to the funding of the Fudi Albany Project
Term:	35 months from the day of first drawdown of the Loan
Loan repayment dates:	1st installment: RMB1 million (equivalent to approximately HK\$1.11 million) by 25 June 2023; 2nd installment: RMB1 million (equivalent to approximately HK\$1.11 million) by 25 December 2023; 3rd installment: RMB1 million (equivalent to approximately HK\$1.11 million) by 25 June 2024; 4th installment: RMB1 million (equivalent to approximately HK\$1.11 million) by 25 December 2024; 5th installment: RMB1 million (equivalent to approximately HK\$1.11 million) by 25 June 2025; Last installment: RMB375 million (equivalent to approximately HK\$417 million) by 29 July 2025 provided that (a) Changsha Hongrongyuan shall repay 60% of the amount of Loan within 3 months after 50% of the sales area of the Fudi Albany Project has been sold; and (b) the total Loan amount has to be repaid by Changsha Hongrongyuan within 3 months after 70% of the sales area of the Fudi Albany Project has been sold. Changsha Hongrongyuan may also repay outstanding amount of the Loan with 30 days written notice to Sanxiang Bank.
Interest rate:	8.5% per annum, payable on the 21st day of the last month of each quarter

- Overdue interest rate:** 17% per annum
- Guarantors and pledgors:** SRE Industrial;
- Hunan Pincheng Investment Development Co., Ltd.* (湖南品誠投資發展有限公司);
- Shanghai Yanta Industrial Co., Ltd.* (上海雁沓實業有限公司);
- Deng Wenping and Hu Lingxian (鄧文平、胡玲先);
- Deng Shuai (鄧帥);
- Deng Yi and Yu Qu (鄧毅、余曲);
- Changsha Hongrongyuan;
- Ningbo Jiazhi;
- Ningbo Meishan Bonded Port Area Zhihe Investment Center (Limited Partnership)* (寧波梅山保稅港區置赫投資中心 (有限合夥));
- Other major terms:** Changsha Hongrongyuan has also been requested to pledge the following properties as security for the Loan:
- (a) the right of use of a piece of state-owned construction land in Laodaoh Street, Kaifu District Changsha, the PRC with an area of 4,131.88m² and valued at RMB27,522,500;
 - (b) the right of use of a piece of state-owned construction land in Laodaoh Street, Kaifu District Changsha, the PRC with an area of 17,048.75m² and valued at RMB97,331,300;
 - (c) the right of use of a piece of state-owned construction land in Laodaoh Street, Kaifu District Changsha, the PRC with an area of 69,966.97m² and valued at RMB416,513,400; and
 - (d) the land where the Fudi Albany Project is situated.

In the event of breach of terms of the Loan Agreement, Sanxiang Bank is entitled to demand early repayment of the total outstanding Loan amount.

INFORMATION ABOUT THE GUARANTEE AND PLEDGE BY THE GROUP

SRE Industrial, an indirect wholly-owned subsidiary of the Company, entered into a maximum guarantee agreement dated 29 September 2022 with Sanxiang Bank pursuant to which SRE Industrial agreed to act as guarantor to the Loan for the repayment of the principal amount of the Loan, and the interest, overdue interest and other related payable amounts with joint liability. The guarantee period begins on 29 September 2022 and ends three years from the date of fulfilment of the obligations of Changsha Hongrongyuan under the Loan Agreement.

Ningbo Jiazhi, an indirect wholly-owned subsidiary of the Company, entered into a maximum equity pledge agreement dated 29 September 2022 with Sanxiang Bank pursuant to which Ningbo Jiazhi agreed to pledge the equity interest held by it in Changsha Hongrongyuan, representing 49.5% of the equity interest in Changsha Hongrongyuan, and rights desired therefrom, to Sanxiang Bank as security for repayment of the Loan, and the interest, overdue interest and other related payable amounts.

INFORMATION ABOUT THE PARTIES

Information on the Group

The Group is an integrated real estate developer. Over more than two decades, the Group has expanded its business to more than 10 key cities in the PRC, including Shanghai, Shenyang, Dalian, Chengdu, Changsha, Jiaxing, Wuxi and Haikou, and successfully developed many high-end residential buildings, offices, commercial complexes and starred hotels. In Shanghai alone, the Group has successfully developed more than 20 projects. In the meantime, the Group actively expanded overseas and made presence in London, San Francisco, Sydney, Phnom Penh in Cambodia and other cities. As an enterprise that started with the traditional property development business, the Group has accumulated rich experience in residential development, urban renewal, assets operation and other fields. It has created brands of high-end quality projects, including Rich Gate, Albany and Oasis. In the future, the Group will give full play to its own advantages and integrate industrial resources to seek diversified development. Through the strategic thinking of “new city operation” + “new industry operation”, the Group will develop in sync with cities and with its customers, promote effective linkage between them and develop diversified businesses in a timely manner, with a view to “maximise market value in the long run”.

Information on parties involved

Changsha Hongrongyuan

Changsha Hongrongyuan is a company established under the laws of the PRC in September 2007 and is principally engaged in the development and sales of properties. It is held as to 49.5% by Ningbo Jiazhi, 25.6% by Shanghai Yanta Industrial Co., Ltd.* (上海雁沓實業有限公司), 22.3% by Hunan Pincheng Investment Development Co., Ltd.* (湖南品誠投資發展有限公司) and 2.6% by Ningbo Meishan Bonded Port Area Zhihe Investment Center (Limited Partnership)* (寧波梅山保稅港區置赫投資中心(有限合夥)) as at the date of this announcement.

Ningbo Meishan Bonded Port Area Jiazhi Investment Co., Ltd. (寧波梅山保稅港區嘉置投資有限責任公司)*

Ningbo Jiazhi is a company established under the laws of the PRC in December 2016, which principally engaged in industrial investment, investment management, asset management, real estate development and management and business management and consulting, holding 49.5% of the equity interest in Changsha Hongrongyuan. Ningbo Jiazhi is an indirect wholly-owned subsidiary of the Company.

SRE Industrial

SRE Industrial is a company established under the laws of the PRC, principally engaged in investment consulting, business management and consulting and property management. SRE Industrial is an indirect wholly-owned subsidiary of the Company and in turn indirectly holds 100% of the equity interest in Ningbo Jiazhi as at the date hereof.

Shanghai Yanta Industrial Co., Ltd. (上海雁沓實業有限公司)*

Shanghai Yanta Industrial Co., Ltd.* (上海雁沓實業有限公司) is a company established under the laws of the PRC in October 2017 and is principally engaged in interior decoration and construction. It is held as to 99.9% by Zeng Shili.

Hunan Pincheng Investment Development Co., Ltd. (湖南品誠投資發展有限公司)*

Hunan Pincheng Investment Development Co., Ltd.* (湖南品誠投資發展有限公司) is a company established under the laws of the PRC in September 2009 and is principally engaged in industrial investment. It is held as to 71.52% by Deng Shuai (鄧帥) and 28.48% by Deng Yi (鄧毅).

Ningbo Meishan Bonded Port Area Zhihe Investment Center (Limited Partnership) (寧波梅山保稅港區置赫投資中心(有限合夥))*

Ningbo Meishan Bonded Port Area Zhihe Investment Center (Limited Partnership)* (寧波梅山保稅港區置赫投資中心(有限合夥)) is a limited partnership established under the laws of the PRC and is principally engaged in industrial investment, investment management, investment consultation, corporate management consultation and the agency of real estate. The general partner of Ningbo Meishan Bonded Port Area Zhihe Investment Center (Limited Partnership)* (寧波梅山保稅港區置赫投資中心(有限合夥)) is Shanghai Zhifan Enterprise Development Co., Ltd.* (上海置繁企業發展有限公司), the entire equity interest of which is held by Sheng Qing (盛晴).

Deng Wenping (鄧文平), Hu Lingxian (胡玲先), and Yu Qu (余曲) are PRC citizens and are relatives of Deng Shuai (鄧帥) and Deng Yi (鄧毅).

Sanxiang Bank is a banking institution in the PRC.

To the best of the Directors' knowledge, information and belief, and after making all reasonable enquiries, Shanghai Yanta Industrial Co., Ltd.* (上海雁沓實業有限公司), Hunan Pincheng Investment Development Co., Ltd.* (湖南品誠投資發展有限公司) and Ningbo Meishan Bonded Port Area Zhihe Investment Center (Limited Partnership)* (寧波梅山保稅港區置赫投資中心(有限合夥)), the other guarantors and pledgors to the Loan, Sanxiang Bank, and their respective ultimate beneficial owner are all third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE GUARANTEE AND THE PLEDGE

Changsha Hongrongyuan is a joint venture company in which the Company indirectly holds 49.5% equity interest. The principal activity of Changsha Hongrongyuan is the development and sales of properties, which includes the development of the Fudi Albany Project. The Fudi Albany Project is located on the east side of Changqing Road, Laodaohe Town, Kaifu District, Changsha City, Hunan Province of the PRC. The first phase of the project covers an area of 65,273m², with a plot ratio of 2.43 and a total construction area of 193,067m². To facilitate the financing by Changsha Hongrongyuan for the project, Sanxiang Bank had requested SRE Industrial and Ningbo Jiazhi to provide a guarantee and pledge, respectively. The proceeds from the Loan will be solely applied towards the development of the Fudi Albany Project and as such, provision of the Guarantee and Pledge by the Group would ensure sufficient funding for Changsha Hongrongyuan to support the continuous development of the Fudi Albany Project such that the project shall be completed according to the proposed timeline, which would ultimately benefit the Group as a 49.5% indirect shareholder.

Based on the above factors, the Board is of the view that the terms of the Security Agreements are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Guarantee and the Pledge is more than 25% but less than 100%, the provision of the Guarantee and the Pledge will constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and the Shareholders' approval requirements.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder or their associate(s) has any material interest in the Guarantee, Pledge and the transactions contemplated thereunder and accordingly, no Shareholder is required to abstain from voting if the Company were to convene a Shareholders' meeting for approving the Security Documents and the respective transactions contemplated thereunder.

On the date of this announcement, the Company has obtained the written Shareholders' approval from Jiashun (Holding) Investment Limited, a controlling shareholder of the Company which is interested in 12,500,000,000 Shares, representing approximately 60.78% of the issued Shares as at the date of this announcement, in respect of the execution of the Security Documents by the Group and its performance of the respective transactions contemplated thereunder. Jiashun (Holding) Investment Limited has further confirmed that its approval in respect of the Security Documents shall include any amendment, alterations, additions, supplement or restatement thereto respectively as may be approved by the Board and entered into between the parties to the Security Documents respectively from time to time and the respective transactions contemplated thereunder.

Pursuant to Rule 14.44(2) of the Listing Rules, shareholders' approval may be obtained by way of written shareholders' approval in lieu of holding a general meeting if (a) no shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Security Documents; and (b) written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the voting rights at that general meeting to approve the Guarantee and the Pledge. The Company has obtained the written approval of Jiashun (Holding) Investment Limited, and such written approval from Jiashun (Holding) Investment Limited will be accepted in lieu of holding a general meeting of the Shareholders. Accordingly, no physical Shareholders' meeting will be held by the Company to approve the Security Documents and the respective transactions contemplated thereunder.

GENERAL

It is expected that the circular containing, among other things, (i) further information on the Guarantee; and (ii) other information required under the Listing Rules, will be despatched to the Shareholders on or before 21 October 2022.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Board”	the board of Directors
“Changsha Hongrongyuan”	Changsha Hongrongyuan Real Estate Development Co., Ltd.* (長沙鴻榮源房地產開發有限公司), a company established in the PRC, principally engaged in development and sales of properties
“Company”	SRE Group Limited, a company incorporated in Bermuda with limited liability, whose Shares are listed on the Main Board of the Stock Exchange
“controlling shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“Fudi Albany Project”	the property development project operated and managed by Changsha Hongrongyuan which is located at Pengjia Lane, Laodaohe Street, Kaifu District, Changsha, Hunan Province, the PRC
“Group”	the Company and its subsidiaries
“Guarantee”	the guarantee provided by SRE Industrial to Sanxiang Bank in respect of the Loan
“Guarantee Agreement”	the maximum guarantee agreement entered into between SRE Industrial and Sanxiang Bank dated 29 September 2022
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) who/which is(are) independent of the Company and its connected persons (as defined under the Listing Rules)

“Loan Agreement”	the project finance loan agreement entered into between Sanxiang Bank and Changsha Hongrongyuan dated 26 August 2022
“Loan”	the loan in the amount of RMB380 million (equivalent to approximately HK\$421 million) from Sanxiang Bank to Changsha Hongrongyuan under the Loan Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ningbo Jiazhi”	Ningbo Meishan Bonded Port Area Jiazhi Investment Co., Ltd.* (寧波梅山保稅港區嘉置投資有限責任公司), a company established in the PRC, principally engaged in industrial investment, investment management, asset management, real estate development and management and business management and consulting, holding 49.5% of the equity interest in Changsha Hongrongyuan
“Pledge”	the pledge of 49.5% of the equity interest in Changsha Hongrongyuan by Ningbo Jiazhi to Sanxiang Bank as security for the Loan
“Pledge Agreement”	the maximum equity pledge agreement entered into between Ningbo Jiazhi and Sanxiang Bank dated 29 September 2022
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Taiwan and the Macau Special Administrative Region
“Sanxiang Bank”	Hunan Sanxiang Bank Co., Ltd.
“Security Documents”	collectively, the Guarantee Agreement and Pledge Agreement
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“SRE Industrial”	SRE Industrial (Shanghai) Co., Ltd.* (上置實業(上海)有限公司), a company established in the PRC, principally engaged in investment consulting, business management and consulting and property management, indirectly holding 100% of the equity interest in Ningbo Jiazhi

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

Per cent.

By Order of the Board
SRE GROUP LIMITED
Hong Zhihua
Chairman

Hong Kong, 29 September 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\$110.79 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