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*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1207)**

**MAJOR TRANSACTION AND CONNECTED TRANSACTION  
IN RELATION TO  
(I) THE DISPOSALS OF EQUITY INTERESTS IN THE TARGET  
COMPANIES;  
AND  
(II) THE ASSIGNMENT OF LOAN**

**AGREEMENT A**

On 6 February 2024 (after trading hours of the Stock Exchange), the Seller, the Buyer, SREUS and the Company entered into Agreement A, pursuant to which, (i) the Seller has agreed to sell and the Buyer has agreed to purchase 100% equity interest of Bowin at the consideration of approximately US\$15.37 million; and (ii) the Seller has agreed to assign, and the Buyer has agreed to acquire the SREUS Loan together with all rights, title, interest and benefits attached thereto and/or arising therefrom and free from all claims and encumbrances at the consideration of approximately US\$5.93 million.

**AGREEMENT B**

On 6 February 2024 (after trading hours of the Stock Exchange), the Seller, the Buyer and the Company entered into Agreement B, pursuant to which, the Seller has agreed to sell and the Buyer has agreed to purchase 7.66% equity interest of Cheswing at the consideration of US\$4 million.

**IMPLICATION UNDER THE LISTING RULES**

As at the date of this announcement, the Buyer is an indirect wholly-owned subsidiary of China Minsheng Investment Corp. Ltd.\* (中國民生投資股份有限公司), a controlling Shareholder and ultimate holding company of the Group. The Buyer is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Disposals constitute connected transactions under Chapter 14A of the Listing Rules.

Pursuant to Rules 14.22 and 14A.81 of the Listing Rules, the Disposals shall be aggregated since Agreement A and Agreement B are both entered into by the Group with the same party within 12 months.

As the highest applicable percentage ratio under the Listing Rules in respect of the Disposals, when aggregated together, exceeds 25% but is below 75%, the Disposals constitute major transactions of the Company and are therefore subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules, and the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### **FORMATION OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the Disposals. The Company has appointed Goldlink Capital (Corporate Finance) Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO, as the Independent Financial Adviser pursuant to Rule 14A.44 of the Listing Rules to advise the Independent Board Committee and the Independent Shareholders in this regard.

#### **SGM**

The SGM will be convened for the purposes of considering, and if thought fit, approving Agreement A and Agreement B, and the Disposals contemplated thereunder. A circular containing, among other things, (1) details of Agreement A and Agreement B, and the Disposals contemplated thereunder; (2) a letter from the Independent Financial Adviser; (3) a letter from the Independent Board Committee; (4) other information required to be disclosed under the Listing Rules; and (5) the notice of the SGM and a form of proxy is expected to be despatched to the Shareholders on or before 31 March 2024. The Company may not be able to despatch the circular within 15 business days after publication of this announcement as additional time may be required to prepare and finalise the content of the circular, including but not limited to the financial information of the Group.

## INTRODUCTION

On 6 February 2024 (after trading hours of the Stock Exchange), the Seller, the Buyer, SREUS and the Company entered into Agreement A, pursuant to which (i) the Seller has agreed to sell and the Buyer has agreed to acquire the Bowin Sale Shares, which represents 100% equity interest of Bowin, at the consideration of approximately US\$15.37 million, and (ii) the Seller has agreed to assign, and Buyer has agreed to acquire the SREUS Loan together with all rights, title, interest and benefits attached thereto and/or arising therefrom and free from all claims and encumbrances at the consideration of approximately US\$5.93 million.

On 6 February 2024 (after trading hours of the Stock Exchange), the Seller, the Buyer and the Company entered into Agreement B, pursuant to which, the Seller has agreed to sell and the Buyer has agreed to purchase 7.66% equity interest of Cheswing at the consideration of US\$4 million.

## AGREEMENT A

The principal terms of Agreement A are set out as follows:

### Date

6 February 2024 (after trading hours of the Stock Exchange)

### Parties

(i) Seller: Sinopower Investment Limited

The Seller is a direct wholly-owned subsidiary of the Company and is an investment holding company.

(ii) Buyer: CMI Financial Holding Corporation

CMI Financial Holding Corporation is an indirect wholly-owned subsidiary of China Minsheng Investment Corp. Ltd.\* (中國民生投資股份有限公司), a controlling Shareholder and ultimate holding company of the Group.

(iii) the Company: SRE Group Limited

(iv) SREUS: SREUS NAPA LLC

SREUS is a direct wholly-owned subsidiary of Bowin and an indirect wholly-owned subsidiary of the Seller and the Company.

## **Subject matter**

Subject to the terms and conditions of Agreement A, (i) the Seller has agreed to sell and the Buyer has agreed to acquire the Bowin Sale Shares, which represents 100% equity interest of Bowin; and (ii) the Seller has agreed to assign, and Buyer has agreed to acquire the SREUS Loan together with all rights, title, interest and benefits attached thereto and/or arising therefrom and free from all claims and encumbrances.

## **Consideration and Payment Conditions**

The consideration for: (i) the transfer of the Bowin Sale Shares shall be approximately US\$15.37 million, and (ii) the assignment of the SREUS Loan shall be approximately US\$5.93 million.

The consideration for the transfer and the assignment was determined after arm's length negotiations between the Seller and the Buyer, taking into consideration, among others, (i) the assets and liabilities of Bowin; and (ii) the valuation of the equity interest of Bowin by independent professional valuer.

The consideration shall be paid to the Company upon Completion.

## **Completion**

Completion shall take place remotely via the exchange of documents and signatures immediately following the consummation of the conditions precedent set out below or at such other time as shall be mutually agreed by the parties in writing (time in either case shall be of the essence) but in any event no later than 31 May 2024.

## **Conditions precedent**

Completion of the transactions contemplated under Agreement A is conditional upon the Company having convened and held a general meeting in accordance with the Listing Rules and other applicable laws and obtained approval of Agreement A and the transactions contemplated thereunder from the Shareholders who are entitled to vote thereat under the Listing Rules and other applicable laws.

## **AGREEMENT B**

The principal terms of Agreement B are set out as follows:

### **Date**

6 February 2024 (after trading hours of the Stock Exchange)

## **Parties**

(i) Seller: Sinopower Investment Limited

The Seller is a direct wholly-owned subsidiary of the Company and is an investment holding company.

(ii) Buyer: CMI Financial Holding Corporation

CMI Financial Holding Corporation is an indirect wholly-owned subsidiary of the China Minsheng Investment Corp. Ltd.\* (中國民生投資股份有限公司), a controlling Shareholder and ultimate holding company of the Group.

(iii) the Company: SRE Group Limited

## **Subject matter**

Subject to the terms and conditions of Agreement B, the Seller has agreed to sell and the Buyer has agreed to acquire the Cheswing Sale Shares, which represents 7.66% equity interest of Cheswing.

## **Consideration and Payment Conditions**

The consideration for the transfer of Cheswing Sale Shares shall be US\$4 million.

The aforesaid consideration was determined after arm's length negotiations between the Seller and the Buyer, taking into consideration, among others, (i) the assets and liabilities of Cheswing; and (ii) the valuation of the equity interest of Cheswing by independent professional valuer.

The consideration shall be paid by the Buyer to the Company upon Completion.

## **Completion**

Completion shall take place remotely via the exchange of documents and signatures immediately following the consummation of the conditions precedent set out below or at such other time as shall be mutually agreed by the parties in writing (time in either case shall be of the essence) but in any event no later than 31 May 2024.

## **Conditions precedent**

Completion of the transactions contemplated under Agreement B is conditional upon the Company having convened and held a general meeting in accordance with the Listing Rules and other applicable laws and obtained approval of Agreement B and the transactions contemplated thereunder from the Shareholders who are entitled to vote thereat under the Listing Rules and other applicable laws.

## **INFORMATION OF THE GROUP, THE SELLER AND SREUS**

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”.

The Seller is a company incorporated with limited liability under the laws of the British Virgin Islands. The Seller is principally engaged in investment holding. As at the date of this announcement, the Seller holds the entire equity interest in Bowin and Cheswing, and is a direct wholly-owned subsidiary of the Company.

SREUS is a private company incorporated with limited liability under the laws of the State of Delaware, the United States of America. SREUS is principally engaged in investment holding. As at the date of this announcement, the Seller indirectly holds the entire equity interest in SREUS, through Bowin.

## INFORMATION OF THE BUYER

The Buyer is a company incorporated with limited liability under the laws of the British Virgin Islands. The Buyer is principally engaged in investment management. As at the date of this announcement, the Buyer is an indirect wholly-owned subsidiary of China Minsheng Investment Corp. Ltd.\* (中國民生投資股份有限公司), a controlling Shareholder and ultimate holding company of the Group, the Buyer is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

## INFORMATION OF THE TARGET COMPANIES

### Bowin

Bowin is a private company incorporated with limited liability under the laws of the British Virgin Islands. It is principally engaged in investment holding. As at the date of this announcement, the entire equity interest in Bowin is held by the Seller, which is a direct wholly-owned subsidiary of the Company. Therefore, Bowin is an indirect wholly-owned subsidiary of the Company.

As at the date of this announcement, Bowin indirectly held 79.3% equity interest in Napa Lifestyle LLC, which mainly engages in property development with its main assets being the property interests in the Napa Project, through SREUS.

Set out below is the financial information of Bowin for the two years ended 31 December 2022 and 2023:

	<b>For the financial year ended</b>	
	<b>31 December</b>	
	<b>2022</b>	<b>2023</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Net (loss)/profit before taxation and extraordinary items	(7)	114
Net (loss)/profit after taxation and extraordinary items	(7)	114

According to the unaudited management accounts of Bowin as at 31 December 2023, the net assets of Bowin were approximately RMB109 million.

## Cheswing

Cheswing is a private company incorporated with limited liability under the laws of the British Virgin Islands. It is principally engaged in investment holding. As at the date of this announcement, the entire equity interest in Cheswing was held by the Seller, which is a direct wholly-owned subsidiary of the Company. Therefore, Cheswing is an indirect wholly-owned subsidiary of the Company.

As at the date of this announcement, Cheswing directly and indirectly has control of 100% of the equity interest in ROMDUOL, which mainly engages in property development with its main assets being the property interests in the Romduol Project.

Set out below is the financial information of Cheswing for the two years ended 31 December 2022 and 2023:

	<b>For the financial year ended</b>	
	<b>31 December</b>	
	<b>2022</b>	<b>2023</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Net (loss)/profit before taxation and extraordinary items	(7,008)	(4,992)
Net (loss)/profit after taxation and extraordinary items	(7,008)	(4,992)

According to the unaudited management accounts of Cheswing as of 31 December 2023, the net assets of Cheswing were approximately RMB368 million.

## REASONS FOR AND BENEFITS OF THE DISPOSALS

The Group is carrying out work to ensure the stabilisation of the cash flow and mitigation of the liquidity pressure. In light of the current financial position and tight liquidity of the Group, the Company considers that the Disposals represent a good opportunity for the Group to realise the value in the Target Companies and the Disposals would allow the Group to reduce its overall debt levels and replenish general working capital.

Having regard to the reasons and benefits mentioned above, the Board (excluding the independent non-executive Directors, who shall provide their recommendation after taking into account the advice of the Independent Financial Adviser) is of the view that the terms of Agreement A and Agreement B, 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.



## **FINANCIAL EFFECT OF THE DISPOSALS AND USE OF PROCEEDS**

Immediately upon Completion, (i) the Group will cease to have any equity interest in Bowin, which will cease to be a subsidiary of the Company, and accordingly, the financial results of Bowin will no longer be consolidated into the consolidated financial statements of the Company; and (ii) the Group will have 92.34% equity interest in Cheswing, which will remain as a subsidiary of the Company.

It is expected that the Group will record unaudited net gains of: (i) approximately US\$16,361 as a result of the transactions contemplated under Agreement A, being the total consideration of Agreement A (being US\$21,300,000) minus the unaudited value of the net assets of Bowin as at 31 December 2023 (being approximately RMB109,128,832, equivalent to approximately US\$15,355,119) and the book value of SREUS Loan (being approximately US\$5,928,520); and (ii) approximately US\$33,943 as a result of the transactions contemplated under Agreement B, being the consideration of Agreement B (being US\$4,000,000) minus the unaudited value of the net assets of Cheswing as at 31 December 2023 times 7.66% (being approximately RMB28,186,765, equivalent to approximately US\$3,966,057).

The proceeds to be received by the Group from the Disposals amounted to US\$25.3 million will be applied towards (i) repayment of the outstanding loans of the Group; and (ii) replenish the Group's general working capital.

## **IMPLICATION UNDER THE LISTING RULES**

As at the date of this announcement, the Buyer is an indirect wholly-owned subsidiary of China Minsheng Investment Corp. Ltd.\* (中國民生投資股份有限公司), a controlling Shareholder and ultimate holding company of the Group, the Buyer is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Disposals constitute connected transactions under Chapter 14A of the Listing Rules.

Pursuant to Rules 14.22 and 14A.81 of the Listing Rules, the Disposals shall be aggregated since Agreement A and Agreement B are both entered into by the Group with the same party within 12 months.

As the highest applicable percentage ratio under the Listing Rules in respect of the Disposals, when aggregated together, exceeds 25% but is below 75%, the Disposals contemplated under Agreement A and Agreement B constitute major transactions of the Company and are therefore subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules, and the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **FORMATION OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the Disposals. The Company has appointed Goldlink Capital (Corporate Finance) Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO, as the Independent Financial Adviser pursuant to Rule 14A.44 of the Listing Rules to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **SGM**

The SGM will be convened for the purposes of considering, and if thought fit, approving Agreement A and Agreement B, and the Disposals contemplated thereunder.

A circular containing, among other things, (1) details of Agreement A and Agreement B, and the Disposals contemplated thereunder; (2) a letter from the independent financial adviser; (3) a letter from the Independent Board Committee; (4) other information required to be disclosed under the Listing Rules; and (5) the notice of the SGM and a form of proxy is expected to be despatched to the Shareholders on or before 31 March 2024. The Company may not be able to despatch the circular within 15 business days after publication of this announcement as additional time is required to prepare and finalise the content of the circular, including but not limited to the financial information of the Group.

### **DEFINITIONS**

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

“Agreement A”	the sale and purchase agreement dated 6 February 2024 and entered into by the Seller, the Buyer, SREUS and the Company, pursuant to which, (i) the Seller has agreed to sell and the Buyer has agreed to purchase 100% equity interest of Bowin; and (ii) the Seller has agreed to assign, and Buyer has agreed to acquire the SREUS Loan together with all rights, title, interest and benefits attached thereto and/or arising therefrom and free from all claims and encumbrances
“Agreement B”	the sale and purchase agreement dated 6 February 2024 and entered into by the Seller, the Buyer and the Company, pursuant to which the Seller has agreed to sell and the Buyer has agreed to purchase 7.66% equity interest of Cheswing
“Board”	the board of Directors

“Bowin”	Bowin International Limited (寶威國際有限公司*), a private company incorporated with limited liability under the laws of the British Virgin Islands, a direct wholly-owned subsidiary of the Seller and an indirect wholly-owned subsidiary of the Company
“Bowin Sale Shares”	100% equity interest of Bowin which is held by the Seller
“Business Day”	a day (excluding Saturday) on which banks are open for business in Hong Kong and on which no typhoon signal no. 8 or above or the black rainstorm signal is hoisted in Hong Kong at any time after 9:00 a.m.
“Buyer”	CMI Financial Holding Corporation, a company incorporated with limited liability under the laws of the British Virgin Islands, an indirect wholly-owned subsidiary of the China Minsheng Investment Corp. Ltd.* (中國民生投資股份有限公司), a controlling Shareholder and ultimate holding company of the Group
“Cheswing”	Cheswing Limited (卓榮有限公司), a private company incorporated with limited liability under the laws of the British Virgin Islands, a direct wholly-owned subsidiary of the Seller and an indirect wholly-owned subsidiary of the Company
“Cheswing Sale Shares”	7.66% equity interest of Cheswing which is held by the Seller
“Company”	SRE Group Limited, a company incorporated in Bermuda with limited liability, whose Shares are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the transfer of the Bowin Sale Shares and assignment of the SREUS Loan to the Buyer pursuant to Agreement A, or the transfer of the Cheswing Sale Shares to the Buyer pursuant to Agreement B, as applicable
“Director(s)”	the director(s) of the Company
“Disposals”	the transactions contemplated thereunder pursuant to Agreement A and Agreement B as applicable
“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 Board Committee”	the independent board committee of the Company established by all the independent non-executive Directors to advise the Independent Shareholders on the terms of Agreement A and Agreement B
"Independent Financial Adviser"	Goldlink Capital (Corporate Finance) Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders in relation to Agreement A and Agreement B, and the Disposals contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) other than those who are required under the Listing Rules to abstain from voting on the resolution(s) to be proposed at the SGM
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Napa Project”	a property development project of Napa Lifestyle LLC (a company established under the laws of the State of Delaware, the United States of America, 79.3% equity interest of which is indirectly controlled by Bowin through SREUS) located at Devlin Road, Napa, San Francisco, the USA
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“ROMDUOL”	ROMDUOL OVERSEAS CO., LTD., a private company incorporated with limited liability under the laws of the Kingdom of Cambodia, the entire equity interest of which is directly and indirectly controlled by Cheswing

“Romduol Project”	a property development project of ROMDUOL located at Bourei Muoy Roy Khnang villages, Tuek Thla Commune, Sen Sok District, Phnom Penh City, Cambodia
“Seller”	Sinopower Investment Limited, a company incorporated with limited liability under the laws of the British Virgin Islands and a direct wholly-owned subsidiary of the Company
"SFO"	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened for the purposes of considering, and if thought fit, approving the Agreement A and Agreement B, and the Disposals contemplated thereunder
“Shareholders”	registered holders of the Shares from time to time
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“SREUS”	SREUS NAPA LLC, a private company incorporated with limited liability under the laws of the State of Delaware, the United States of America, a direct wholly-owned subsidiary of Bowin and an indirect wholly-owned subsidiary of the Seller and the Company
“SREUS Loan”	the shareholder loan of US\$5,928,519.83 indebted by SREUS to the Seller as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Bowin and Cheswing

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent

By Order of the Board  
**SRE Group Limited**  
**Qin Guohui**  
*Chairman*

Hong Kong, 6 February 2024

*As at the date hereof, the Board comprises four executive Directors, namely Mr. Qin Guohui, 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. Ma Lishan and Mr. Chui Man Lung, Everett.*

*Unless otherwise specified, conversion of US\$ to RMB in this announcement is based on the exchange rate of US\$1.00 = RMB7.107 for illustration purpose only. No representation is made that any amounts in US\$ or RMB can be or could have been converted at the relevant dates at the above rate or any other rates at all.*

\* *For identification purpose only*