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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)**

### **DISCLOSEABLE TRANSACTIONS IN RELATION TO THE DISPOSAL OF ASSETS FOR SETTLEMENT OF LIABILITIES**

#### **THE ASSETS TRANSFER**

On 16 January 2026, Redco Properties Group Limited (the “**Company**”, together with its subsidiaries the “**Group**”) (on behalf of the members of the Group) entered into the Debts Settlement Framework Agreement with Redco Healthy (a 75%-owned subsidiary of the Group) , pursuant to which it was conditionally agreed that the Group shall dispose the Assets to Redco Healthy (the “**Assets Transfer**”) at an aggregate consideration of RMB159,123,000.

The consideration for the Assets Transfer receivable by the Group shall be offset against the outstanding Refundable Deposits in the amount of approximately RMB68 million and service fees payables to Redco Healthy Group from the Group, up to aggregate amount of RMB159,123,000 on a dollar-to-dollar basis, and thus no cash payment will be made by Redco Healthy Group to the Group for the purpose of the Assets Transfer.

#### **LISTING RULES IMPLICATIONS**

As the Assets Transfer is in substance an restructuring of assets of the Group which would result in a net disposal of approximately 25% interest in the Assets, the impact of Assets Transfer would be considered on a net disposal basis.

As one of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the net disposal of interest in Assets exceed 5% but all are less than 25%, the Assets Transfer constitutes a disclosable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## GENERAL INFORMATION

The Group is facing liquidity issue as a result of the continuous downturn of the property market in the PRC. In order to settle the payables due to the Redco Healthy Group in a short period of time without putting further pressure on the Group's working capital, the Group has proposed to transfer the Assets (as defined below) in lieu of cash settlements in relation to certain payables due to the Redco Healthy Group by entering into the Debts Settlement Framework Agreement with Redco Healthy.

The principal terms of the Debts Settlement Framework Agreement are as follows:

### *Date*

16 January 2026

### *Parties*

- (a) The Company;
- (b) Redco Healthy

### *Subject Matter*

The Group has conditionally agreed to sell, and Redco Healthy has conditionally agreed to acquire, the following assets (collectively, the “**Assets**”) at an aggregate consideration of RMB159,123,000 (the “**Consideration**”). The Assets comprise parking spaces, residential units and retail units in the PRC, as detailed in the section headed “Information on the Assets” below. As at the date of this announcement, all the Assets are in either saleable condition to the Redco Healthy or ready for assignment of the right of use to the Redco Healthy.

The Transfer of Assets pursuant to the Debts Settlement Framework Agreement will be carried out by way of:

- (i) (with respect to the target parking spaces in respect of which the direct transfer of property ownership right is not available under the PRC laws and regulations) an assignment of the right of use, including the right to occupy, use, benefit from and dispose of the parking spaces; or
- (ii) (with respect to the target residential and retail units, and parking spaces in respect of which the direct transfer of property ownership right is available under the relevant PRC laws and regulations) a direct transfer of the property ownership right.

In the PRC, parking spaces are categorised into civil air defense parking spaces and non-civil air defense parking spaces. Non-civil air defense parking spaces with legally obtained property rights permit the transfer of ownership. Non-civil air defense parking spaces without legally obtained property rights and civil air defense parking spaces can be carried out by the assignment of right of use in the parking spaces where the direct transfer of property ownership right is not available under the PRC laws, regulations and local policies in most cities.

If the direct transfer of the property ownership right in the target parking spaces is allowed under the PRC laws and regulations in the future (for example, due to any relaxation of the existing PRC laws and regulations), the Group shall actively cooperate with Redco Healthy Group to carry out the transfer of property ownership right in such target parking spaces.

For parking spaces which the direct transfer of property ownership right is not available under the PRC laws and regulations and only right of use will be assigned, the Company has liaised with Redco Healthy for the possibility of transfer of ownership and was given by Redco Healthy to understand that it has conducted the due diligence and obtained legal opinion issued by an independent PRC counsel to ensure that there is a valid assignment of the right of use of the target parking spaces. In particular, the relevant ownership documents for the parking spaces, including but not limited to land certificates, pre-sale permits, completion acceptance documents, and property rights registration certificates have been obtained and reviewed by Redco Healthy Group. The PRC counsel of Redco Healthy has examined the policy regulations on the transfer of parking spaces issued by government departments in various localities, and provided the legal opinion on the ownership status of the relevant parking spaces and the feasibility of the ownership transfer plan.

The Debts Settlement Framework Agreement is a framework agreement which sets out the principles, mechanisms and terms and conditions upon which the parties thereto are to carry out the transactions respectively. Following the signing of the Debts Settlement Framework Agreement, (i) each vendor (being a relevant member of the Group) and the respective purchaser (being a member of Redco Healthy Group) shall separately enter into an asset transfer agreement or a right of use transfer agreement (as the case may be) and relevant ancillary documents (collectively, the “Underlying Agreement(s)”) for the purpose of (a) registration of transfer of property ownership right; or (b) effecting the assignment of the right of use, in the Assets; and (ii) the Company and Redco Healthy shall procure its relevant subsidiary or associate to, enter into a settlement agreement (the “Settlement Agreement(s)”) in the form satisfactory to the Redco Healthy Group, pursuant to which the consideration for the relevant acquisition receivables by members of the Group shall be offset against (i) firstly, the outstanding Refundable Deposits as at 30

September 2025 in the amount of approximately RMB68 million in full; and (ii) the service fees payables to Redco Healthy Group from the Group (collectively, the “**Payables**”) on a dollar-for-dollar basis, up to the aggregate amount of RMB159,123,000. As at 30 September 2025, the total service fees payables due to Redco Healthy Group from the Group amounted to approximately RMB181,712,507. After the arrangement to offset approximately RMB91,123,000 as contemplated under the Debts Settlement Framework Agreement, the total outstanding service fees payables due to Redco Healthy Group from the Group will amount to approximately RMB90,589,507 (the “**Remaining Payables**”).

The selection criteria of the Payables to be set off against the Consideration is as follows:

- (a) payables due to Redco Healthy Group from the wholly-owned subsidiaries of Group (amounting to approximately RMB79.6 million) will be firstly be selected, as the Group could manage its internal debt restructuring more efficiently and facilitate a quicker debt settlement process; and
- (b) finally, the remaining balance of Consideration will be used to set off payables due to Redco Healthy Group from the joint ventures and associates of Redco Group (amounting to approximately RMB11.5 million).

#### ***Consideration and payment terms***

The aggregate Consideration for the transfer of the Assets is RMB159,123,000. As agreed by the Company and Redco Healthy under the Debts Settlement Framework Agreement, the Consideration for the transfer of the Assets receivables by the Group shall be offset against the outstanding Payables in the aggregate amount of approximately RMB159,123,000 on a dollar-for-dollar basis, and thus no cash will be received by the Group from Redco Healthy. The Consideration was determined after arm’s length negotiations between the Company and Redco Healthy with reference to, among others:

- (i) the valuation of the Assets as at 30 September 2025 in the aggregate amount of RMB182,930,000 conducted by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, using the market approach;
- (ii) the prevailing market prices for the property projects of which the Assets form part;
- (iii) the prevailing market prices for the comparable assets in the proximity;
- (iv) the prevailing property market conditions; and
- (v) the reasons and benefits as more particularized in the paragraph headed “Reasons for and Benefits of the Debts Settlement Framework Agreement” below.

### ***Conditions Precedent***

The offsetting of the Payable balances to Redco Healthy Group with the Assets is subject to the fulfilment of the following conditions:

- (i) completion of due diligence on the Assets by the Group with the results thereof being satisfactory to Redco Healthy Group;
- (ii) all representations, warranties and undertakings made by the Group to Redco Healthy Group under the Debts Settlement Framework Agreement, the Underlying Agreements and the Settlement Agreements being true, accurate and complete;
- (iii) all necessary authorisations and approvals in relation to the Debts Settlement Framework Agreement and the transactions contemplated thereunder, including any internal authorisations and approvals, governmental and regulatory approvals (if necessary) and approval by independent shareholders under the Listing Rules (if necessary) having been obtained by each of the Group and Redco Healthy Group; and
- (iv) the Underlying Agreements and the Settlement Agreements having been signed by the relevant parties and taken effect and remaining in full force.

None of the above conditions precedent are waivable.

### ***Delivery and completion***

The relevant vendors shall cooperate with the relevant purchasers to complete the signing of the Underlying Agreements and Settlement Agreement within 30 days upon the fulfilment of above conditions precedent, and apply for the change of registration for the Assets and complete the transfer of the relevant Assets within 120 days upon the fulfilment of above conditions precedent.

Should there be adverse change to any of the Assets before offsetting the relevant Payables, Redco Healthy Group will have the discretion to require an alternative asset (the “**Alternative Asset**”) owned by the Group with equivalent value or refuse to offset the equivalent debts. The Alternative Asset will be selected by Redco Healthy based on the criteria below: (i) value of the Alternative Asset as valued by the independent qualified valuer is equivalent or higher as compared with value of the relevant Asset; (ii) the Alternative Asset is located at the same project or in proximity to the Asset; and (iii) there is no encumbrances on the ownership or right of use of the Alternative Asset.

## *Information of the Assets*

The Assets comprise the following:

<b>No.</b>	<b>Project</b>	<b>Assets (transfer of ownership)</b>	<b>Valuation (RMB)</b>	<b>Assets (transfer of right-of-use)</b>	<b>Valuation (RMB)</b>	<b>Sub-total (RMB)</b>
1.	Project Jinan Redco Visionary (濟南力高未來城) located in the Shandong Province	767 non-civil defence carparking spaces	26,900,000	310 civil defence carparking spaces	9,800,000	36,700,000
2.	Project YONG Lake County (雍湖郡) located in the Shandong Province	36 non-civil defence carparking spaces	1,400,000	41 civil defence carparking spaces	1,100,000	2,500,000
3.	Project Spring Villa (雍泉府) located in the Shandong Province	2 residential units	2,930,000	—	—	2,930,000
4.	Project Yantai Sunshine Coast (煙台陽光海岸) located in the Shandong Province	—	—	427 civil defence carparking spaces	16,100,000	16,100,000
5.	Project Qianxihui Square (莆田仟喜匯廣場) located in the Fujian Province	A residential unit and 566 non-civil defence carparking spaces	33,710,000	—	—	33,710,000
6.	Project Huizhou Sky Palace (惠州雲築) located in the Guangdong Province	8 retail units, 73 residential units and 376 non-civil defence carparking spaces	61,700,000	—	—	61,700,000
7.	Project Zhanjiang Blissful Bay (湛江悅璟灣) located in the Guangdong Province	A residential unit	950,000	—	—	950,000

No.	Project	Assets (transfer of ownership)	Valuation (RMB)	Assets (transfer of right-of-use)	Valuation (RMB)	Sub-total (RMB)
8.	Project YONG Lake Scenic Centre (雍湖景畔) located in the Jiangxi Province	—	—	64 non-civil defence carparking spaces and 32 civil defence carparking spaces	6,000,000	6,000,000
9.	Project Royal River Mansion (贛州御江府) located in the Jiangxi Province	—	—	7 non-civil defence carparking spaces	340,000	340,000
10.	Project Changsha Hangao Academy Mansion (長沙漢高學士府) located in the Hunan Province	4 civil defence carparking spaces	200,000	—	—	200,000
11.	Project Tianjin Sunshine Coast (天津陽光海岸) located in Tianjin	—	—	545 non-civil defence carparking spaces	21,800,000	21,800,000
<b>Total</b>					<b>182,930,000</b>	

The property rights of and/or rights to use the Assets, as the case may be, are held by the Group as at the date of this Announcement.

The Assets selected under the Debts Settlement Framework Agreement were (i) assets of the Group which are not subject to any encumbrances and the title or right of use of which are freely transferrable by the Group as at the date of this Announcement; and (ii) in the proximity of property projects managed by Redco Healthy Group.

The Assets above have been retained by the Group as inventories since the completion of its development and have not been leased out. Therefore, no rental income or profit has been generated from the relevant Assets. As at 31 December 2024, the Assets had a carrying value of approximately RMB309,390,000, reflecting the total development costs incurred by the Group. After accounting for impairment, the net realisable values of the Assets were approximately RMB219,182,000 and RMB182,930,000 as at 31 December 2024 and 30 September 2025, respectively.

The Assets have not derived any income or profit for the years ended 31 December 2022, 2023 and 2024.

### ***Financial effect of the Assets Transfer***

Subject to the final audit by the auditor of the Company, as the Assets Transfer to Redco Healthy Group is in substance a restructuring of assets of the Group, it is expected that the Group will not record any gain or loss in relation to the Assets Transfer.

The consideration for the Assets Transfer receivable by the Group will be offset against the outstanding Payables. Accordingly, there will be no substantive change in the Group's net assets upon completion of the Assets Transfer.

### ***Reasons for and benefits of the Debts Settlement Framework Agreement***

Similar to other PRC property developers, the Group has suffered from the property market downturn and credit and liquidity crunch, and therefore was unable to refund the Refundable Deposits in accordance with Supplemental Carpark Sales Agency Services Framework Agreement and settle the outstanding services fees due to Redco Healthy Group in accordance with the relevant agreements.

The Assets Transfer is in substance an restructuring of assets of the Group which allows the Group (for the avoidance of doubt, excluding Redco Healthy Group) to effectively refine its inventory structure. As further elaborated below, it is also believed that through the restructuring of the Assets to the Redco Healthy Group, the value of the Assets could be promoted and the ultimate sales return to the Group and its shareholders with respect to the Assets could be enhanced by leveraging on the Redco Healthy Group's professional property and community asset management capabilities and utilising the Redco Healthy Group's cumulative market information.

In addition, as the consideration for the Assets Transfer receivable by the Group shall be offset against the outstanding Payables, the Assets Transfer offers an opportunity for the Group (for the avoidance of doubt, excluding the Redco Healthy Group) to repay the Payables in full by way of asset settlement (instead of cash settlement) which would not have any adverse impact on its cash flow and liquidity. Taking into consideration of the aforesaid, the Board is of the view that the terms of the Debts Settlement Framework Agreements and the transactions as contemplated thereunder are fair and reasonable and in the interests of the Group and its shareholders as a whole.

## DEFINITIONS

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

“2022 Carpark Sales Agency Services Framework Agreement”	the carpark sales agency services framework agreement entered into between the Company and Redco Healthy dated 14 March 2022 (as amended and supplemented by the Supplemental Carpark Sales Agency Services Framework Agreement)
“Assets”	the assets of the Group to be acquired by Redco Healthy Group under the Debts Settlement Framework Agreement as detailed under the section headed “GENERAL INFORMATION— Subject Matter” in this announcement
“Board”	the board of Directors
“Company”	Redco Properties Group Limited (力高地產集團有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1622)
“Debts Settlement Framework Agreement”	the debts settlement framework agreement dated 16 January 2026 entered into between the Company and Redco Properties
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries, but for the purpose of this announcement solely, excluding Redco Healthy Group
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Payables”	has the meaning ascribed to it under the section headed “GENERAL INFORMATION — Subject Matter” in this announcement
“PRC”	the People’s Republic of China

“Redco Healthy”	Redco Healthy Living Company Limited (力高健康生活有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 2370)
“Redco Healthy Group”	Redco Healthy and its subsidiaries
“Refundable Deposits”	the refundable deposits paid by Redco Healthy Group to the Group in consideration of the Group engaging Redco Healthy Group to provide carpark sales agency services on an exclusive basis in respect of certain carparks owned by the Group as contemplated under the 2022 Carpark Sales Agency Services Framework Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Settlement Agreement(s)”	has the meaning ascribed to it under the section headed “GENERAL INFORMATION — Subject Matter” in this announcement
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Underlying Agreement(s)”	has the meaning ascribed to it under the section headed “GENERAL INFORMATION — Subject Matter” in this announcement
“Valuation Date”	30 September 2025, being the valuation date of the valuation of the Assets conducted by the Valuer
“Valuer”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer

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

Hong Kong, 16 January 2026

*As at the date of this announcement, the executive Directors are Mr. Wong Yeuk Hung JP, Mr. Huang Ruoqing 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.*