

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CONNECTED TRANSACTION

THE EQUITY TRANSFER AGREEMENT

On 18 December 2014, the Purchaser and the Vendor entered into the Equity Transfer Agreement pursuant to which, the Purchaser agreed to purchase, and the Vendor agreed to sell, the Sale Interest at a consideration of RMB5,000,000 (approximately HK\$6,263,310). Upon the completion of the Acquisition, the Target Group will be wholly owned by the Purchaser and will become wholly-owned subsidiaries of the Company.

The consideration for the Acquisition was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the registered capital of the Target Company.

As at the date of this announcement, the equity interest in the Target Company is held as to 100% by the Vendor, who is a cousin of Mr. Wong Yeuk Hung and Mr. Huang Ruoqing, being the executive Director and the controlling shareholders of the Company. As such, the Vendor is a deemed connected person of the Company under the Listing Rules.

Therefore, the Acquisition constitutes a connected transaction of the Company under the Listing Rules. As each of the applicable percentage ratios in respect of the Acquisition is under 5%, the Acquisition is only subject to the requirements of reporting and announcement but is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE EQUITY TRANSFER AGREEMENT

Date: 18 December 2014

Parties: (1) Vendor : Huang Peng

(2) Purchaser : 力高（中國）地產有限公司 (Redco (China) Real Estate Co., Ltd.*), an indirect wholly-owned subsidiary of the Company

Assets to be acquired

Pursuant to the Equity Transfer Agreement, the Purchaser agreed to purchase, and the Vendor agreed to sell, the Sale Interest, representing the entire equity interest in the Target Company. As at the date of this announcement, Shenzhen Yugao is wholly owned by Hefei Qunsheng, which is in turn wholly owned by the Target Company. The entire equity interest in the Target Company is held as to 100% by the Vendor. The total acquisition and/or investment cost of the Target Group to the Vendor was approximately RMB5 million.

Upon the completion of the Acquisition, the Target Group will be wholly owned by the Purchaser and will become wholly-owned subsidiaries of the Company.

Consideration

The consideration for the acquisition of the Sale Interest shall be RMB5,000,000 (approximately HK\$6,263,310), which will be payable on or before 31 December 2014 by the Purchaser.

The consideration for the Acquisition was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the registered capital of the Target Company. The consideration for the Acquisition will be payable in cash and financed by the Group's internal resources.

The Directors (including the independent non-executive Directors) are of the view that the consideration for the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE GROUP AND THE PURCHASER

The Group principally 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 Purchaser is principally engaged in property development in the PRC.

INFORMATION ON THE TARGET GROUP

The Target Group is principally engaged in the provision of property management services in the PRC. The Target Company entered into a master property management agreement with the Company on 17 January 2014 which will expire on 31 December 2015, pursuant to which the Target Company (for itself and on behalf of its branches in Tianjin and Xianyang) shall provide property management services to the Group in respect of certain property development projects of the Group. Upon the completion of the Acquisition, the Target

Company shall continue to provide property management services to the Group. For details of the continuing connected transaction between the Target Company and the Company with respect to such property management services, please refer to the section headed “Connected Transactions” in the prospectus of the Company dated 21 January 2014.

Prior to the completion of the Acquisition, the entire equity interest in the Target Company is held by the Vendor.

FINANCIAL INFORMATION ON THE TARGET GROUP

The unaudited net assets value of the Target Group as at 30 November 2014 was approximately RMB693,000. The following information is extracted respectively from the audited combined financial statements of the Target Group for the two financial years ended 31 December 2012 and 31 December 2013:

	For the year ended 31 December	
	2012	2013
	Audited	Audited
	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	7,393	15,092
Profits before taxation and extraordinary items	176	4,621
Profits after taxation and extraordinary items	176	4,621

REASONS AND BENEFITS FOR THE ACQUISITION

The Directors believe that after the Acquisition, property management services can be provided within the Group and therefore the quality of management services can be maintained and monitored by the Group directly.

The Directors (including the independent non-executive Directors) are of the opinion that the Equity Transfer Agreement and the Acquisition are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and its Shareholders as a whole. The completion of the Acquisition will not have any material change to the assets and liabilities of the Group. As Mr. Huang Ruoqing has a material interest in the Acquisition and the Equity Transfer Agreement, he has abstained from attending the board meeting and/or voting on the board resolution to approve the Equity Transfer Agreement and the transactions thereunder.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the equity interest in the Target Company is held as to 100% by the Vendor, who is a cousin of Mr. Wong Yeuk Hung and Mr. Huang Ruoqing, being the executive Director and the controlling shareholders of the Company. As such, the Vendor is a deemed connected person of the Company under the Listing Rules. Therefore, the Acquisition constitutes a connected transaction of the Company under the Listing Rules.

As each of the applicable percentage ratios in respect of the Acquisition is under 5%, the

Acquisition is only subject to the requirements of reporting and announcement but is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of the Sale Interest by the Purchaser as contemplated under the Equity Transfer Agreement;
“Board”	the board of Directors;
“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;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“deemed connected person”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“Equity Transfer Agreement”	the equity transfer agreement dated 18 December 2014 and entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Sale Interest;
“Group”	the Company and its subsidiaries;
“Hefei Qunsheng”	合肥群盛物業管理服務有限公司 (Hefei Qunsheng Property Management Services Company Limited*), a limited liability company established in the PRC on 19 September 2008, and the entire equity interest of which is indirectly owned by the Vendor as at the date of this announcement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“percentage ratios”	has the meaning ascribed to it under the Listing Rules;

“PRC” or “China”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Purchaser”	力高（中國）地產有限公司 (Redco (China) Real Estate Co., Ltd.*), an indirect wholly-owned subsidiary of the Company;
“Sale Interest”	the entire equity interest in the Target Company;
“Share(s)”	ordinary share(s), with nominal value of HK\$0.10 each in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Shenzhen Yugao”	深圳市御高物業管理有限公司 (Shenzhen Yugao Property Management Co., Ltd.*), a limited liability company established in the PRC on 24 June 2014, and the entire equity interest of which is indirectly owned by the Vendor as at the date of this announcement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	江西恒豐行物業服務有限公司 (Jiangxi Hengfeng Property Management Company Limited*), a limited liability company established in the PRC on 16 April 2008, and the entire equity interest of which is owned by the Vendor as at the date of this announcement;
“Target Group”	comprising the Target Company, Shenzhen Yugao and Hefei Qunsheng;
“Vendor”	Mr. Huang Peng (黃鵬), a cousin of Mr. Wong Yeuk Hung and Mr. Huang Ruoqing and therefore a deemed connected person of the Company;
“RMB”	Renminbi, the lawful currency of the PRC; and
“%”	per cent.

For the purpose of this announcement, the exchange rate of RMB0.7983=HK\$1 has been used for currency translation, where applicable. Such exchange rate is for illustration purposes and does not constitute representations that any amount in RMB or HK\$ have been, could have been or may be converted at such rate.

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

Hong Kong, 18 December 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*