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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)

**VOLUNTARY ANNOUNCEMENT
ENTERING INTO THE STRATEGIC COOPERATION
FRAMEWORK AGREEMENT**

This announcement is made by Redco Properties Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

Strategic Cooperation

The Company is pleased to announce that, on 18 July 2022, it has entered into a strategic cooperation framework agreement for the establishment of a joint venture company with China Energy Engineering Group Southern Construction and Investment Co., Ltd. (中國能源建設集團南方建設投資有限公司) (“**China Energy Engineering Southern Construction**”), Shenzhen China Merchants GuoXie No. 2 Equity Investment Fund Management Co., Ltd. (深圳市招商國協貳號股權投資基金管理有限公司) (“**Shenzhen China Merchants GuoXie No. 2**”), Jiangsu Canlon Building Materials Co., Ltd. (江蘇凱倫建材股份有限公司) (“**Jiangsu Canlon Building Materials**”), Shenzhen Gaohe Pengrun Investment Partnership (Limited Partnership)* (深圳高合鵬潤投資合夥企業(有限合夥)) (“**Shenzhen Gaohe Pengrun**”) and Shenzhen Qianhai Fuxintong Capital Management Co., Ltd.* (深圳前海富信通資本管理有限公司) (“**Shenzhen Qianhai Fuxintong**”) and a listed company in the agricultural sector (each a “**Joint Venture Partner**”); and a memorandum of understanding.

Subject to entering into valid agreement(s), the Joint Venture Partners and the Company have agreed to establish a joint venture company with a proposed registered capital of RMB3 billion, of which the Company intends to make a capital contribution of RMB1.2 billion upon introducing appropriate investments and specialised funding to the joint venture company, representing 40% of the registered capital; a fund managed by or an associate of Shenzhen China Merchants GuoXie No. 2 intends to make a capital contribution of RMB0.3 billion, representing 10% of the registered capital; Jiangsu Canlon Building Materials intends to make a capital

contribution of RMB0.3 billion, representing 10% of the registered capital; a fund designated by or an associated of China Energy Engineering Southern Construction intends to make a capital contribution of RMB0.6 billion, representing 20% of the registered capital; Shenzhen Qianhai Fuxintong intends to make a capital contribution of RMB0.3 billion, representing 10% of the registered capital; Shenzhen Gaohe Pengrun intends to make a capital contribution of RMB0.15 billion, representing 5% of the registered capital; a fund designated by or an associate of a listed company in the agricultural sector intends to make a capital contribution of RMB0.15 billion, representing 5% of the registered capital.

The Joint Venture Partners and the Company have agreed that the business development direction of the joint venture company is to develop global low-carbon industries, mainly focusing on the new energy industry and the new materials industry, including but not limited to photovoltaic cells, carbon trading and oxamide sectors.

The joint venture company will be named as “全域低碳(深圳)科技有限公司 (Global Low-carbon (Shenzhen) Technology Co., Ltd.*)”, which will be registered in International Low Carbon City, Longgang District, Shenzhen (深圳市龍崗區國際低碳城). One of the Joint Venture Partners has entered into a preliminary agreement with the Longgang District People’s Government in relation to the joint venture company’s development and relevant industrial support.

Backgrounds of the Joint Venture Partners

China Energy Engineering Southern Construction is a subsidiary of China Energy Engineering Corporation Limited, which is one of the world’s top 500 enterprises and the world’s largest provider of energy, power and infrastructure comprehensive solutions. China Energy Engineering Southern Construction has a registered capital of RMB5 billion, and is responsible for the investment, construction and operation management of infrastructure projects in the Guangdong-Hong Kong-Macao Greater Bay Area, Hainan International Free Trade Zone, Yangtze River Economic Belt and eight provinces and one city in southern China.

Shenzhen China Merchants GuoXie No. 2, a limited liability company registered in Shenzhen, is principally engaged in the management of entrusted assets and investment; entrusted management of equity investment funds; equity investment; investment in industrial projects; and the provision of investment consultation services.

Jiangsu Canlon Building Materials, a company which is listed on the Shenzhen Stock Exchange (stock code: SZ300715) and established in 2011, is a national high-tech enterprise integrating research and development, manufacturing, sales and installation of waterproof materials. It has been awarded honorary titles including “China Waterproof Industry Quality Improvement Demonstration Enterprise” (中國防水行業質量提升示範企業), “Preferred Supplier of China Real Estate Top 500” (中國房地產500強首選供應商) (awarded by the China Real Estate Association (中國房

地產業協會)), “Excellent Enterprise of Jiangsu Province” (江蘇省優秀企業) (awarded by the Jiangsu Private Entrepreneurs Association (江蘇省民營企業家協會)). On 26 October 2017, Jiangsu Canlon Building Materials was successfully listed on the A-share market, being the first listed company on ChiNext in the waterproof building materials industry in China.

All the Joint Venture Partners have agreed to enter into cooperation by leveraging on their respective strengths. Subject to entering into valid agreement(s), all the Joint Venture Partners intend to establish a joint venture company, which will provide the systematic solution for energy conservation and emissions reduction globally by using low-carbon technologies, specifically including and not limited to 1) taking advantage of spare capacity of the existing coal chemical enterprises for coal-to-ethylene glycol to produce oxamide through technical renovation, equipment upgrade and design, thereby substituting carbamide and reducing greenhouse gas emissions and the pollution of soil and groundwater; 2) manufacturing flexible thin-film solar cells and promoting plant lighting technology, and optimizing soil management through micro mineral separation technology, so as to reduce the use of fertilizers, reduce greenhouse gas emissions in agricultural production comprehensively, and establishing joint-venture digital vegetable basket company to provide data to guide agricultural production scientifically so as to help farmers increase production and income to the utmost extent; 3) investing in the construction of micro-grid projects, including urban energy complexes, multi-energy complementary microgrids in areas short of or with low electricity supply, so as to integrate and distribute a variety of new energy resources reasonably, providing services for a more efficient use of diverse power resources for social production and people’s everyday use; 4) dedicatedly developing third-generation semiconductor chips, in particular, silicon carbide and gallium nitride, the industrial applications of which include energy storage converters, photovoltaic inverters, wind energy converters, OBC/DCDC and inverters for electric vehicles, wireless satellite communications and IDC power saving for global data centres, special power supplies, etc.; 5) investing in the construction of green methanol projects and consuming the photovoltaic and wind power in the region, utilizing photovoltaic and wind power to synthesize electrolysed water with biochar to produce green methanol, and promoting the use of green methanol throughout the region, and comprehensively reducing the greenhouse gas emissions of related industries throughout the region; and 6) investing in the manufacturing of special extinguisher liquid for the effective handling of category D fire hazard to address the fire hazards of lithium batteries.

Proposed Operational Structure of the Joint Venture Company

Subject to entering into valid agreement(s), the board of directors of the joint venture company will be established, which will take accountability to the general meeting of shareholders and exercises relevant powers in accordance with the law, of which:

The Joint Venture Partners and the Company intend to nominate and appoint Mr. Liu Ke (劉科先生) as the honorary co-chairman of the joint venture company, who will

be responsible for the joint venture company's technology direction and development strategy. Academician Liu Ke, a foreign member of the Australian National Academy of Engineering, is currently the Dean of School of Innovation & Entrepreneurship of the Southern University of Science & Technology, and the Dean of Clean Energy Institute and the chair professor of the Department of Chemistry, and acted as deputy director of National Institute of Clean-and-Low-Carbon Energy of Shenhua Group (神華集團北京低碳清潔能源研究所) and Chief Technology Officer, and vice dean of Shenhua Institute (神華研究院). He was previously the Chief Scientist of GE Global R&D Center, Director of Caltech Energy Center, and had worked at Exxon-Mobil and UTC and other renowned multinational enterprises for many years. In 2013, Mr. Liu Ke was awarded the 2013 PITT Award, and in 2006, he was awarded the Emerald Honors Special Recognition Award.

The Joint Venture Partners and the Company intend to nominate and appoint Mr. Sonny Wu (伍伸俊先生) as the managing director of the joint venture company, who will be responsible for the global business of the emerging new materials sector, including zero-carbon mobility, silicon carbide and gallium nitride, and the integration of global research and development teams and investments in disruptive technologies, which are in line with the joint venture company's strategy. Mr. Sonny Wu, Bachelor of Science in Engineering Physics from University of British Columbia and MBA from Sloan School of Management of Massachusetts Institute of Technology, has been specializing on investments in wireless telecommunications and semiconductors, and is the founder of GSR Ventures. Prior to that, he founded Asia Wireless Technologies (亞洲無線科技) and focused on expanding the MVNO business in China. He was previously the president of Shanghai Nortel Semiconductor Co., Ltd, and Guangdong Nortel Telecommunication Equipment Co., Ltd., and was actively involved in the restructuring of Advanced Semiconductor Manufacturing Corporation Ltd.

The Joint Venture Partners and the Company intend to nominate and appoint Mr. Xu Biao (徐颯先生) (vice president of New Energy Association of All-China Federation of Industry and Commerce) as a vice president of the joint venture company, who will be responsible for the business segment related to flexible solar thin film cells and fire extinguisher liquid for special batteries.

The Joint Venture Partners and the Company intend to nominate and appoint Mr. Li Tengfei (李騰飛先生) as a vice president of the joint venture company, who will be responsible for the segment related to the oxamide business.

The candidate in charge of the micro-grid project to be nominated and appointed by the Joint Venture Partners and the Company has been identified, who is a well-known expert in the industry. Due to confidentiality reasons, the Company will disclose the details upon entering into valid agreement(s).

The cooperation with the Joint Venture Partners represents an important layout of the Company's transformation into an integrated conglomerate focusing on dual carbon industry in a full and comprehensive manner. The Company will actively follow the green, low-carbon development strategies of the country, develop global low-carbon industries, focus on new energy and new materials, realise the Group's targets of diversified industrial developments, and extend the industrial value chain and incubate the whole industrial chain cycle.

The Company considers that entering into the strategic cooperation framework agreement reflects the understanding of the highly compatible long-term strategic development between the Group and each Joint Venture Partner, fully complementing the strengths of all parties on the basis of a friendly cooperation, which will accelerate the Group's pace of entering the new emerging industries, strengthen coordinated strategic development to achieve mutual benefits and win-win situation for all parties, enable all parties to be stronger and superior in innovation developments, quickly realise the presence and business expansion in key cities nationwide, and jointly enhance the operational efficiency of all parties and generate social benefits.

The detailed terms of joint venture company are subject to entering into legally binding agreement(s).

If the joint venture arrangement materializes, the joint venture arrangement is expected to constitute a notifiable transaction of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"). Further announcement(s) will be made by the Company in accordance with the Listing Rules.

Securities holders and potential investors of the Company are advised to 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, 29 July 2022

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

* *For identification only*