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REDCO PROPERTIES GROUP LIMITED

力高地產集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1622)

PROPOSED ISSUE OF USD DENOMINATED SENIOR NOTES

The Company proposes to conduct an international offering of USD denominated guaranteed senior notes.

The completion of the Proposed Notes Issue is subject to market conditions and investors' interests. The Notes are proposed to be guaranteed by the Subsidiary Guarantors. HSBC, ICBC International and Kingston (in alphabetical order) are the joint global coordinators and Guotai Junan International, HSBC, ICBC International, Kingston, Morgan Stanley, SC Lowy and VTB Capital (in alphabetical order) are the joint lead managers and the joint bookrunners of the Proposed Notes Issue. The Company intends to use the proceeds of the Notes to refinance certain existing indebtedness, finance its existing and new property development projects (including land premium and construction costs) and for other general corporate purposes. The Company may adjust the foregoing plans in response to changing market conditions and thus, reallocate the use of proceeds.

The Company will seek a listing of the Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the Notes has been received from the Stock Exchange.

As no binding agreement in relation to the Proposed Notes Issue has been entered into as at the date of this announcement, the Proposed Notes Issue may or may not materialize. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

A further announcement in respect of the Proposed Notes Issue will be made by the Company should the Purchase Agreement be signed.

THE PROPOSED NOTES ISSUE

Introduction

The Company proposes to conduct an international offering of USD denominated guaranteed senior notes.

The completion of the Proposed Notes Issue is subject to market conditions and investors' interests. The Notes are proposed to be guaranteed by the Subsidiary Guarantors. HSBC, ICBC International and Kingston are the joint global coordinators and Guotai Junan International, HSBC, ICBC International, Kingston, Morgan Stanley, SC Lowy and VTB Capital are the joint lead managers and the joint bookrunners of the Proposed Notes Issue. As at the date of this announcement, the amount, terms and conditions of the Proposed Notes Issue have yet to be determined. Upon finalising the terms of the Notes, Guotai Junan International, HSBC, ICBC International, Kingston, Morgan Stanley, SC Lowy, VTB Capital, the Company and the Subsidiary Guarantors will enter into the Purchase Agreement. The Company will make a further announcement in respect of the Proposed Notes Issue upon the signing of the Purchase Agreement.

The Notes and the Subsidiary Guarantees have not been, and will not be, registered under the Securities Act. The Notes are only being offered, sold or delivered outside the United States in offshore transactions in reliance on Regulation S under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. None of the Notes will be offered to the public in Hong Kong.

Reasons for the Proposed Notes Issue

The Group is an integrated residential and commercial property developer primarily focusing on residential property development in the PRC. The Group has successfully established its presence in a number of key economic cities in the Greater Western Taiwan Straits Economic Zone, the Bohai Economic Rim and the Central and Western Regions including Nanchang, Tianjin, Jinan, Yantai, Hefei, Xianyang and Shenzhen in the PRC. The Group expects delivery of properties in 2014 is more concentrated in the second half of the year.

The Proposed Notes Issue is being undertaken to refinance certain existing indebtedness, finance its existing and new property development projects (including land premium and construction costs) and for other general corporate purposes. The Company may adjust the foregoing plans in response to changing market conditions and thus, reallocate the use of proceeds.

Listing

The Company will seek a listing of the Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the Notes has been received from the Stock Exchange.

GENERAL

As no binding agreement in relation to the Proposed Notes Issue has been entered into as at the date of this announcement, the Proposed Notes Issue may or may not materialize. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

A further announcement in respect of the Proposed Notes Issue will be made by the Company should the Purchase Agreement be signed.

Updated Information about the Group

The Group has, since December 31, 2013, in the ordinary course of business, entered into additional financial arrangements to finance its property development and for general corporate purposes. In January 2014, the Group drew down a principal amount of HK\$195.3 million (US\$25.2 million) from the 2014 Hang Seng Bank Facility. In May 2014, the Group drew down from a loan with Fudian Bank a principal amount of RMB400 million (US\$66.1 million) to finance its property development. As of June 30, 2014, the Group drew down from a loan with China Merchants Bank a principal amount of RMB540 million (US\$89.2 million) secured by bank deposits.

DEFINITIONS

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

“2014 Hang Seng Bank Facility”	a facility letter dated January 16, 2014 entered into by and among, the Company, Redco Holdings (Hong Kong) Co. Limited (力高集團(香港)有限公司), Redco Industrial Investment Limited (力高實業投資有限公司), Hang Seng Bank and a PRC subsidiary of the Company in connection with a Hong Kong dollar-denominated treasury product(s) facility of HK\$195,300,000 (US\$25,187,325) and Renminbi-denominated term loan facility of RMB155,000,000 (US\$25,604,176)
“China” or “PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Company”	Redco Properties Group Limited, an exempted company incorporated with limited liability in the Cayman Islands, the securities of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Guotai Junan International”	Guotai Junan Securities (Hong Kong) Limited, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Hang Seng Bank”	Hang Seng Bank Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, one of the joint global coordinators, joint lead managers and joint bookrunners in respect of the offer and sale of the Notes

“ICBC International”	ICBC International Capital Limited (one of the joint global coordinators and joint bookrunners) and ICBC International Securities Limited (one of the joint lead managers), in respect of the offer and sale of the Notes
“Kingston”	Kingston Securities Limited, one of the joint global coordinators, joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Morgan Stanley”	Morgan Stanley & Co. International plc, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Notes”	the guaranteed senior notes to be issued by the Company
“Proposed Notes Issue”	the proposed issue of the Notes by the Company
“Purchase Agreement”	the agreement proposed to be entered into by and among, the Company, Guotai Junan International, HSBC, ICBC International, Kingston, Morgan Stanley, SC Lowy, VTB Capital and the Subsidiary Guarantors in relation to the Proposed Notes Issue
“SC Lowy”	SC Lowy Financial (HK) Ltd., one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Securities Act”	the United States Securities Act of 1933, as amended
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantees”	the guarantees provided by the Subsidiary Guarantors in respect of the Notes
“Subsidiary Guarantors”	certain non-PRC subsidiaries of the Company which guarantee the Notes
“United States”	the United States of America
“USD”	United States dollar(s)

“VTB Capital” VTB Capital plc, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes

“%” per cent

For the purpose of this announcement and for reference only, exchange rates of USD1.00 to HK\$7.7539 and USD1.00 to RMB6.0537 are adopted.

By Order of the Board
Redco Properties Group Limited
Huang Ruoqing
Executive Director

Hong Kong, 25 July 2014

As at the date of this announcement, the executive Directors are Mr. Huang Ruoqing, Mr. Tang Chengyong, Mr. Hong Duxuan; and the independent non-executive Directors are Dr. Wong Yau Kar, David BBS, JP, Mr. Chau On Ta Yuen, Mr. Yip Tai Him and Mr. Chow Kwong Fai, Edward, JP.