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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)**

## **PROFIT WARNING**

This announcement is made by Redco Properties Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 29 March 2023, 31 March 2023, 31 May 2023, 30 June 2023, 25 July 2023, 31 August 2023 and 28 September 2023 in relation to, inter alia, (i) suspension of trading of the shares of the Company; (ii) delay in publication of annual results for the year ended 31 December 2022; (iii) resumption guidance; (iv) change of auditors of the Company; (v) delay in publication of interim results for the six months ended 30 June 2023 ; and (vi) quarterly updates on the status of resumption (the “**Announcements**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements unless otherwise specified.

The Board wishes to inform the Shareholders and potential investors that, based on the preliminary assessment of the latest unaudited consolidated management accounts of the Group for the year ended 31 December 2022 (the “**Year**”) and other information currently available to the Company, subject to the results of the Redco Healthy’s Independent Inquiry and the 2022 Audit, it is expected that the Group will record a net loss ranging from approximately RMB5.5 billion to RMB6.5 billion for the Year, as compared to the net profit of approximately RMB2.5 billion for the year ended 31 December 2021. This is mainly attributable to (i) the decrease in gross profit derived from property projects of the Group from approximately RMB4.8 billion for the year ended 31 December 2021 to a gross loss of approximately RMB2.3 billion during the Year caused by, among others, the increase in provision for property inventories during the Year due to the unfavourable macro market environment and the downturn of the real estate industry in the PRC; (ii) the decrease in gain on disposals of subsidiaries from approximately RMB30.8 million for the

year ended 31 December 2021 to a loss on disposals of subsidiaries of approximately RMB632.0 million for the Year; (iii) the decrease in fair value gain on investment properties from approximately RMB56.0 million during the year ended 31 December 2021 to a fair value loss on investment properties of approximately RMB357.0 million during the Year; and (iv) the increase in provision for impairment losses on financial assets and contract assets from approximately RMB7.5 million for the year ended 31 December 2021 to approximately RMB571.0 million for the Year.

As the Redco Healthy's Independent Inquiry is still ongoing and the Company is still in the process of preparing and finalising the 2022 Annual Results, the information contained in this announcement is based on the information currently available to the Group and after preliminary assessment of the unaudited consolidated management accounts of the Group for the Year by the management, which have not been audited or reviewed by the auditors of the Company and the Audit Committee, and may therefore be subject to changes. The Board and the management of the Company have been working closely with the Company's auditors to finalise the 2022 Annual Results, which will be published in due course. Shareholders and potential investors should read the 2022 Annual Results carefully.

## **CONTINUED SUSPENSION OF TRADING**

Trading in the shares of the Company on the Stock Exchange has been suspended from 1:00 p.m. on 29 March 2023 and will remain suspended until the Company fulfils the Resumption Guidance. The Company will make further announcement(s) when there is any material development on the above as and when appropriate.

**Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 27 November 2023

*As at the date of this announcement, the executive directors of the Company are Mr. Wong Yeuk Hung JP, 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.*