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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)

**DISCLOSEABLE TRANSACTION
THE COOPERATION FRAMEWORK AGREEMENT**

THE COOPERATION FRAMEWORK AGREEMENT

The Board is pleased to announce that, on 6 November 2014, Redco Industrial, a wholly-owned subsidiary of the Company entered into the Cooperation Framework Agreement with the Project Company to cooperate in the development of the Project, pursuant to which Redco Industrial or a subsidiary of the Company designated by it and the Original Owners shall invest in a proportion of 60% and 40% to the Project, respectively in an aggregate maximum amount of RMB1.05 billion and the Original Owners shall procure that Redco Industrial or its designated subsidiary will own 60% of the Project Company by contributing capital into the Project Company. After the completion of the Capital Contribution, the Project Company will be owned as to 60% by Redco Industrial or its designated subsidiary and 40% by the Original Owners. As such, the Project Company will become an indirect non-wholly owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions under the Cooperation Framework Agreement represent 5% or more but are less than 25%, the Cooperation Framework Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that, on 6 November 2014, Redco Industrial, a wholly-owned subsidiary of the Company entered into the Cooperation Framework Agreement with the Project Company to cooperate in the development of the Project, pursuant to which Redco Industrial, or a subsidiary of the Company designated by it, and the Original Owners shall invest in a proportion of 60% and 40% to the Project, respectively in an aggregate maximum amount of RMB1.05 billion and the Original Owners shall procure that Redco Industrial or its designated subsidiary will own 60% of the Project Company by contributing capital into the Project Company. After the completion of the Capital Contribution, the Project Company will be owned as to 60% by Redco Industrial or its designated subsidiary and 40% by the Original Owners. As such, the Project Company will become an indirect non-wholly owned subsidiary of the Company.

PRINCIPAL TERMS OF THE COOPERATION FRAMEWORK AGREEMENT

Date: 6 November 2014

Parties:

- (1) Redco Industrial
- (2) the Project Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Project Company and its ultimate beneficial owners are third parties independent of and not connected with the Company or its connected persons (as defined in the Listing Rules).

The cooperation

The parties to the Cooperation Framework Agreement have agreed that the Project Company will be the operator to conduct the development of the Project; Redco Industrial or its designated subsidiary and the Original Owners shall invest in a proportion of 60% and 40% to the Project respectively, in an aggregate maximum amount of RMB1.05 billion and the Original Owners shall procure that Redco Industrial or its designated subsidiary will own 60% of the Project Company by contributing capital into the Project Company. After completion of the Capital Contribution, the Project Company will be owned as to 60% by Redco Industrial or its designated subsidiary and 40% by the Original Owners. As such, the Project Company will become an indirect non-wholly owned subsidiary of the Company.

Pursuant to the Cooperation Framework Agreement, the Original Owners shall procure the transfer of phase 1 of the Project Land to the Project Company without any encumbrances or unsettled claims within six months after the signing of the Cooperation Framework Agreement.

The Land Consideration consists of (i) RMB0.98 billion, which is determined by reference to the land premium and relevant fees and taxes in respect of phase 1 of the Project Land; and (ii) RMB0.07 billion, which is the supplemental land premium for the enhancement of the unified planning conditions in respect of phase 1 of the Project Land (“Supplemental Transfer Fees”). The amount of the Land Consideration to be financed by Redco Industrial shall not exceed RMB0.63 billion. If the actual land premium and relevant fees and taxes related to phase 1 of the Project Land is higher than RMB0.98 billion and/or the actual Supplemental Transfer Fees is higher than RMB0.07 billion, the excess amount shall be payable by the Original Owners.

The payment obligations of Redco Industrial in respect of the Land Consideration shall be conditional upon the Original Owners having satisfied the following conditions:

- (i) the settlement of the liabilities of Taihu Company, the original owner of the land use rights of phase 1 of the Project Land;
- (ii) the land use rights of phase 1 of the Project Land together with the rights of the existing buildings erected thereon shall be transferred to the Project Company with approval from the relevant governmental authorities; and
- (iii) phase 1 of Project Land with an area of 518.66 mu shall be transferred to the Project Company;

The Land Consideration shall be financed by Redco Industrial or its designated subsidiary and the Original Owners in proportion to their shareholdings in the Project Company through shareholder’s loan or other financing besides injected capital into the Project Company in separate batches in due course.

The Capital Contribution shall be completed within 15 days following the date of the Cooperation Framework Agreement and Redco Industrial or its designated subsidiary shall make a payment of RMB50 million to the Project Company as prepayment for phase 1 of the Project Land within 10 working days after the completion of the Capital Contribution.

Pursuant to the Cooperation Framework Agreement, the Original Owners shall also procure that the land use rights of 200 mu out of approximately 772mu of phase 2 of the Project Land will be available for auction before 30 June 2015 and the Project Company will participate in such land auction. The funding of the development of phase 2 of the Project Land is subject to further agreement between Redco Industrial and the Original Owners.

Where the Original Owners are unable to fulfill the above obligations regarding the transfer of phase 1 of the Project Land and auction of phase 2 of the Project Land within the aforesaid deadlines, Redco Industrial has the right to terminate the Cooperation Framework Agreement, upon which, all investments made by Redco Industrial to the Project shall be returned to Redco Industrial in full and the 60% interest in the Project Company shall be transferred back to the Original Owners.

Board composition of the Project Company

Upon the completion of the Capital Contribution, the board of directors of the Project Company will comprise three members, of which Redco Industrial will appoint two directors and the Original Owners will appoint one director, who will be the chairman.

INFORMATION OF THE PROJECT COMPANY AND THE PROJECT

The Project Company was established on 27 October 2010 under the laws of the PRC and has a registered capital of RMB10 million, which mainly engages in property development in China.

Set out below is certain financial information of the Project Company based on the unaudited accounts of the Project Company for the two years ended 31 December 2013 prepared based on PRC accounting standards:

	For the year ended 31 December	
	2012	2013
	RMB	RMB
Profit before tax	-	-
Profit after tax	-	-

As at 31 August 2014, the Project Company has net asset value of approximately RMB10 million.

The Project Company aims to develop the Project Land located between the Front Hill Avenue and Highway S118 at Huadong township, in Huadu District, Guangzhou, China.

The Project consists of two phases. The planned construction land of phase 1 of the Project Land has a site area of 518.66mu, the purpose of which is residential and commercial; and that of phase 2 of the Project Land shall have a site area of approximately 772 mu, which will be planned for the development of residential, cultural and tourist attractions and commercial properties, subject to the local government's approval on the scope of construction land and planning conditions. The project is characterised by the features of the townships in the south areas of the Five Ridges(嶺南小鎮風情) assembling multifunctional developments of ecological dwelling communities, commercial, travel and leisure facilities as a whole.

REASONS FOR AND BENEFITS OF ENTERING INTO THE COOPERATION FRAMEWORK AGREEMENT

The Group mainly engages in property development and has been adopting the strategy to develop properties in high growth regions and expand its business, in particular, to first tier cities in the PRC. The Project Company has potential land resources in first-tier cities. The Directors are of the view that this cooperation will complement each other's advantages and further enlarge the Group's market shares in first-tier cities besides Shenzhen, which in turn will facilitate the development of the Group. The Directors (including the independent non-executive Directors) consider that the terms of the Cooperation Framework Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION OF THE PARTIES TO THE COOPERATION FRAMEWORK AGREEMENT

Redco Industrial is a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company.

The Project Company is a company established in Guangzhou, PRC and is mainly engaged in property development and investment.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions under the Cooperation Framework Agreement represent 5% or more but are less than 25%, the Cooperation Framework Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Capital Contribution”	the capital contribution to the Project Company by Redco Industrial or a subsidiary designated by Redco Industrial pursuant to the Cooperation Framework Agreement

“Company”	Redco Properties Group Limited, a company incorporated under the laws of the Cayman Islands with limited liability whose shares are listed on the Stock Exchange (stock code: 1622)
“Cooperation Framework Agreement”	the framework agreement entered into between Redco Industrial and the Project Company on 6 November 2014 in respect of, among others, the cooperation between Redco Industrial and the Project Company in relation to the Project
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Land Consideration”	the consideration for the transfer of phase 1 of the Project Land to the Project Company in an aggregate maximum amount of RMB 1.05 billion
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Owners”	the existing shareholders of the Project Company
“PRC” or “China”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan)
“Project”	the project in respect of the development of the Project Land which consists of two phases, namely phase 1 of the Project Land being a parcel of planned construction land with a site area of 518.66mu; and phase 2 of the Project Land being a parcel of land with a site area of approximately 772mu to be bid by the Project Company pending public auction
“Project Company”	廣州青旅置業有限公司 (Guangzhou CYTSOTEL Real Estate Development Co., Ltd*), a limited company established under the laws of the PRC
“Project Land”	the parcel of land located between the Front Hill Avenue and Highway S118 at Huadong township, in Huadu District, Guangzhou, China
“Redco Industrial”	Redco Industrial Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Shareholders”	the shareholders of the Company
“Taihu Property”	廣州市泰湖房地產開發有限公司 (Guangzhou Taihu Property Development Company Limited*), a limited company established under the laws of the PRC and is a third party independent of the Company and its connected persons
“%”	per cent.

By order of the Board

REDCO PROPERTIES GROUP LIMITED

Huang Ruoqing

Executive Director

Hong Kong, 6 November 2014

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

**For identification purpose only*