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**Redco Healthy Living Company Limited**

**力高健康生活有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2370)**

## **CHANGE IN USE OF PROCEEDS**

Reference is made to (i) the prospectus issued by Redco Healthy Living Company Limited (the “**Company**”) dated 22 March 2022 (the “**Prospectus**”) in relation to, among others, the intended use of proceeds from the issue of new shares of the Company (the “**Net Proceeds**”), and (ii) the disclosure on the utilisation of the Net Proceeds in the 2022 interim report, 2022 annual report, 2023 interim report, 2023 annual report, 2024 interim report and 2024 annual report of the Company. Unless otherwise defined, capitalised terms used in this announcement shall have the same respective meanings as those defined in the Prospectus.

The Board hereby announces that after careful consideration and detailed evaluation of the Group’s operations and business strategies, the Board has resolved to change the use of the unutilised portion of the Net Proceeds in the manner as set out below.

### **CHANGE IN USE OF PROCEEDS**

The original intended use of Net Proceeds, which amounted to approximately HK\$155.6 million, was disclosed in the section headed “Future Plan and Use of Proceeds” in the Prospectus.

As at the date of this announcement, the Group has utilised approximately HK\$53.6 million of the Net Proceeds and the unutilised portion of the Net Proceeds amounted to approximately HK\$102.0 million (the “**Unutilised Net Proceeds**”).

The Board has resolved to change the use of the Unutilised Net Proceeds as follows:

	<b>Intended use of Net Proceeds as disclosed in the Prospectus HK\$ (million)</b>	<b>Utilised Net Proceeds as at the date of this announcement HK\$ (million)</b>	<b>Unutilised Net Proceeds as at the date of this announcement HK\$ (million)</b>	<b>Proposed use of the Unutilised Net Proceeds HK\$ (million)</b>
(1) Pursue selective strategic investment and acquisition opportunities	85.5	—	85.5	15.6
(2) Upgrade information technology infrastructure and promote smart community management	23.3	16.6	6.7	14.5
(3) Improve services as lifestyle butler	15.6	13.6	2.0	2.0
(4) Enhance and expand community healthcare services	15.6	10.9	4.7	51.3
(5) General business purpose and working capital	<u>15.6</u>	<u>12.5</u>	<u>3.1</u>	<u>18.6</u>
<b>Total</b>	<u><u>155.6</u></u>	<u><u>53.6</u></u>	<u><u>102.0</u></u>	<u><u>102.0</u></u>

The Company currently expects to fully utilise the Unutilised Net Proceeds by 31 December 2026.

## **REASONS FOR THE CHANGE IN USE OF PROCEEDS**

### *Pursue selective strategic investment and acquisition opportunities*

Since the listing of the Company on the Stock Exchange, the Company has been trying to identify potential target companies to acquire which meets the selection criteria. However, considering the uncertain business environment of the property management industry caused by the downturn of the real estate market which affected investment sentiment and the restricted selection criteria, the Company adopted a more prudent approach and has not pursued any potential acquisition of companies with the Net Proceeds as at the date of this announcement.

Going forward, the Company will continue to pursue selective strategic investment and acquisition opportunities to further expand business scale and geographic coverage and broaden service offerings, including acquisitions, investments and joint ventures with respect to (i) companies engaged in property management business; and (ii) companies which will help enhance the value-added services provided by the Group. However, in light of the uncertain business environment, the Board has resolved to adjust and allocate 10% of the Net Proceeds (representing approximately 15.3% of the Unutilised Net Proceeds) to pursue selective strategic investment and acquisition opportunities. The Board has also resolved to remove the selection criteria and specified fund allocation set out under the Prospectus to broaden the scope of investment targets to allow the Company to better allocate financial resources and seize suitable investment opportunities in a timely manner.

*Upgrade information technology infrastructure and promote smart community management*

Since the listing of the Company on the Stock Exchange, the Company has actively upgraded its information technology infrastructure and promoted smart community management, including development of a new smart community information platform, video intelligent analysis platform, intelligent parking system, enterprise PaaS platform and integrated product management platform.

Going forward, the Company will continue to invest in the construction and upgrading of community information technology service platforms with both software and hardware integration, including community intelligent management platforms that incorporate AI and other information technologies, community elderly care platforms, community new energy infrastructure and management platforms and community value-added service management platforms.

Further investment in new technology service platforms will allow the Company to keep up with industry trends and better cater to customer needs. This will allow the Company to improve the quality of existing value-added services and enhance income from value added services to create value for shareholders of the Company. As such, the Board has resolved to adjust and allocate 20% of the Net Proceeds (representing approximately 14.2% of the Unutilised Net Proceeds) to upgrade information technology infrastructure and promote smart community management. The Board has also resolved to remove the specified fund allocation set out under the Prospectus to allow more flexibility in financial management catering changing trends and needs of the Company.

### *Improve services as lifestyle butler*

Since the listing of the Company on the Stock Exchange, the Company has actively enhanced the Group's services as lifestyle butler (including the provision of well-rounded property management and value-added services) to improve customers' experience and satisfaction, including providing professional training for property management personnel, developing smart community butler services and upgrading safety and security systems.

Going forward, the Company will continue to enhance the Group's life butler services, including the provision of professional training to property management personnel, providing incentives to property management personnel and acquisition of intelligent community life services facilities and equipment.

The Company believes that the development of value-added services is important in order to offer a broader range of services to residents. Strengthening the professional training of property management personnel and establishing an incentive program will incentivise the property management personnel to better service customers and enhance service quality. In addition, upgrading the intelligent community life service equipment will allow property management personnel to provide a better experience for residents. The Board has resolved to continue to allocate 10% of the Net Proceeds (representing 2.0% of the Unutilised Net Proceeds) to improve services of the Group as lifestyle butler. The Board has also resolved to remove the specified fund allocation set out under the Prospectus to allow more flexibility in improving services as lifestyle butler to cater to changing trends and needs of residents.

### *Enhance and expand community healthcare services*

Since the listing of the Company, the Company has actively expanded the Group's community health care services, including the opening of 8 new Yearning Health Centers with the utilisation of certain Net Proceeds and 5 new Yearning Health Centers without utilising any Net Proceeds.

Going forward, the Company intends to enhance and expand the Group's community healthcare services as healthcare butler, enhancing the Group's existing 15 Yearning Health Centers, establishing Yearning Health Centers in core areas, investing in community-based healthcare services and developing high value-added specialty medical treatments, which includes the purchase or lease of operating sites, renovation of sites, purchase or lease of facilities and equipment, development of system platforms, hiring professionals, training, marketing and other expenditures.

The Company believes that having considered the existing and projected demand for community health care services and taking into account the geographical distribution of the Group's business, focusing on the business of Yearning Health Centers in core areas will allow the Group to build its brand image and expand market share in the high-end property management market. Innovative development of high value-added speciality healthcare services is important to the Group's ability to cater to customer needs, enhance customer retention, gain customer trust and gain competitive advantage. As such, the Board has resolved to adjust and allocate 40% of the Net Proceeds (representing 50.3% of the Unutilised Net Proceeds) to enhance and expand community healthcare services. The Board has also resolved to remove the specified fund allocation set out under the Prospectus to allow more flexibility in improving community healthcare services in line with the Group's latest strategy.

#### *General business purpose and working capital*

Since the listing of the Company, the Net Proceeds allocated for general business purpose and working capital has not been fully utilised as the Company strives to improve cost control capabilities and was generally able to address financing needs with cash flow generated from the Group's operating activities.

However, as the Group continues its expansion, it will require more liquidity to deploy resources for new projects. As such, the Board has resolved to adjust and allocate 20% of the Net Proceeds (representing 18.2% of the Unutilised Net Proceeds) to general business purpose and working capital in order to replenish the Group's working capital and enhance the Group's financial management flexibility.

#### **GENERAL**

The Board confirms that there are no material changes in the nature of the business of the Group as set out in the Prospectus. The Board believes the above change in the use of the Unutilised Net Proceeds would allow the Company to deploy its financial resources more efficiently and enhance the business performance of the Group in the long run and is therefore in the interests of the Group and the Shareholders as a whole.

On the progress of the use of the Unutilised Net Proceeds, the Company will provide update to its Shareholders through disclosures in its annual report and interim report going forward. The Company will make further announcement(s) in accordance with the requirements under the Listing Rules and other applicable laws as and when appropriate. The Board will continuously monitor the use of the Unutilised Net Proceeds and may revise or amend the plan for such use where necessary to cope with market conditions and strive for better business performance of the Group.

By order of the Board  
**Redco Healthy Living Company Limited**  
**Huang Ruoqing**  
*Chairman*

Hong Kong, 26 June 2025

*As at the date of this announcement, the executive Directors are Mr. Tang Chengyong, Ms. Wong Yin Man and Ms. Huang Yanqi, the non-executive Director is Mr. Huang Ruoqing, and the independent non-executive Directors are Mr. Lau Yu Leung, Mr. Sze Irons BBS, JP, and Mr. Chow Ming Sang.*