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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 SPIN-OFF AND SEPARATE LISTING OF REDCO HEALTHY LIVING COMPANY LIMITED ON THE MAIN BOARD OF THE STOCK EXCHANGE

THE PROPOSED SPIN-OFF

The Company proposes to spin-off and separately list the shares of Redco Healthy Living Company Limited on the Main Board of the Stock Exchange. The separate listing of the Spinco Shares on the Main Board of the Stock Exchange constitutes a spin-off of the Spinco by the Company under PN15. The Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off under PN15.

THE LISTING AND THE GLOBAL OFFERING

On 9 June 2021, the Spinco submitted to the Stock Exchange the application for the listing of, and permission to deal in, the Spinco Shares on the Main Board of the Stock Exchange.

The Spinco proposes to conduct an offering of its shares by way of the Global Offering in connection with the Listing. The size and terms of the Global Offering have not been finalized. As of the date of this announcement, the Spinco is an indirect wholly-owned subsidiary of the Company. It is intended that upon completion of the Listing, the Spinco will remain as a subsidiary of the Company.

ASSURED ENTITLEMENT AND FURTHER ANNOUNCEMENT

In accordance with the requirements of PN15, the Board will give due regard to the interests of the Shareholders by providing qualifying Shareholders with an assured entitlement to the Spinco Shares by way of a preferential offering. The details of such assured entitlement have not been finalized. The Company will make further announcement(s) in regard to the details of such assured entitlement as and when appropriate.

THE GROUP AND THE SPIN-OFF GROUP

The Group is one of the leading property developer in the PRC. As at 31 December 2020, the Group had 122 property projects and approximately 23.4 million square meters of GFA of properties under development in various cities in the PRC and Australia.

The Spin-off Group is principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services.

REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

The Board considers that the Proposed Spin-off is in the interests of the Company and the Spinco and their respective shareholders as a whole for the following reasons:

- (a) the Proposed Spin-off will allow the Company and its shareholders an opportunity to realise the value of investment in the Spin-off Group under a separate standalone platform for the Spin-off Business;
- (b) the Proposed Spin-off will enable the Spin-off Group to build its identity as a separately listed group, to have a separate fund-raising platform and to broaden its investor base through the Global Offering. The Proposed Spin-off would allow the Spin-off Group to gain direct access to capital markets for equity and/or debt financing to fund its existing operations and future expansion without reliance on the Company, thereby improving its operating and financial management efficiencies;
- (c) the Proposed Spin-off will enable the Spin-off Group to enhance its corporate profile, thereby increasing its ability to attract strategic investors for making investments in and forming strategic partnerships directly with the Spin-off Group, which could provide synergy for the Spin-off Group;

- (d) the Proposed Spin-off will enable more focused development, strategic planning and better allocation of resources for the Retained Group and the Spin-off Group with respect to their respective businesses. Both the Retained Group and the Spin-off Group will benefit from the efficient decision-making process under separate management structures;
- (e) the separate listing of the Spinco will strengthen its reputation, thus leading to potentially better operational performance and better realisation of its value. Such increased value will enable the Company and its shareholders an opportunity to increase the value of investment in the Spin-off Group under such separate standalone platform for the Spin-off Business; and
- (f) the Proposed Spin-off will improve the operational and financial transparency of the Spinco, which would enable investors to better appraise its operation results and financial conditions on a standalone basis, which in turn may enhance the overall value.

LISTING RULES IMPLICATIONS

The Proposed Spin-off constitutes a deemed disposal of interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. It is currently expected that the highest applicable percentage ratio in respect of the Proposed Spin-off will be less than 5%. As such, the Global Offering in connection with the Listing will not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and the Proposed Spin-off will not be subject to approval of the Shareholders.

GENERAL

A redacted version of the application proof of the Spinco's listing document (the "**Application Proof**") is expected to be available for review and download on the Stock Exchange's website at <http://www.hkexnews.hk/APP/SEHKAPPMainIndex.htm>. The Application Proof contains, among others, certain business and financial information relating to the Spin-off Group. Shareholders should note that the Application Proof is in draft form and the information contained in it is subject to change which may be material.

Shareholders and other investors are reminded that there is no assurance that the Listing Committee will approve the Listing. The Company will make further announcement(s) in relation to the Proposed Spin-off as and when appropriate.

As the Listing is conditional upon, among others, the approval of the Listing Committee, the final decisions of the Board and the board of directors of the Spinco, market conditions and other considerations, the Proposed Spin-off may or may not occur. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of directors of the Company;
“Company”	Redco Properties Group Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange;
“Global Offering”	the offering to the public in Hong Kong for subscription, the international offering to certain professional and institutional investors and other investors, and the preferential offering to the qualifying Shareholders, of the Spinco Shares;
“Group”	the Company and its subsidiaries;
“Listing”	the listing of the Spinco Shares on the Main Board of the Stock Exchange;
“Listing Committee”	the Listing Committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PN15”	Practice Note 15 to the Listing Rules;
“PRC”	the People’s Republic of China;
“Proposed Spin-off”	the proposed spin-off and separate listing of the Spinco Shares on the Main Board of the Stock Exchange;
“Retained Group”	the Company and its subsidiaries, excluding the Spin-off Group;
“Shareholder(s)”	shareholders of the Company;

“Spinco”	Redco Healthy Living Company Limited, a company incorporated in the Cayman Islands, an indirect wholly-owned subsidiary of the Company as at the date of this announcement;
“Spinco Shares”	ordinary shares in the share capital of the Spinco;
“Spin-off Business”	the business being carried out by the Spin-off Group in the provision of property management services, value-added services to non-property owners and community value-added services;
“Spin-off Group”	the Spinco and its subsidiaries;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

By Order of the Board
Redco Properties Group Limited
Wong Yeuk Hung
Chairman

Hong Kong, 9 June 2021

As at the date of this announcement, the executive directors of the Company are Mr. Wong Yeuk Hung, Mr. Huang Ruoqing and Mr. Tang Chengyong; and the independent non-executive directors of the Company are Mr. Chau On Ta Yuen SBS,BBS, Dr. Tam Kam Kau GBS, SBS, JP and Mr. Yip Tai Him.