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If you have sold or transferred all your shares in **SRE Group Limited**, you should at once hand this circular with the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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MAJOR TRANSACTION
PROVISION OF FINANCIAL ASSISTANCE

A letter from the Board is set out on pages 5 to 13 of this circular.

* For identification purpose only

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

“Announcement”	announcement of the Company dated 29 September 2022 regarding the provision of the financial assistance
“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 under the laws of 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 under the Listing Rules
“Director(s)”	director(s) of the Company
“Entrusted Loan”	the entrusted loan under the entrusted loan agreement dated 20 May 2022 entered into between Shanghai Jinxin Real Estate Company Limited* (上海金心置業有限公司) (as borrower), 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, 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) (as lending agent) whereby Shanghai Xiangyuan agreed to provide a loan in the maximum amount of RMB185,000,000 to Shanghai Jinxin Real Estate Company Limited from 20 May 2022 to 30 August 2022 in the form of an entrusted loan, the principal amount and relevant interest of which have been fully settled on 28 September 2022
“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

DEFINITIONS

“Guarantee Agreement”	the maximum guarantee agreement entered into between SRE Industrial and Sanxiang Bank dated 29 September 2022
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hunan Pincheng”	Hunan Pincheng Investment Development Co., Ltd.* (湖南品誠投資發展有限公司), a company established under the laws of the PRC in September 2009 which is principally engaged in industrial investment
“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)
“Latest Practicable Date”	14 September 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“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\$414 million) from Sanxiang Bank to Changsha Hongrongyuan under the Loan Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers
“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 under the laws of the PRC, principally engaged in industrial investment, investment management, asset management, real estate development and management and business management and consulting, holding 54.08% of the equity interest in Changsha Hongrongyuan

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“Ningbo Zhihe”	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)), a company established under the laws of the PRC, principally engaged in industrial investment, investment management, investment consultation, corporate management consultation and the agency of real estate
“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 circular excludes Hong Kong, Taiwan and the Macau Special Administrative Region
“RMB”	Renminbi, the lawful currency of the PRC
“Sanxiang Bank”	Hunan Sanxiang Bank Co., Ltd.
“Security Documents”	collectively, the Guarantee Agreement and the Pledge Agreement
“SFO”	the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong
“Shanghai Xiangyuan”	Shanghai Xiangyuan Enterprise Development Co., Ltd.* (上海祥源企業發展有限公司), a company established under the laws of the PRC, which is principally engaged in property development projects, including but not limited to commercial properties and redevelopment and urban renewal projects
“Shanghai Yanta”	Shanghai Yanta Industrial Co., Ltd.* (上海雁沓實業有限公司), a company established under the laws of the PRC in October 2017, which is principally engaged in interior decoration and construction
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)

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“SRE Industrial”	SRE Industrial (Shanghai) Co., Ltd.* (上置實業(上海)有限公司), a company established under the laws of 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.

LETTER FROM THE BOARD



SRE GROUP LIMITED
上置集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1207)

Board of Directors:

Executive Directors

Mr. Qin Guohui (*Chairman*)

Mr. Kong Yong (*Acting Chief Executive Officer*)

Mr. Xu Ming

Mr. Jiang Qi

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal place of business

in Hong Kong:

Suite 2806A, 28/F., Central Plaza

18 Harbour Road, Wanchai

Hong Kong

Non-Executive Directors

Mr. Lu Jianhua

Mr. Pan Pan

Independent Non-Executive Directors

Mr. Zhuo Fumin

Mr. Chui Man Lung, Everett

Mr. Ma Lishan

20 September 2023

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO
PROVISION OF FINANCIAL ASSISTANCE**

INTRODUCTION

Reference is made to the Announcement in relation to the provision of financial assistance to Changsha Hongrongyuan.

The purpose of this circular is to provide you with the information relating to, among other things, further details regarding the provision of financial assistance, namely the Guarantee and the Pledge, together with other information as required under the Listing Rules.

BACKGROUND

Changsha Hongrongyuan, a joint venture company in which the Company indirectly holds 54.08% 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

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HK\$414 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
Lender:	Sanxiang Bank
Loan amount:	RMB380 million (equivalent to approximately HK\$414 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\$1.09 million) by 25 June 2023; 2nd installment: RMB1 million (equivalent to approximately HK\$1.09 million) by 25 December 2023; 3rd installment: RMB1 million (equivalent to approximately HK\$1.09 million) by 25 June 2024; 4th installment: RMB1 million (equivalent to approximately HK\$1.09 million) by 25 December 2024; 5th installment: RMB1 million (equivalent to approximately HK\$1.09 million) by 25 June 2025; Last installment: RMB375 million (equivalent to approximately HK\$409 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.

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- Interest rate:** 8.5% per annum for the first tranche of RMB280 million and 8.0% per annum for the second tranche of RMB100 million, 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;
Shanghai Yanta;
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 Zhihe;
- 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 Laodaohe 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 Laodaohe 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 Laodaohe Street, Kaifu District Changsha, the PRC with an area of 69,966.97m² and valued at RMB416,513,400; and
 - (d) the Fudi Albany Project which is under construction.
- 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.

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INFORMATION ABOUT THE GUARANTEE AND PLEDGE BY THE GROUP AND OTHER SHAREHOLDERS OF CHANGSHA HONGRONGYUAN

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 which reflects the requirement under the relevant laws of the PRC.

The guarantee provided by SRE Industrial is several in nature, as is the guarantee provided by each of the guarantors in respect of the Loan. Although this arrangement would, in theory, mean that SRE Industrial could be liable for the full amount of the Loan and not only the part of the Loan that is in proportion to its equity interest in Changsha Hongrongyuan, as (a) it is industry practice for banks to require full amount guarantees from guarantors, which are typically shareholders, ultimate beneficial owners or related parties to the borrower, (b) Changsha Hongrongyuan, the borrower, itself has pledged to Sanxiang Bank the rights of use to several pieces of construction land together with a construction project, the aggregate amount of which has been valued to cover the whole amount of the Loan with a surplus, which would normally be the immediate target of the lender in the event of default, (c) each of the legal shareholders of Changsha Hongrongyuan has pledged their respective equity interest in Changsha Hongrongyuan to Sangxiang Bank, and (d) that each guarantors bears the same extent of liability under the guarantees, the Directors are of the view that the Guarantee is fair and reasonable and in the interest of the Company.

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 at the time of the equity pledge agreement, 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.

SRE Industrial and Ningbo Jiazhi will not receive any fee or income for providing the Guarantee and the Pledge.

Other shareholders of Changsha Hongrongyuan, namely Shanghai Yanta, Hunan Pincheng and Ningbo Zhihe have all pledged their respective equity interest in Changsha Hongrongyuan to Sanxiang Bank as security for the Loan.

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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 other parties involved

Changsha Hongrongyuan

Changsha Hongrongyuan is a company established under the laws of the PRC in September 2007 and is principal engaged in the development and sales of properties. It was held as to 54.08% by Ningbo Jiazhi, 18.72% by Shanghai Yanta, 24.36% by Hunan Pincheng and 2.84% by Ningbo Zhihe as at the Latest Practicable Date.

As at the date of the Security Documents, Ningbo Jiazhi, an indirectly wholly-owned subsidiary of the Company, held 49.5% of the equity interest in Changsha Hongrongyuan. As Shanghai Yanta had failed to pay its capital contribution in accordance with the investment agreement relating to the investment in Changsha Hongrongyuan, its shareholding in Changsha Hongrongyuan was diluted, resulting in the increase of the Company’s interest in Changsha Hongrongyuan from 49.5% to 54.08% as at the end of 2022. According to the cooperation agreement relating to Changsha Hongrongyuan entered into between the shareholders of Changsha Hongrongyuan dated 20 April 2018 and the articles of association of Changsha Hongrongyuan, major decisions of Changsha Hongrongyuan shall only be approved through voting by no less than two-thirds of the shareholders thereof. As such, the Company has no control over Changsha Hongrongyuan and therefore, although the Company indirectly held 54.08% of the equity interest in Changsha Hongrongyuan, Changsha Hongrongyuan has not become a subsidiary of the Company.

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Ningbo Jiazhi

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 54.08% of the equity interest in Changsha Hongrongyuan as at the Latest Practicable Date. 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 held 100% of the equity interest in Ningbo Jiazhi as at the Latest Practicable Date.

Shanghai Yanta

Shanghai Yanta is a company established under the laws of the PRC in October 2017 and is principally engaged in interior decoration and construction. It was held as to 100% by Hunan Sunstar City Property Co., Ltd.* (湖南太陽星城置業有限公司) whose equity interest was in turn held by Deng Ming (鄧明) and Deng Shuai (鄧帥) as to 89% and 11%, respectively, as at the Latest Practicable Date. Deng Ming (鄧明) and Deng Shuai (鄧帥) are each an Independent Third Party.

Hunan Pincheng

Hunan Pincheng is a company established under the laws of the PRC in September 2009 and is principally engaged in industrial investment. It was held as to 71.52% by Deng Shuai (鄧帥) and 28.48% by Deng Yi (鄧毅), each an Independent Third Party, as at the Latest Practicable Date.

Ningbo Zhihe

Ningbo Zhihe 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 Zhihe 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), and the limited partners are Wen Ru (文汝), Lu We (盧維), Liu Shuping (劉淑平), Lu Yi (盧軼) and Sheng Qing (盛晴). Wen Ru (文汝), Lu Yi (盧軼) and Liu Shuping (劉淑平) were each an employee of Changsha Hongrongyuan as at the Latest Practicable Date. The interest in Ningbo Zhihe was held as to 24.56% by Wen Ru (文汝), 22.03% by Lu We (盧維), 18.17% by Liu Shuping (劉淑平), 20.37% by Lu Yi (盧軼) and 14.32% by Sheng Qing (盛晴) as at the Latest Practicable Date.

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Other relevant parties

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, Hunan Pincheng and Ningbo Zhihe, the other guarantors and pledgors to the Loan, Sanxiang Bank, and their respective ultimate beneficial owners are all Independent Third Parties.

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 held 54.08% equity interest as at the Latest Practicable Date. 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, Laodaohu 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 was to be solely applied towards the development of phase one 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 54.08% indirect shareholder.

Phase one of the Fudi Albany Project consisted of the construction of ten residential buildings. As at the Latest Practicable Date, construction of the main structure of seven of the buildings have been completed, with the construction of the main structure of the remaining three buildings expected to be completed by the end of November 2023. It is expected that the registration for the completion and acceptance of six of the buildings will be achieved by the end of September 2023, with the relevant registration for the remaining four buildings expected to be completed by the end of June 2024. The contract amount of approximately RMB430 million (equivalent to approximately HK\$469 million) for the sale of units of the first phase of the Fudi Albany Project, representing 32% of the total sales area thereof, has been achieved as at the Latest Practicable Date.

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

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE FINANCIAL ASSISTANCE

The provision of the Guarantee and Pledge will not have any immediate effect on the Group's earnings, assets and liabilities. The relevant subsidiaries of the Group, as guarantor and pledger under the Guarantee and Pledge, will be responsible for the repayment of the Loan, interest, overdue interest and other related payable amounts by Changsha Hongrongyuan in case of default by Changsha Hongrongyuan. As at the Latest Practicable Date, Changsha Hongrongyuan has met all repayment obligations due under the Loan Agreement. In particular, the principal amount of RMB1 million (equivalent to approximately HK\$1.09 million) and interest amount of RMB791 million has been repaid and paid, respectively, in accordance with the terms of the Loan Agreement. No event of default has been triggered under the Loan Agreement as far as the Group is aware of as at the Latest Practicable Date.

According to the design and financial prospects of the Fudi Albany Project, if there is any future funding need for the Fudi Albany Project, Changsha Hongrongyuan will first seek financing (or refinancing) from external banks, absence or shortfall of which will then seek funding from shareholders of Changsha Hongrongyuan. Hence the Directors consider that there will be sufficient cash flow for Changsha Hongrongyuan to repay the bank loans, and are of the view that the provision of the Guarantee and Pledge will not have any material negative financial effects on the earnings, assets and liabilities of the Group. As at the Latest Practicable Date, the Group did not contemplate any further funding needs for phase one of the Fudi Albany Project.

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 29 September 2022, the Company 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 Latest Practicable Date, 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.

LETTER FROM THE BOARD

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.

RECOMMENDATION

The Directors, including the independent non-executive Directors, are of the view that the provision of Guarantee and the Pledge is necessary and for the purpose of the Fudi Albany Project which is in the ordinary and usual course of business of the Company. The Directors are of the view that the terms of the Guarantee Agreement and the Pledge Agreement are on normal commercial terms, fair and reasonable and in the interest of the Group and the Shareholders as a whole. Accordingly, should a resolution be put at a general meeting of the Company for the Shareholders to consider, the Directors would recommend the Shareholders to vote in favour of such resolution.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 3 April 2023 and will continue to be suspended, pending the fulfilment of the resumption guidance and the grant of approval of the Stock Exchange for the resumption of trading of the Shares. For the avoidance of doubt, the release of this circular is not an indication that the resumption of trading of the Shares has been or will be approved or trading of the Shares will be resumed.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
SRE Group Limited
Qin Guohui
Chairman

Hong Kong, 20 September 2023

* *For identification purpose only*

I. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements, together with the accompanying notes to the financial statements, of the Group for the three years ended 31 December 2020, 2021 and 2022 are disclosed on pages 86 to 202, pages 89 to 206 and pages 124 to 312 of the annual reports of the Company for the three years ended 31 December 2020, 2021 and 2022, respectively. The management discussion and analysis of the Company for the three years ended 31 December 2020, 2021 and 2022 are disclosed in the published annual reports of the Company for the relevant periods.

Please also see below the hyperlinks to the said annual reports:

For the year ended 31 December 2020:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0428/2021042800433.pdf>

For the year ended 31 December 2021:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0429/2022042902510.pdf>

For the year ended 31 December 2022:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0828/2023082800063.pdf>

II. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 July 2023, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the indebtedness of the Group was as follows:

Borrowings

As at 31 July 2023, being the latest practicable date for this indebtedness statement, the details of the Group's outstanding borrowings were as follows:

	<i>Notes</i>	31 July 2023 <i>RMB'000</i>
Bank borrowings — secured and guaranteed	<i>(a)</i>	144,000
Bank borrowings — secured and unguaranteed	<i>(b)</i>	645,970
Other borrowings — secured and guaranteed	<i>(c)</i>	100,000
Other borrowings — unsecured and unguaranteed		<u>531,191</u>
Current portion		1,421,161
Other borrowings — secured and guaranteed	<i>(d)</i>	560,000
Other borrowings — secured and unguaranteed	<i>(e)</i>	623,919
Other borrowings — unsecured and unguaranteed		<u>2,484,519</u>
Non-current portion		<u>3,668,438</u>
Total		<u><u>5,089,599</u></u>

Notes:

- (a) As at 31 July 2023, the Group's bank borrowings of approximately RMB144.00 million were guaranteed by the Company and certain subsidiaries, and secured by the pledges of investment properties, Right-of-use assets and property, plant and equipment of a subsidiary of the Group.
- (b) As at 31 July 2023, the Group's bank borrowings of approximately RMB645.97 million were secured by the pledges of certain bank deposits, receivables and investment properties of a subsidiary of the Group.
- (c) As at 31 July 2023, the Group's other borrowings of approximately RMB100.00 million were guaranteed by a subsidiary of the Group and secured by the pledges of certain investment properties of a subsidiary of the Group.
- (d) As at 31 July 2023, the Group's other borrowings of approximately RMB560.00 million were guaranteed by the Company and secured by equity interests in a subsidiary of the Group.
- (e) As at 31 July 2023, the Group's other borrowings of approximately RMB623.92 million were secured by equity interests in a joint venture of the Group.

Lease liabilities

As at 31 July 2023, the Group had current and non-current lease liabilities which amounted to approximately RMB3.86 million and RMB27.97 million respectively.

Contingent liabilities or guarantees

The Group provided guarantees in respect of the mortgage facilities granted by certain banks to the purchasers of the Group's properties. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee periods commence from the dates when the relevant mortgage loans are granted and end when the purchasers pledge related property certificates as security to the banks offering the mortgage loans. The Group entered into such guarantee contracts with principal amounts totaling approximately RMB8.13 million and these contracts were still effective as at the close of business on 31 July 2023.

The Group provided guarantee to the syndicated bank loan for a joint venture of the Group. As at 31 July 2023, such guarantee amounted to approximately RMB4,451.82 million. The Group made a provision of RMB206.00 million for the estimated losses due to the default of the above joint venture's syndicated bank loan and execution of the financial guarantee contract as at 31 July 2023. As at 31 July 2023, the Group also provided guarantee to another joint venture's bank borrowings of approximately RMB380.00 million.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business of the Group, as at the close of business on 31 July 2023, the Group did not have any outstanding indebtedness in respect of any loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance lease or hire purchases commitments, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, guarantees or other material contingent liabilities.

III. WORKING CAPITAL

As at 31 July 2023, the Group's current liabilities included RMB1,421.16 million of borrowings, all of which were defaulted and became immediately repayable if requested by the lenders. As at 31 July 2023, however, the Group's cash and cash equivalents amounted to RMB121.52 million only.

The defaults of these borrowings were triggered by (1) the deterioration of the financial conditions of China Minsheng Investment Corporation Ltd., the ultimate holding company of the Group since 2018; (2) the arrest of Mr. Peng Xinkuang, a former executive director and the former chief executive officer and chairman of the Board, and the detention of Mr. Chen Donghui, a former executive Director, by the relevant authorities in the PRC in January and February 2020; and (3) the default of a joint venture (the "JV") syndicated bank loan

guaranteed by the Group. In addition, the continuous default of the JV's syndicated bank loan resulted in the relevant lenders having the right to demand, and the relevant lenders have demanded, the Group to fulfill its guarantee obligation to repay the loan, including an outstanding principal of RMB4,451.8 million and related interests and bank fees of RMB279.8 million as at 31 December 2022, and the relevant lenders will also have the right to apply for court's forcible execution, including but not limited to dispose of the Group's equity interests in the JV which were pledged as collateral for the guarantee. Subsequently in August 2023, the relevant lenders of the JV applied for the court to enforce their above rights. The default of the JV's syndicated bank loan was triggered by the matters described in above (1) and (2), as well as a series of events occurred in 2022 and subsequent to year ended 31 December 2022 as described below:

- (1) The syndicated bank loan was extended for maturity to 26 December 2022 (“**Extension Agreement**”) in December 2021. Apart from the terms in the original syndicated loan agreements, the Extension Agreement explicitly stipulated two additional events of defaults, being the JV's failure to pay the interest due on 21 March 2022 and the JV's failure to meet the target progress of its project resettlement and land titles on 31 March 2022. The JV failed to fulfil both conditions upon respective due dates, and as a result, the relevant lenders of the syndicated bank loan issued a demand letter to the JV and guarantors on 22 March 2022, requesting that the JV and the guarantors shall fulfill their relevant payment or guarantee obligations by 31 March 2022, failing which the lenders might recall the entire syndicated bank loan or take further legal actions. The JV borrowed an entrusted loan of RMB183.6 million from a third party (the “**TP**”) on 20 May 2022, which was guaranteed by the Group and pledged with certain Group assets of approximately RMB59 million, and repaid the aforementioned overdue interests on 21 May 2022.
- (2) The JV failed to repay the above-mentioned entrusted loan and its interests to the TP due on 30 August 2022. The TP filed a lawsuit on 13 September 2022 against the JV, the shareholders of the JV and the subsidiary of the Group owning the pledged assets for the overdue repayment, and further requested the court to freeze partial shareholders' equity interests in the JV (the “**Frozen JV Equity by the TP**”) including approximately 7% of equity interests (approximately RMB114.9 million of carrying amount as at 31 December 2022) held by the Group (the “**TP Lawsuit**”). The JV was subsequently financed by the Group and repaid the entrusted loan principals and interests on 28 September 2022. The Frozen JV Equity by the TP was subsequently released in March 2023.
- (3) On 22 September 2022, due to the JV's default under the terms of above Extension Agreement and the Frozen JV Equity by the TP, the relevant lenders of the syndicated bank loan issued a letter to the JV and the relevant guarantors (including the Group) and declared the immediate maturity of the syndicated bank loan principals of RMB4,451.8 million and related interests, and requested each of the guarantors to fulfill their relevant guarantee obligations immediately. On 9 October 2022, the relevant lenders requested the court to freeze the Group's entire 51% equity interests in the JV with a carrying amount of approximately RMB1,642.1

million as at 31 December 2022 (the “**Frozen JV Equity by the Banks**”), and certain subsidiaries’ equity interests within the Group held by one of the guarantors (the “**Other Frozen Equity Interests of the Group**”).

- (4) On 1 November 2022, the relevant lenders filed a lawsuit against the JV and the subsidiaries of the Company (being the shareholders of the JV whose equity interests in the JV were pledged as collateral for the syndicated bank loan, one of which also provided guarantee for the JV’s syndicated bank loan), demanding the JV to immediately repay the entire principals of the syndicated loan and related interests, other fees and relevant expenses totaling RMB4,591.6 million and the guarantors to fulfill guarantee obligations, and declared their rights for further actions (the “**Banks Lawsuit**”). The JV and its guarantors were not able to fulfill the relevant obligations until the date of this circular.
- (5) Subsequently, the relevant lenders, the JV and the guarantors have negotiated and reached mutual agreements, on the basis of which the court issued a settlement judgement on 18 January 2023 (the “**Settlement Judgement**”) under the conditions including mainly (a) the JV’s payment of overdue interests of RMB166.9 million by 12 January 2023; (b) the JV’s payment of legal costs of RMB11.5 million by 31 January 2023; (c) the JV’s payment of accrued outstanding interests up to 20 June 2023 by 21 June 2023; (d) the release of the Frozen JV Equity by the TP by 21 June 2023; and (e) the JV’s repayment of entire syndicated bank loan principals of RMB4,451.8 million and outstanding interests, as well as total outstanding bank fees of RMB145.1 million by 30 June 2023. In the event of failure of fulfilling each of the above obligations by the specified dates, the relevant lenders will have the rights to demand each of the guarantors to fulfill guarantee obligations immediately, and/or to request the enforcement of divestment of the Group’s pledged 51% equity interests in the JV.
- (6) The JV, further financed by the Group, fulfilled above conditions (a) and (b) under the Settlement Judgement on 11 January 2023 and 30 January 2023 respectively, and the “Frozen JV Equity by the TP” was released on 23 March 2023. However, the JV failed to pay the interest due on 21 June 2023 and the entire syndicated bank loan principals of RMB4,451.8 million and outstanding interests, as well as the outstanding bank fees due on 30 June 2023. The relevant lenders issued a letter on 25 June 2023, demanding the JV and the guarantors to fulfil their relevant payment or guarantee obligations pursuant to the Settlement Judgement, failing which the relevant lenders will have the rights to directly apply for court’s forcible execution of the Settlement Judgement, including auction or sale of the assets under collateral, including the Group’s 51% equity interests in the JV to fulfil the repayment obligations as specified in the Settlement Judgement.
- (7) Based on the results of search conducted on the official website of the Supreme People’s Court of the PRC, the JV and each of the Company’s subsidiaries being the shareholders of the JV were listed as targets of a court enforcement order which was filed on 7 August 2023 with case number “(2023)Hu74Zhi-No.1509” (“2023滬74執1509號”) by Shanghai Financial Court, for an amount of enforcement action of

RMB4,451.8 million. As at the date of this circular, the Group has not yet received any formal notice from the Shanghai Financial Court or the relevant lenders. However, the Group reasonably believes that the court enforcement order relates to the Settlement Judgement, and the order enforces execution of the terms in the Settlement Judgement and demands each of the guarantors to fulfill guarantee obligations immediately, and/or the sale of the Group's 51% equity interests in the JV pledged as collateral (all together the “**Enforcement of Settlement Judgement**”).

The above conditions indicate material multiple uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern.

In preparing the working capital forecast for the Group for the 12 months from the date of this circular, the Group was unable to obtain written agreements with relevant lenders in respect of certain loans that they will not exercise their rights to demand immediate repayment of the relevant loans prior to their scheduled contractual repayment dates, as triggered by the deterioration of the financial conditions of China Minsheng, Mr. Peng's Arrest and Mr. Chen's Detention Matters and the default of a JV syndicated bank loan guaranteed by the Group. The Group was unable to obtain written agreements with relevant lenders of the JV that they will suspend or cease the Enforcement of Settlement Judgement and grant more time for the JV and the Group to arrange the fundings. As such, based on the existing confirmed facilities, the Group was unable to confirm that the Group would have sufficient working capital for its present requirements for at least the next 12 months from the date of this circular as required under paragraph 30 of Appendix 1B to the Listing Rules.

The Group has formulated the following plans and measures to mitigate the liquidity pressure arising from the default of the JV's syndicated bank loan and the other defaults, and to improve its cashflows:

- (1) The Group initiated communication with the relevant lenders of the JV's syndicated bank loan on 29 June 2023 seeking the relevant lenders' support including but not limited to a further extension for the repayments of principals and overdue interests of the JV's syndicated bank loan, so that the JV and guarantors have more time to explore any other feasible means to arrange financing plans for the JV. The Group is also in negotiation with the other shareholder of the JV for the arrangement of providing additional shareholders' financing to the JV for interest repayments. For the Enforcement of Settlement Judgement, the Group will continue to communicate with the relevant lenders for its plans and measures from time to time, including but not limited to private placement of shares of the Company, restructuring of the syndicated bank loan, guidance from relevant government bodies and future development plan of the JV's project and so on, so that to persuade the relevant lenders to suspend or cease the Enforcement of Settlement Judgement and grant more time and extend the repayment date of the JV's syndicated bank loan. Neither the relevant lenders of JV's syndicated bank loan nor the other shareholder of the JV have responded to these communications. However, the Directors believe the Group

can convince the relevant lenders to suspend or cease the Enforcement of Settlement Judgement, and grant more time for the JV and the Group to arrange the fundings for the following reasons:

- (a) the Company has been taking proactive measures to obtain additional fundings as set out in (3) and (4) mentioned below, in order that JV's land certificate could be obtained from relevant government authorities and relevant pledging registration could be completed after the project resettlement could be finished as soon as possible, which could in turn restructure the JV's syndicated bank loan and facilitate development of the project;
 - (b) the PRC government introduced favourable policies for the real estate industry which include the extension of certain regulations relating to financial support for the real estate industry which should boost confidence in the property market in the PRC.
- (2) The Group and its ultimate holding company has communicated with relevant government bodies to seek support for the JV's and the Group's various efforts in restructuring the syndicated bank loan, and to seek extension of the repayment to 31 December 2024. The Group has not received response to such communication yet.
 - (3) The Group has developed a plan to obtain additional fundings from a group of parties recommended by the shareholders of the Company's ultimate holding company by way of private placement of shares of the Company. Such funding will be used to finance the remaining resettlement costs and payment of land deed tax for the JV to obtain title of the land for its property development project.
 - (4) The Group is also helping the JV to negotiate with other financial institutions to develop certain suitable plans to obtain future financing to restructure the syndicated bank loan and further development of the project of the JV. The Group is currently discussing these plans with all relevant parties including but not limited to the other shareholder of the JV, the relevant lenders of the JV's syndicated bank loan, and participating financial institutions.
 - (5) The Group has been proactively communicating with the other lenders of the Group to explain the Group's business, operations, financial condition and cash position, and the Group will be able to arrange sufficient financial resources to support the repayments of the relevant loans under the contractual repayment schedules. Lenders of the Group has, in the past two years, extended terms of various loans taken out by the Group and has been supportive of the Group's operation, and therefore, the directors are confident to convince the other lenders not to exercise their rights to request the Group for immediate repayment of the loans prior to their scheduled contractual repayment dates.
 - (6) The Group has been communicating with the Company's ultimate holding company and certain related parties to extend repayment of the certain borrowing which are repayable on demand. The Company's ultimate holding company has lowered the interest rate of various shareholder's loans provided to the Company and extended

the terms of such loans in the past, including such measures carried out in 2022 in respect of shareholder's loans to the Company in the aggregate amount of over RMB3 billion. As the Company is a subsidiary of its largest shareholder, it is in the interest of the Company's ultimate holding company and its related parties to extend the terms of loans provided to the Group and therefore, the directors are confident that the extension can be supported by these related parties.

- (7) The Group has also planned various actions to improve its cash flows, which mainly include (a) speeding up the presale or sale the Group's properties completed or under development and collection of relevant proceeds; (b) sale of its investments in certain other joint ventures, development projects, and financial assets at a reasonable price; (c) collecting certain shareholder loans and receivables from a joint venture, etc. As the PRC authorities have introduced favourable policies for the real estate industry, market sentiment and hence sales of ongoing projects should improve. As the Company has also been in discussion with third parties for the sale of assets of the Group, it is evident that there is demand for assets of the Group, the sale of which could generate cash flows for the Company. The Group has also taken actions in collecting loans and receivables from joint ventures and has collected an aggregate sum of RMB29 million in 2023. As such, the directors are confident that the Group will be able to successfully and timely generate cash inflows for the Group from the above-mentioned actions.

The directors are of the opinion that, taking into account the above-mentioned plans and measures, the existing lenders of the Group will not demand immediate repayment of the existing loans of the Group due to above defaults, and relevant lenders of the JV's syndicated bank loan will suspend or cease the Enforcement of Settlement Judgement and grant further extension of the loans, overdue interests and bank fees so that the Group will not be enforced to fulfil its guarantee obligation for the syndicated bank loan of the JV and will have sufficient funds to finance its operations and to meet its financial obligations as and when they fall due. Accordingly, the directors are of the opinion that the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this circular. The Company has yet to enter into written agreements with relevant parties in respect of the aforementioned plans and measures to mitigate the liquidity pressure of the Group and will inform the Shareholders and investors of the Company in this regard if and when necessary.

Notwithstanding the above, material multiple uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will have sufficient working capital would depend upon the followings:

- (i) successfully persuading the relevant lenders of JV's syndicated bank loan to suspend or cease the Enforcement of Settlement Judgement and grant further necessary extension for repayment of overdue amounts under the syndicated bank loan, and agreement by the other shareholder of the JV to provide funds that are necessary for the JV's repayment of the interests of the syndicated bank loan;

- (ii) successful in obtaining support from relevant government bodies for the extension and restructuring of the JV's syndicated bank loan;
- (iii) successful in obtaining support from the Company's shareholders and implementation of the plan for placement of new shares to certain intended investors of the Group to raise sufficient funds to finance the JV's remaining resettlement costs and payment of land deed tax to obtain title of the land for its property development project;
- (iv) successful in agreement of an alternative financing plan for the JV by all relevant parties and in obtaining the fundings necessary for restructuring of the JV's syndicated bank loan and for future development of the project of the JV;
- (v) maintenance of a continuing and normal business relationship with the Group's existing lenders such that no action will be taken by the relevant lenders of the Group to exercise their contractual rights to demand immediate repayment of the relevant loans;
- (vi) successful extension of certain short-term borrowings from ultimate holding company and its related parties;
- (vii) successful speed-up and timely collection of proceeds from sales and presales activities, successful and timely sale of the Group's investment in certain other joint venture, development project, and financial assets at a reasonable price, as well as timely collection of shareholder loan and receivables from a joint venture.

The Company has obtained a letter on the working capital statement from its auditor as required under Rule 14.66(12) of the Listing Rules. The auditor does not express an opinion on the working capital statement. Because of the potential interaction of the multiple uncertainties and their possible cumulative effect as described above, it is not possible for the auditor to form an opinion on the working capital statement.

IV. FUTURE PROSPECTS

The Group will focus on boutique property development and urban renewal, new project management, and holding asset operation, and carry out work to ensure "cash flow stabilisation and risk mitigation". Firstly, it will insist on prudent operation, strengthen cash flow management, optimise the debt structure, and create positive capital management to support project development. Secondly, in terms of development business, delivery is one of the most important tasks in 2023, and great importance will be attached to the delivery of projects, in order to ensure delivery, safeguard people's livelihood and maintain stability. At the same time, continuous efforts will be made to increase sales, with close attention to be paid to payment collection to improve the overall operating cash flow. "City-specific and building-specific approaches" will be adopted to achieve the annual sales target. Thirdly, in terms of asset operation, the Group, aiming to "improve quality and efficiency", will enhance the efficiency of asset operation and management, and seek "sustainable development of commercial operations". It will seize the opportunities to tackle key problems and improve the overall occupancy level as soon as possible. Higher quality and more influential merchants

will be introduced through a series of adjustment and improvement. Meanwhile, the Group will strengthen efforts on rent collection to achieve its annual revenue target. Last but not least, the Group, leveraging its advantage in traditional luxury property and experience in integrated urban development, will focus on opportunities in key regions, deepen urban renewal and other related businesses, and actively explore new areas and seek new development.

V. MATERIAL ADVERSE CHANGE

The Directors confirm that, except for events as disclosed in the announcements of the Company dated 30 June 2023 and 23 August 2023, there has been no material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

I. RESPONSIBILITY STATEMENTS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in the compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

II. DISCLOSURE OF INTERESTS

(a) Directors' interests in Shares

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules were as follows:

Long position in shares of the Company and underlying Shares

Name of Director	Personal interests	Family interests	Corporate interests	Total	Approximate percentage of shareholding
Lu Jianhua	2,258,000	—	—	2,258,000	0.011%
Zhuo Fumin	—	160,000 (Note 1)	—	160,000	0.0008%

Note:

- (1) These Shares were held by Madam He Pei Pei, the spouse of Mr. Zhuo Fumin.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or Chief Executive or any of their close associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Directors' service contracts

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group or any associated company of the Company (excluding contracts expiring or determinable within one year without payment of compensation other than statutory compensation).

(c) Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries.

(d) Interests in contract or arrangement

As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the date of this circular and which is significant in relation to the business of the Group.

(e) Directors' interests in competing businesses

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

III. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or Chief Executive, the following persons, other than a Director or Chief Executive, had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO:

Long position in Shares

Name of shareholder	Capacity/ Nature of interest	Notes	Number of issued ordinary shares (sub-total)	Approximate percentage of shareholding (sub-total)	Number of issued ordinary shares (Total)	Approximate percentage of shareholding (Total)
China Minsheng Investment Corp., Ltd	Interest in controlled corporation	<i>i</i>			15,523,751,128	75.49%
China Minsheng Jiaye Investment Co., Ltd.	Interest in controlled corporation	<i>i</i>			15,523,751,128	75.49%
Jiaxin Investment (Shanghai) Co., Ltd.	Interest in controlled corporation	<i>iv</i>			15,523,751,128	75.49%
Jiasheng (Holding) Investment Limited	Interest in controlled corporation	<i>iv</i>			15,389,659,128	74.84%

Name of shareholder	Capacity/ Nature of interest	Notes	Number of issued ordinary shares (sub-total)	Approximate percentage of shareholding (sub-total)	Number of issued ordinary shares (Total)	Approximate percentage of shareholding (Total)
Jiashun (Holding) Investment Limited	Beneficial owner	<i>iv</i>			15,389,659,128	74.84%
Zhi Tong Investment Limited (Partnership)	Beneficial owner	<i>i, ii, iii</i>			2,022,761,390	9.84%
Jia Yun Investment Limited	Person having a security interest in Shares	<i>vi</i>	866,897,738	4.21%	2,889,659,128	14.05%
	Interest in controlled corporation	<i>ii, iii</i>	2,022,761,390	9.84%		
Shi Jian	Beneficial owner		13,006,991	0.06%	2,902,666,119	14.11%
	Interest in controlled corporation	<i>v</i>	2,889,659,128	14.05%		
Si Xiao Dong	Beneficial owner		2,324	0.00%	2,889,661,452	14.05%
	Interest in controlled corporation	<i>v</i>	2,889,659,128	14.05%		
SRE Investment Holding Limited	Beneficial owner	<i>vi</i>	866,897,738	4.21%	2,889,659,128	14.05%
	Interest in controlled corporation	<i>ii, iii</i>	2,022,761,390	9.84%		
Starite International Limited	Interest in controlled corporation	<i>ii, iii</i>			2,022,761,390	9.84%
Zuo Xin	Nominee for another person (other than a bare trustee)	<i>ii, iii</i>			2,022,761,390	9.84%
Jiabo Investment Limited	Interest in controlled corporation	<i>ii, iii, vi</i>			2,889,659,128	14.05%
Jiazhi Investment Limited	Interest in controlled corporation	<i>ii, iii</i>			2,022,761,390	9.84%

Notes:

- i. China Minsheng Investment Corp., Ltd. holds a 67.26% direct interest in China Minsheng Jiaye Investment Co., Ltd. Pursuant to Part XV of the SFO, China Minsheng Investment Corp., Ltd. and China Minsheng Jiaye Investment Co., Ltd. are respectively deemed to be interested in the Shares directly held or interested in by (a) Jiashun (Holding) Investment Limited (12,500,000,000 Shares), (b) Zhi Tong Investment Limited Partnership (2,022,761,390 Shares), (c) Jia Yun Investment Limited (866,897,738 Shares) and (d) Jiayou (International) Investment Limited (134,092,000 Shares).
- ii. Jia Yun Investment Limited is held by Jiabo Investment Limited, which is 100% indirectly owned by China Minsheng Jiaye Investment Co., Ltd. Jia Yun Investment Limited holds a 60% direct interest in Jiazhi Investment Limited, which is a general partner of Zhi Tong Investment Limited Partnership. Accordingly, each of Jia Yun Investment Limited and Jiazhi Investment Limited is deemed to be interested in the Shares held by Zhi Tong Investment Limited Partnership under Part XV of the SFO. The remaining 40% interests in Jiazhi Investment Limited is held by Starite International Limited, which is wholly owned by Zuo Xin (as a nominee and representative of SRE Investment Holding Limited). Therefore, Starite International Limited, Zuo Xin and SRE Investment Holding Limited are deemed to be interested in the Shares held by Zhi Tong Investment Limited Partnership under Part XV of the SFO.
- iii. These Shares are held by Zhi Tong Investment Limited Partnership. Jiazhi Investment Limited is a general partner of Zhi Tong Investment Limited Partnership and is held as to 60% by Jia Yun Investment Limited and 40% by Starite International Limited. Jia Yun Investment Limited is also a limited partner of Zhi Tong Investment Limited Partnership.
- iv. These Shares are held by Jiashun (Holding) Investment Limited. Jiashun (Holding) Investment Limited is 100% directly owned by Jiasheng (Holding) Investment Limited, which is 100% directly owned by Jiaxin Investment (Shanghai) Co., Ltd. A 100% interest in Jiaxin Investment (Shanghai) Co., Ltd. is directly owned by China Minsheng Jiaye Investment Co., Ltd., which is, in turn, 67.26% owned by China Minsheng Investment Corp. Ltd. Therefore, according to Part XV of the SFO, Jiasheng (Holding) Investment Limited, Jiaxin Investment (Shanghai) Co., Ltd., China Minsheng Jiaye Investment Co., Ltd. and China Minsheng Investment Corp. Ltd. are deemed to be interested in the Shares held by Jiashun (Holding) Investment Limited.
- v. As each of Mr. Shi Jian and Ms. Si Xiao Dong has one-third or more of the voting rights at shareholders' meetings of SRE Investment Holding Limited, they are deemed to be interested in all the Shares interested in by SRE Investment Holding Limited under the SFO.
- vi. The 866,897,738 Shares held by SRE Investment Holding Limited are charged to Jia Yun Investment Limited. SRE Investment Holding Limited retains the voting rights attached to the Shares. China Minsheng Investment Corp., Ltd. has confirmed to the Company that if the enforcement of the share charge will result in the Company failing to meet the public float requirement, China Minsheng Investment Corp., Ltd. will use its best efforts to assist the Company in maintaining or restoring its public float to comply with Rule 8.08(1)(a) of the Listing Rules, such as to sell its Shares in the open market.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executives of the Company were aware of any other person (other than a Director or chief executive of the Company) or corporation who had an interest or short position in the Shares or underlying Shares which were required to be recorded in the register kept by the Company under section 336 of the SFO.

IV. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business, were entered into by members of the Group within the two years immediately preceding the Latest Practicable Date which are, or may be material:

- (a) the Guarantee Agreement;
- (b) the Pledge Agreement;
- (c) the guarantee agreement entered into, among others, 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), each an indirect wholly-owned subsidiaries of the Company on 20 May 2022 whereby the aforementioned parties, among other parties, agreed to provide a joint guarantee in favour of Shanghai Xiangyuan covering 50% of the maximum principal amount of the Entrusted Loan and the correspondence interest;
- (d) the entrusted loan pledge agreement entered into among 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) 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) dated 20 May 2022 whereby Shanghai SRE Real Estate Development Co., Ltd.* (上海上置房地產發展有限公司) has agreed to provide a guarantee in favour of Shanghai Xiangyuan covering 50% of the maximum principal amount of the Entrusted Loan and the correspondence interest; and
- (e) the equity transfer agreement dated 15 December 2021 entered into between Shanghai Wingo Infrastructure Co., Ltd.* (上海永高建設有限公司), an indirect wholly-owned subsidiary of the Company, and Shanghai Baixiao Information Technology Co., Ltd.* (上海柏逍信息科技有限公司) in respect of the transfer of 20% of the equity interest in Shanghai Telecom Broadband Networking Co., Ltd.* (上海電信住宅寬頻網絡有限公司) at a consideration of RMB28,000,000.

V. LITIGATION

As at the Latest Practicable Date, except the litigation or potential action mentioned in the announcements of the Company dated 28 April 2023 and 23 August 2023, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

VI. MISCELLANEOUS

- (a) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company in Hong Kong is at Suite 2806A, 28/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
- (b) The Company's principal share registrar and transfer agent is MUFG Fund Services (Bermuda) Limited, The Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda.
- (c) The Company's Hong Kong branch share registrar and transfer office is Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The company secretary of the Company is Mr. Chu Hoe Tin, an associate of the Hong Kong Chartered Governance Institute and a fellow member of the Hong Kong Institute of Certified Public Accountants.
- (e) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

VII. DOCUMENTS ON DISPLAY

Copies of the following documents will be published and displayed on the HKEXnews website (<http://www.hkexnews.hk>) and on the website of the Company (<http://www.sre.com.cn>) for a period of 14 days from the date of this circular:

- (a) the Guarantee Agreement; and
- (b) the Pledge Agreement.