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(Incorporated in Bermuda with limited liability)

(Stock Code: 1207)

**INSIDE INFORMATION AND ANNOUNCEMENT PURSUANT TO RULE
13.19 OF THE LISTING RULES AND
UPDATES ON DISCLOSEABLE TRANSACTION —
PROVISION OF FINANCIAL ASSISTANCE UNDER ENTRUSTED
LOAN ARRANGEMENT**

This announcement is made by SRE Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) and Rule 13.19 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Group dated 20 May 2022 and 26 May 2022 (altogether, the “**Announcements**”) in respect of the discloseable transaction relating to the provision of financial assistance to Shanghai Jinxin under the Entrusted Loan Agreement. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

Pursuant to the Entrusted Loan Agreement, Shanghai Xiangyuan entrusted the Entrusted Party to provide the Entrusted Loan to Shanghai Jinxin in the maximum principal amount of RMB185,000,000 (equivalent to approximately HK\$213,359,782) which was due on 30 August 2022 (the “**Maturity Date**”). Certain subsidiaries of the Company have also entered into the Guarantee Agreement and the Entrusted Loan Pledge Agreement with the Entrusted Party as part of the arrangement for the Entrusted Loan to provide security for 50% of the maximum principal amount of the Entrusted Loan and the corresponding interest.

As at the Maturity Date, a principal amount of RMB183,600,000 (equivalent to approximately HK\$211,745,168) which had been drawn down under the Entrusted Loan Agreement and an accrued interest of RMB5,385,600 (equivalent to approximately HK\$6,211,192) (collectively, the “**Default Payment**”) were due for repayment by Shanghai Jinxin. However, the Default Payment has yet been settled as at the date of this announcement, and therefore the default interest rate shall apply.

Pursuant to the Guarantee Agreement, the Guarantors shall upon default of the Entrusted Loan by Shanghai Jinxin unconditionally repay the amount specified on the written payment notice from the Entrusted Party, which shall be within the guaranteed amount, in full within three working days from the date of receipt of such written payment notice, and the guarantee period is three years from the day after the Maturity Date (or the early maturity date).

Pursuant to the Entrusted Loan Pledge Agreement, the Entrusted Party may, upon default of the Entrusted Loan by Shanghai Jinxin, through consultation with the Pledgor, auction or sell the Pledged Property with priority to be repaid with the proceeds, or convert the Pledged Property into cash to offset the Default Payment owed by Shanghai Jinxin. If the Entrusted Party and the Pledgor fail to reach an agreement after consultation, the Entrusted Party may directly apply to the People’s Court in the People’s Republic of China for auction or sale of the Pledged Property. The Pledged Property under Entrusted Loan Pledge Agreement became immediately enforceable on the Maturity Date.

Due to the non-repayment of the Default Payment, the Entrusted Party may seek available legal remedies, including but not limited to enforcing the Guarantee Agreement and/or the Entrusted Loan Pledge Agreement against the Guarantors and the Pledgor, respectively. As of the date of this announcement, the Group has not received any demand letter from the Entrusted Party.

The Group is in active discussions with Shanghai Jinxin in respect of its plan for repayment of the Default Payment and its plan to seek a waiver from the Entrusted Party in respect of the Default Payment or amendments of the payment terms related thereto.

In order to meet its repayment obligations, the Group has been considering a number of fundraising activities including but not limited to the disposal of assets, accelerated recovery of other receivables and planned equity financing. The Group’s current operating financial position and cash position remain stable and the overall operating position is healthy. As at the date of this announcement, the Default Payment has not had any material impact on the operation or the financial position of the Group.

The Company is continuously assessing the legal, financial and operational impact of the Default Payment over the Group. The Board will closely monitor the development of the abovementioned matters and will further issue announcement as and when appropriate pursuant to the Listing Rules.

By Order of the Board
SRE GROUP LIMITED
Hong Zhihua
Chairman

Hong Kong, 30 August 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 RMB86.708 = HK\$100.000 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*