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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

COOPERATION FRAMEWORK AGREEMENT

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On 7 August 2015, the Purchaser and the Vendor, among others, entered into the Cooperation Framework Agreement pursuant to which, the Purchaser agreed to purchase, and the Vendor agreed to sell, the Sale Interest together with the Property Interest at a consideration of approximately RMB466 million (approximately HK\$582 million), subject to adjustments. Upon completion of the Share Acquisition, the Project Company will become an indirect subsidiary of the Company.

The consideration for the Acquisitions was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the market value of the Project Land.

As one of the applicable percentage ratios in respect of the transactions under the Cooperation Framework Agreement is more than 5% but less than 25%, the Cooperation Framework Agreement and the transactions contemplated thereunder constitute discloseable transactions of the Company and are therefore subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

COOPERATION FRAMEWORK AGREEMENT

Date: 7 August 2015

- Parties:
- (1) the Vendor: a limited liability company established in the PRC and an Independent Third Party
 - (2) the Purchaser: 深圳市力高大道置業有限公司 (Shenzhen Redco Dadao Real Estate Co., Ltd.*), an indirect non-wholly owned subsidiary of the Company
 - (3) the Project Company
 - (4) the Guarantor

To the best of the Directors' knowledge, information and belief having made all enquiry, the Vendor, the Project Company, their ultimate beneficial owners and the Guarantor are third parties independent of the Company and its connected persons.

Assets to be acquired

Pursuant to the Cooperation Framework Agreement, the Purchaser agreed to purchase, and the Vendor agreed to sell, the Sale Interest, representing 70% equity interest in the Project Company and the Property Interest. As at the date of this announcement, the Project Company is owned by the Vendor and the Minority Shareholder as to 72% and 28%, respectively.

Upon completion of the Share Acquisition, the Project Company will be owned as to 70% by the Purchaser, 2% by the Vendor and 28% by the Minority Shareholder and will become an indirect subsidiary of the Company. After such completion, save for the Repurchase, the Sale Interest is not transferrable, unless with the prior consent of the Vendor and the Minority Shareholder.

Conditions precedent

Completion of the Acquisitions shall be conditional upon, among other things, the Project Land meeting certain requirements as set forth under the Cooperation Framework Agreement (including the usage and the GFA) and the Purchaser having obtained the land-use-rights of the Project Land.

Consideration

The consideration for the Acquisitions, subject to adjustments and fulfillment of the conditions precedent, shall be approximately RMB466 million (approximately HK\$582 million), be paid by the Purchaser in the following manner:

First Installment: RMB60 million shall be payable within 10 working days after the signing of the Cooperation Framework Agreement;

- Second Installment:** approximately RMB163 million shall be payable within 5 working days after (i) signing of the land use right grant contract in respect of the Project Land to be entered into between the Project Company and the relevant PRC authority; (ii) the Vendor has paid out the land premium thereof; (iii) the Vendor has passed all the relevant transfer documents (including a waiver of the pre-emptive rights by the Minority Shareholder) to the Purchaser;
- Third Installment:** approximately RMB213 million shall be payable within 5 working days after the Vendor has paid all the relevant taxes related to the transfer of the Project Land, has obtained the land use right certificate of the Project Land with the Project Company being the proprietor and the Sale Interest is registered in the name of the Purchaser and the Vendor has transferred the relevant documents of the Project Company to the Purchaser; and
- Final Installment:** The remaining RMB30 million will be used to settle the construction cost of the Returnable Properties (as defined below) payable by the Vendor.

If the final approved saleable area of the Retained Properties exceeds the estimated saleable area of the Retained Properties under the Cooperation Framework Agreement, the consideration above will be increased accordingly. If the estimated saleable area of the Retained Properties under the Cooperation Framework Agreement exceeds the final approved saleable area of the Retained Properties, the consideration above will be reduced accordingly. To the best knowledge of the Directors, it is expected that the adjustments to the consideration for the Acquisitions will not result in the applicable percentage ratios exceeding 25%. Further announcement will be made if and when required by the Listing Rules.

The consideration for the Acquisitions was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the market value of the Project Land. The consideration for the Acquisitions will be payable in cash and financed by the Group's internal resources.

Management and Composition of the board of directors of the Project Company

After completion of the Share Acquisition, the Purchaser shall hold 70% equity interest in the Project Company and shall be solely responsible for the project management of the Project Company. Further, the Purchaser shall enjoy all the rights and interests of the Project Company (other than the Returnable Properties) where the Vendor and the Minority Shareholder shall enjoy the rights, profit, and bear the loss and risk of the Returnable Properties, except as otherwise agreed by the Cooperation Framework Agreement. In addition, the Vendor agreed to authorise the Purchaser to exercise the voting rights attached to 2% equity interest of the Project Company held by it, and shall ensure that the Minority Shareholder will also authorise the Purchaser to exercise its voting rights attached to 28% equity interest of the Project Company, and shall not interfere the Project Company's management.

After completion of the Share Acquisition and prior to the Repurchase, directors, general manager, supervisors and management personnel of the Project Company shall be appointed

by the Purchaser.

Guarantee by the Guarantor

The Guarantor, being the substantial shareholder of the Vendor, has guaranteed to the Purchaser the due and punctual performance by the Vendor of its liabilities in accordance with the terms of the Cooperation Framework Agreement.

Guarantee and disposal by the Purchaser

After completion of the sale of the Retained Properties and the distribution of profits attributable to the Purchaser in the Project Company, the Purchaser shall provide a guarantee to the Vendor in respect of the payment of debts of the Project Company and the Vendor (or its nominee) shall repurchase (the “**Repurchase**”) Sale Interest at a consideration of RMB10,000 in accordance with the terms of the Cooperation Framework Agreement. Further announcement will be made by the Company concerning the provision of guarantee as and when required in accordance with the Listing Rules.

INFORMATION ABOUT THE GROUP AND THE PURCHASER

The Group is principally engaged 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 PROJECT COMPANY, THE VENDOR AND THE GUARANTOR

Pursuant to the Cooperation Framework Agreement, the Vendor shall procure the transfer of land-use-rights of the Project Land in the planned area of Ping Shan New District in Shenzhen in the name of the Project Company. The Project Land is planned for commercial and residential use. According to the approved planning and design conditions, the plot ratio of the Project Land will be 4.5, building coverage ratio is not less than 60%, the proportion of commercial area ranges from 40% to 60% and the total GFA is approximately 75,700 sq. m., with the residential area of approximately 40,700 sq. m. and commercial area of approximately 35,000 sq. m.. The final specific scope and planning of the Project Land are subject to the PRC government’s final approval.

After completion of the Share Acquisition, the Purchaser shall also be responsible for the construction of not less than 27,000 sq. m. and not more than 31,000 sq. m. commercial gross floor area and corresponding car parks according to PRC governmental regulations (the “**Returnable Properties**”) of the Project Land. The Vendor will bear the construction cost of the Returnable Properties at RMB4,500 per sq. m. and all taxes associated therewith.

Within 9 months after the issue of the Completion Certificate, the Purchaser shall complete the sales of the Retained Properties and distribute profits attributable to it in the Project Company. Within 11 months after the issue of the Completion Certificate, each parties to the Cooperation Framework Agreement to settle the tax claims according to the terms thereof.

The Project Company is principally engaged in property development in the PRC. The Vendor is an investment holding company. The Guarantor is a substantial shareholder of the

Vendor.

FINANCIAL INFORMATION ON THE PROJECT COMPANY

The unaudited net assets value of the Project Company as at 30 June 2015 was approximately RMB1,390,000. The following information is extracted from the audited financial statements of the Project Company for the period from 17 April 2014, being the incorporation date to 31 December 2014:

	For the period from incorporation date to 31 December 2014
	Audited
	<i>RMB'000</i>
Turnover	-
Loss before taxation and extraordinary items	610
Loss after taxation and extraordinary items	610

REASONS AND BENEFITS FOR THE ACQUISITIONS

The Group is mainly engaged in property development and has been adopting the strategy to develop properties in high growth regions in the PRC. The Project Company has potential land resources in Shenzhen where the Group has successfully built up its presence. The Directors are of the view that the cooperation with the Vendor will further strengthen the advantage of the Group in Shenzhen, which will in turn 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, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios in respect of the transactions under the Cooperation Framework Agreement is more than 5% but less than 25%, the Cooperation Framework Agreement and the transactions contemplated thereunder constitute discloseable transactions of the Company and are therefore subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisitions”	the acquisition of the Sale Interest and the Property Interest by the Purchaser as contemplated under the Cooperation Framework 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;
“Completion Certificate”	construction works completion inspection acceptance certificate/record (竣工驗收備案);
“Cooperation Framework Agreement”	the cooperation framework agreement dated [7] August 2015 and entered into between, among others, the Purchaser and the Vendor in relation to the sale and purchase of the Sale Interest and the Property Interest;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Guarantor”	a substantial shareholder of the Vendor;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent and not connected with the Company and its connected persons;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Minority Shareholder”	an Independent Third Party who owns 28% of the Project Company as at the date of this announcement;
“percentage ratio”	has the meaning ascribed to it under Rule 14.07 of 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;
“Project”	the development of the Project Land;
“Project Company”	深圳市泰富華悅都會置業有限公司 (Shenzhen Topfar Yueduhui Property Co., Ltd.*), a limited liability company established in the PRC on 17 April 2014;
“Property Interest”	saleable properties of the Project and their ancillary facilities (other than the Returnable Properties) and the relevant interests thereof;
“Project Land”	A parcel of land in the area of Ping Shan New District in Shenzhen;
“Purchaser”	深圳市力高大道置業有限公司 (Shenzhen Redco Dadao Real Estate Co., Ltd.*), an indirect non-wholly owned subsidiary of the Company;
“Retained Properties”	saleable properties of the Project and their ancillary facilities (other than the Returnable Properties);
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Interest”	70% equity interest in the Project 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);
“Share Acquisition”	acquisition of the Sale Interest;
“sq. m.”	square meter(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	a limited liability company established in the PRC and an Independent Third Party; 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, 7 August 2015

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*