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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)

ANNOUNCEMENT

PUBLIC SANCTION IMPOSED BY THE STOCK EXCHANGE OF HONG KONG LIMITED ON AN EXECUTIVE DIRECTOR OF THE COMPANY

This announcement is made by Redco Properties Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.51B(2) and 13.51(2)(h) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”).

1. THE DISCIPLINARY ACTION AGAINST MR. TANG

1.1 Background

On 28 July 2026, the Stock Exchange published a Statement of Disciplinary Action (the “**Statement**”) in respect of its disciplinary action against Redco Healthy Living Company Limited (stock code: 2370) (“**Redco Healthy Living**”) and two of its current executive directors, including Mr. Tang Chengyong (“**Mr. Tang**”). Mr. Tang is also an executive director of the Company.

1.2 Sanctions and directions imposed

As set out in the Statement, the Stock Exchange:

- (1) censured, among others, Mr. Tang; and
- (2) further directed Mr. Tang to attend 27 hours of training on regulatory and legal topics and Listing Rule compliance, including at least three hours on each of (a) directors’ duties; (b) the Corporate Governance Code; and (c) Chapters 3A, 13, 14 and 14A of the Listing Rules, within 90 days from the date of publication of the Statement (the “**Training Direction**”).

1.3 Subject matter of the disciplinary action

The disciplinary action arose from certain fund flows and transactions of subsidiaries of Redco Healthy Living between March 2022 and June 2023, which gave rise to audit issues raised by Redco Healthy Living's then auditors in connection with its annual results for the year ended 31 December 2022. In summary, the matters comprised:

- (a) Earnest money for potential acquisitions. In March 2022, shortly before its listing, the Redco Healthy Living group entered into a cooperation agreement with an independent third party under which that party would assist in identifying potential property management companies for acquisition. Between 7 and 12 April 2022, earnest money of RMB100 million was paid to that party. The sum was refunded in June 2022, paid again in July 2022 and refunded again in December 2022. The payment constituted an advance to an entity which was not announced under Rules 13.13 and 13.15.
- (b) Refundable deposits and the guarantee. In October and December 2022, the Redco Healthy Living group entered into framework agreements with nine target companies and paid refundable deposits totalling RMB30.8 million to secure exclusive negotiation and due diligence rights. Those deposits were on-lent by the nine targets to an independent third party borrower, and the Redco Healthy Living group guaranteed the borrower's repayment obligations under a triparte agreement. The guarantee constituted a discloseable transaction which was not announced under Rule 14.34, and the compliance adviser was not consulted under Rule 3A.23. The framework agreements were terminated in May and June 2023 and the deposits were fully refunded by November 2023.
- (c) Earnest monies paid to the Company. In February and July 2022, the Redco Healthy Living group entered into strategic cooperation agreements with two independent third parties (the “**Potential Investors**”), under which it would recommend health and tourism projects to the Potential Investors in exchange for priority rights to manage and operate such projects. The Redco Healthy Living group recommended a property project of the Company and, on behalf of the Potential Investors, paid earnest monies totalling RMB61.5 million to the Company. Following termination of the strategic cooperation agreements in June and October 2022, the Company refunded the earnest monies in full, partly in cash and partly by way of set-off against accounts payable owed by the Redco Healthy Living group to the Company. Those payments constituted an advance to an entity, and discloseable and connected transactions, subject to the announcement, circular, written agreement and independent shareholders' approval requirements under Rules 13.13, 13.15, 14.34, 14A.34, 14A.35, 14A.36 and 14A.46, none of which was complied with, and the compliance adviser was not consulted under Rule 3A.23.

- (d) Bridging loans. Between September and December 2022, the Redco Healthy Living group borrowed short-term bridging loans from the Company totalling approximately RMB102.95 million, remitting the same amounts back to the Company mostly within a day. The bridging loans did not trigger any Listing Rule requirements and were fully repaid, but proper records and documentation were not maintained in relation to them.

1.4 Findings of the Listing Committee

The Listing Committee of the Stock Exchange found that, among others, Mr. Tang breached Rules 3.08 and 3.09B(2) of the Listing Rules for his failure to exercise reasonable skill, care and diligence, and to use his best endeavours to procure Redco Healthy Living's compliance with the Listing Rules.

The findings in respect of Mr. Tang were, in summary, that:

- (a) in relation to the earnest money described in paragraph 1.3(a), Mr. Tang negotiated and approved the entering into and termination of the cooperation agreement, approved and procured the payment of the earnest money in April 2022, and agreed to the further payment in July 2022. He failed to take adequate steps to safeguard the interests of Redco Healthy Living, in that he did not conduct sufficient due diligence and risk assessment, nor take adequate steps to ensure the recoverability of the earnest monies. He also failed to inform the board of Redco Healthy Living of the relevant dealings and fund movements;
- (b) in relation to the matters described in paragraph 1.3(b), Mr. Tang approved the payment of the refundable deposits, negotiated and decided to execute the tripartite agreement and provide the guarantee, and subsequently approved the termination of the framework agreements. The guarantee had no commercial rationale and constituted a provision of financial assistance to the borrower and a discloseable transaction. He procured Redco Healthy Living to enter into the relevant transactions without performing adequate due diligence or putting in place adequate measures to ensure recoverability of the deposits, and failed to report the matter to the board of Redco Healthy Living;
- (c) in relation to the matters described in paragraph 1.3(c), Mr. Tang approved the entering into and termination of the strategic cooperation agreements and the payment of the earnest monies. The payment on behalf of the Potential Investors was not made in the interests of Redco Healthy Living, particularly given the absence of measures to secure repayment to it, and in effect constituted the provision of financial assistance to the Company under the Listing Rules. Mr. Tang failed to procure Redco Healthy Living's compliance with the applicable Listing Rule requirements; and

- (d) in relation to the matters described in paragraph 1.3(d), Mr. Tang, being the key person who communicated with the Company in respect of the bridging loans, failed to procure Redco Healthy Living to keep proper documentation for those loans.

1.5 Settlement and scope of sanctions

Mr. Tang admitted his breaches and accepted the sanctions set out in the Statement.

The above is a summary only. The full text of the Statement is available on the website of the Stock Exchange (www.hkexnews.hk). Shareholders and potential investors of the Company are encouraged to read the Statement in full.

2. VIEW AND ASSESSMENT OF THE BOARD ON MR. TANG'S CONTINUED SUITABILITY

The board of directors of the Company (the “**Board**”), comprising all directors of the Company other than Mr. Tang (who has abstained from participating in the relevant deliberations and from expressing any view on this matter), has considered the matters set out in the Statement and, having regard to the following, is of the view that Mr. Tang remains suitable to continue to act as an executive director of the Company:

- (a) Nature and context of the breaches. The breaches the subject of the Statement relate to the affairs of Redco Healthy Living and did not concern the Company's own compliance with the Listing Rules. The findings against Mr. Tang concern failures to exercise the requisite standard of skill, care and diligence and to procure Listing Rule compliance in relation to disclosure, written agreement and independent shareholders' approval requirements, together with deficiencies in due diligence, risk management, board reporting and record-keeping. The Statement contains no finding of dishonesty, fraud, misappropriation of assets or personal benefit on the part of Mr. Tang. The Listing Committee did not consider it appropriate to make any director unsuitability statement against Mr. Tang, nor to impose any sanction beyond the censure and the Training Direction. The Board further notes that the earnest monies, refundable deposits and bridging loans referred to in the Statement were in each case fully refunded, recovered or repaid.
- (b) Co-operation and acceptance of responsibility. Mr. Tang co-operated with the Stock Exchange's investigation, admitted his breaches and accepted the sanctions imposed by way of settlement. The Board regards this as demonstrating an appropriate recognition of, and commitment to remedy, the shortcomings identified.

- (c) Remedial training. Mr. Tang has confirmed to the Board that he will complete the 27 hours of training required under the Training Direction within the 90-day period prescribed by the Stock Exchange, and will provide the Board with evidence of completion. In addition, the Company will arrange for Mr. Tang to receive further training on directors' duties, the Corporate Governance Code and the Listing Rules (including Chapters 3A, 13, 14 and 14A) conducted by the Company's Hong Kong legal advisers or appropriate professional advisers, and Mr. Tang has undertaken to participate in the Company's continuing professional development programme for directors on an ongoing basis. The Board considers that this will ensure that Mr. Tang has a proper and thorough understanding of his obligations as a director of a listed issuer and of the Company's obligations under the Listing Rules.
- (d) Internal controls of the Company. The Company has in place internal control policies and procedures governing, among other things, the identification, classification, approval, escalation and reporting of notifiable and connected transactions, advances to entities, the provision of financial assistance and guarantees, intra-group and related-party fund movements, and the maintenance of transaction documentation. The Board is satisfied that these measures materially reduce the risk of a recurrence within the Group of the matters described in the Statement, and that they do not depend on the judgment of any individual director.
- (e) Mr. Tang's experience and contribution to the Company. Mr. Tang has over 30 years of experience in the property development industry in the People's Republic of China and has served the Group since 2001. He possesses in-depth knowledge of the Group's business operations and project portfolio. The Board considers that Mr. Tang's knowledge, experience and calibre are valuable to the continued development of the Group, and that his continued service on the Board provides stability and continuity of management which is in the interests of the Company and its shareholders as a whole, particularly at the present stage of the Group's development.

Having taken the above into account, and having considered Mr. Tang's character, integrity, experience, competence and his conduct since the matters referred to in the Statement, the Board is of the view that Mr. Tang continues to have the character, integrity and competence commensurate with his position as an executive director of the Company for the purposes of the Listing Rules, and that it remains in the interests of the Company and its shareholders as a whole for Mr. Tang to remain as an executive director of the Company.

3. GENERAL

Save as disclosed in this announcement, the Board confirms that there is no other matter in relation to Mr. Tang that needs to be brought to the attention of the shareholders of the Company, and there is no other information that is required to be disclosed pursuant to any of the requirements under Rule 13.51(2) of the Listing Rules.

The Board will monitor Mr. Tang's compliance with the Training Direction and will keep his suitability to act as a director of the Company under review.

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

Hong Kong, 29 July 2026

As at the date of this announcement, the executive Directors are Mr. Wong Yeuk Hung JP, Mr. Huang Ruqing and Mr. Tang Chengyong; the non-executive Director is Ms. Fan Carol; 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.