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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

EQUITY TRANSFER FRAMEWORK AGREEMENT

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On 30 November 2015, the Purchaser and the Vendors entered into the Equity Transfer Framework Agreement pursuant to which, the Purchaser agreed to purchase, and the Vendors agreed to sell the entire equity interest in the Project Company at approximately RMB415.5 million (approximately HK\$503.5 million). Upon completion of the Equity Acquisition, the Project Company will become an indirect wholly-owned subsidiary of the Company.

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

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

EQUITY TRANSFER FRAMEWORK AGREEMENT

Date: 30 November 2015

Parties: (1) the Vendors: Li Xiaoqi (李尚琪)
Ma Liming (馬麗明)

(2) the Purchaser: Redco Industrial Investment Limited, an indirect wholly-owned subsidiary of the Company

(3) the Project Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendors are third parties independent of the Company and its connected persons.

Assets to be acquired

Pursuant to the Equity Transfer Framework Agreement, the Purchaser agreed to purchase, and the Vendors agreed to sell the entire equity interest in the Project Company. As at the date of this announcement, the Project Company is owned as to 60% by Li Xiaoqi and 40% by Ma Liming, being the Vendors.

Upon completion of the Acquisition, the Project Company will be wholly-owned by the Purchaser and will become an indirect wholly-owned subsidiary of the Company.

Conditions precedent

Completion of the Acquisition shall be conditional upon, among other things, the Land meeting certain requirements as set forth under the Equity Transfer Framework Agreement (including the usage and the GFA) and the Purchaser being satisfied with the results of the due diligence to be conducted on the Project Company.

Consideration

The consideration for the Acquisition is approximately RMB415.5 million (approximately HK\$503.5 million), subject to fulfillments of conditions precedent, to be paid by the Purchaser in the following manner:

- First Installment: RMB30.0 million shall be payable within 5 working days from the date of the Equity Transfer Framework Agreement;
- Second Installment: RMB50.0 million shall be payable within 5 working days after the Purchaser being satisfied with the results of the due diligence to be conducted on the Project Company;
- Final Installment: The remaining balance will be payable within 20 working days after completion of the Acquisition.

The consideration for the Acquisition was determined after arm's length negotiations between the Purchaser and the Vendors with reference to the market value of the Land. The consideration for the Acquisition will be paid in cash and financed by the Group's internal resources, and part of which will be used to repay the advance made by the Vendors to the Project Company, which had been used for its acquisition of the Land.

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 AND THE LAND

The Project Company was established on 5 January 2007 under the laws of the PRC with a registered capital of RMB10 million. It is principally engaged in property development in the PRC and holds the Land with a site area of approximately 9,941 sq.m. and the total gross floor area of the project is approximately 52,357 sq.m..The Land is planned for developing commercial properties.

The unaudited net assets value of the Project Company as at 31 October 2015 was approximately RMB6,187,000. The following information is extracted from the audited financial statements of the Project Company for the two years ended 31 December 2013 and 2014:

	For the year ended 31 December	
	2013	2014
	Audited	Audited
	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	-	-
Loss before taxation and extraordinary items	601	880
Loss after taxation and extraordinary items	601	880

REASONS AND BENEFITS FOR THE ACQUISITION

The Group is mainly 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 Acquisition marks the Group's unceasing pace into the first-tier cities, which is in line with its strategy of expansion and will diversify its portfolio. The Directors are of the view that the Acquisition will further enlarge the Group's market shares in first-tier cities besides Shenzhen and Guangzhou, which in turn will facilitate the development of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Equity Transfer 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 Equity Transfer Framework Agreement and the transaction contemplated thereunder is more than 5% but less than 25%, the Equity Transfer Framework Agreement and the transaction contemplated thereunder constitutes a discloseable transaction of the Company and is 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:

“Acquisition”	the acquisition of the entire equity interest in the Project Company by the Purchaser as contemplated under the Equity Transfer 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;
“Equity Transfer Framework Agreement”	the equity transfer framework agreement dated 30 November 2015 entered into between the Purchaser and the Vendors in relation to the Acquisition;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“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;
“Land”	a parcel of land in the Wujiaochang, Yangpu District, Shanghai, China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“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 Company”	上海明昌置業有限公司 (Shanghai Mingchang Property Co., Ltd.*), a company established in the PRC on 5 January 2007 with limited liability;

“Purchaser”	Redco Industrial Investment Limited, an indirect wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“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);
“sq. m.”	square meter(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendors”	Li Xiaoqi (李肖琪) and Ma Liming (馬麗明), each of them is an Independent Third Party;
“%”	per cent.

For the purpose of this announcement, the exchange rate of RMB0.82528=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, 30 November 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*