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力高集團
REDCO GROUP

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)

PROPOSED DEBT RESTRUCTURING

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

Having considered prevailing market conditions and the Company's financial position, and following discussions with various creditors (including lenders and bondholders), the Company has formulated a restructuring proposal (the "**Proposed Restructuring**") in respect of the Group's financial indebtedness which are estimated to have an aggregate outstanding principal amount of approximately US$2.2 billion as of the date of this announcement (the "**In-Scope Liabilities**", and any creditors of the In-Scope Liabilities, the "**In-Scope Creditors**"), with a view to implementing a holistic solution that treats all creditors and other stakeholders in a fair and equitable manner. The In-Scope Liabilities include the senior notes issued by the Company and various other existing loans and existing guaranteed debts. The principal terms of the Proposed Restructuring are set out in the Appendix.

The Company has appointed Haitong International Securities Group Limited as its financial advisers, and White & Case and Campbells as its legal advisers in respect of the Proposed Restructuring. Together with its advisers, the Company will work with its creditors with a view to facilitating the implementation of the Proposed Restructuring in a timely and expedient manner.

The Company believes that the Proposed Restructuring represents a reasonable and realistic solution for the compromise of the In-Scope Liabilities, having taken into account the views of the Company's creditors and other stakeholders, as well as the Group's financial position. The Company considers that implementation of the Proposed Restructuring would allow the Company to comprehensively improve its capital structure, better manage its operations and deliver long-term value for its stakeholders, including the In-Scope Creditors.

For the purpose of implementing the Proposed Restructuring, the Company has applied to the Grand Court of the Cayman Islands for permission to convene the creditors' meetings for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement in in the Cayman Islands (the "**Cayman Scheme**"). In connection with the Cayman Scheme, the Company has issued a practice statement letter (the "**Practice Statement Letter**") and caused the Information Agent (as defined below) to notify the In-Scope Creditors by email or other methods.

In-Scope Creditors are urged to retrieve a copy of the Practice Statement Letter and term sheet for the Proposed Restructuring from the Transaction Website (https://glas-agency.appianportals.com/redco).

The Company urges the In-Scope Creditors to carefully consider the terms of the Proposed Restructuring and to support its implementation. Subject to the approval of the relevant courts, each In-Scope Creditor who submits a valid voting instruction in respect of its In-Scope Liabilities voting in favour of the Proposed Restructuring at the relevant scheme meeting within 14 days after (and excluding) the date on which the explanatory statement is circulated ("**Eligible Consenting Creditor**") is entitled to receive a consent fee in an amount equal to 0.175% of the voting scheme claim of that Eligible Consenting Creditor (the "**Consent Fee**"). The Consent Fee will be payable on the restructuring effective date in respect of the Proposed Restructuring in accordance with the terms therein.

Information about the Proposed Restructuring

The Company has procured the setup of a transaction website to coordinate the dissemination of all information in respect of the Proposed Restructuring: https://glas-agency.appianportals.com/redco

The Company has retained GLAS Agency (Hong Kong) Limited to act as information agent (the "**Information Agent**") in connection with the Proposed Restructuring. Queries in relation to the Proposed Restructuring can be directed to the Information Agent and/or the Company's financial adviser, whose contact details are set out below:

GLAS Agency (Hong Kong) Limited

Email: redco@glas.agency

Telephone: +852 3105 3365

Haitong International Securities Group Limited

Address: 28/F One International Finance Centre, No.1 Harbour View Street, Central, Hong Kong

Email: project.redco.2026@htisec.com

The Company will make further announcement(s) to inform shareholders and other investors of any material development in relation to the Proposed Restructuring as and when appropriate.

The Proposed Restructuring is subject to many factors outside of the Company's control. Investors are reminded to exercise caution when dealing in the securities of the Company. When in doubt, investors are advised to seek professional advice from their own professional or financial advisers.

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

Hong Kong, 28 August 2026

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; the non-executive director of the Company is Ms. Fan Carol; 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.

APPENDIX

Principal terms of the Proposed Restructuring

Redco Properties Group Limited (the "Company")

Non-Binding Restructuring Term Sheet

Subject to Contract

This draft term sheet ("**Term Sheet**") outlines the principal terms and conditions of the holistic restructuring of the In-Scope Liabilities (as defined below) (the "**Restructuring**"). This Term Sheet is not legally binding, and is not intended to be a comprehensive list of all relevant terms and conditions of the Restructuring.

<table>
<tr><th colspan="3">General</th></tr>
<tr><td>1.</td><td>Company</td><td>Redco Properties Group Limited (1622.HK)</td></tr>
<tr><td>2.</td><td>Group</td><td>The Company and its subsidiaries</td></tr>
<tr><td>3.</td><td>In-Scope Creditors, In-Scope Liabilities, and Excluded Collateral</td><td>The debts of the Group set out in Schedule 1 to this Term Sheet are collectively referred to herein as the "In-Scope Liabilities". Those creditors who have a legal and/or beneficial (as applicable) interest as principal in respect of any In-Scope Liabilities, are collectively referred to as the "In-Scope Creditors".

The Restructuring will not release the rights of the In-Scope Creditors to realise any Excluded Collateral after the consummation of the Restructuring. For this purpose, "Excluded Collateral" means any security that secures the In-Scope Liabilities (or the primary obligations corresponding to the In-Scope Liabilities) which is not provided by the Existing Obligors.</td></tr>
<tr><td>4.</td><td>Restructuring Entitlements</td><td>Subject to the Allocation Mechanism set out in row 6 below, each In-Scope Creditor shall be entitled to allocate and exchange its Distribution Entitlement Amount (as defined in row 5 below) into one or more combination of restructuring entitlements (the "Restructuring Entitlements") based on the options (each, an "Option") set out below:

• <u>Option 1</u>: for every US$100 in Distribution Entitlement Amount (as defined in row 5 below) allocated to this Option, the relevant In-Scope Creditor shall be entitled to receive asset-backed instruments (which terms are set out in more detail in rows 8 to 16 below) (the "Asset-Backed Instruments") with a principal amount equal to US$100.

• <u>Option 2A</u>: For every US$100 of Distribution Entitlement Amount allocated to this Option, the relevant In-Scope Creditor shall be entitled to receive US$3 in cash based on the following payment schedule:

<table><tr><th>Payment date</th><th>Payment amount (US$) per US$100 of Distribution Entitlement Amount allocated to this Option</th></tr><tr><td>Restructuring Effective Date</td><td>US$2</td></tr><tr><td>364 days after the Restructuring Effective Date</td><td>US$1</td></tr></table></td></tr>
</table>

		• **<u>Option 2B</u>**: For every US$100 of Distribution Entitlement Amount allocated to this Option, the relevant In-Scope Creditor shall be entitled to receive US$2.5 in cash on the Restructuring Effective Date.
5.	Distribution Entitlement Amount	To reflect the fact that an In-Scope Creditor remains entitled to realise the Excluded Collateral even after the consummation of the Restructuring, the "**Distribution Entitlement Amount**" of each In-Scope Creditor (whether or not with Excluded Collateral) shall be determined based on the outstanding principal amount and all accrued interest or other amounts in respect of its In-Scope Liabilities, after deduction of the assessed value of any Excluded Collateral corresponding to its In-Scope Liabilities. The assessed value of the Excluded Collateral shall be determined based on the following principles: • it shall be determined with reference to the valuation from one or more suitably qualified valuers; and • it shall be determined based on the assumption that the Restructuring will be consummated on or prior to the Longstop Date. To ensure that a fair and efficient determination of the Distribution Entitlement Amount of each In-Scope Creditor and the consummation of the Restructuring before the Longstop Date, the Distribution Entitlement Amount shall be determined based on the following two-tiered determination process: • the scheme administrator (the "**Scheme Administrator**") shall notify each In-Scope Creditor who submitted proofs of debt in accordance with the rules of the Schemes or the relevant Other Restructuring Process of its determination of the Distribution Entitlement Amount within 30 days after the sanction of the Schemes; and • each In-Scope Creditor who submitted proofs of debt before the scheme effective date of the Schemes shall have a period of 14 days after the initial determination by the Scheme Administrator to give notice to object to the Scheme Administrator's determination and refer such dispute to any experienced professional from a whitelist (the "**Scheme Adjudicator**") (subject to pre-funding of reasonable costs of the relevant Scheme Adjudicator). Details of the valuation and adjudication procedure will be set out in long-form documentation.
6.	Allocation Mechanism	The allocation of each In-Scope Creditor's Distribution Entitlement Amount shall be determined as follows: • each In-Scope Creditor is entitled to elect to allocate its Distribution Entitlement Amount to Option 1, Option 2A or Option 2B before the election deadline (the "**Election Deadline**"); • if any In-Scope Creditor fails to indicate its election of the Options corresponding to any of its Distribution Entitlement Amount by the Election Deadline, such Distribution Entitlement Amount (being the "**Non-Elected Distribution Entitlement Amount**") will be deemed to be allocated to Option 1 (the "**Default Allocation**"); and

		• if the aggregate Distribution Entitlement Amount that is elected to be allocated to Option 2A or Option 2B exceeds the Option Cap in respect of Option 2 (aggregate), each In-Scope Creditor who actively elected into Option 2A or Option 2B shall receive Restructuring Entitlement corresponding to Option 2A or Option 2B (as elected) based on a fraction, the numerator of which is the Option Cap in respect of Option 2 (aggregate) and the denominator of which is the aggregate Distribution Entitlement Amount actively elected to be allocated to Option 2A and Option 2B in aggregate, and any portion of such In-Scope Creditor's Distribution Entitlement Amount that is not allocated to Option 2A or Option 2B as a result of such reduction shall be deemed to be allocated to Option 1. Each Option shall have an Option Cap set out below.
7.	Releases	On and from the Restructuring Effective Date, in exchange for the Restructuring Entitlements, there shall be a cancellation and discharge in full of the In-Scope Liabilities, and the In-Scope Creditors will provide releases on customary terms of all their claims against (among others): (1) all Existing Obligors; (2) the officers, directors, managers and office-holders of the Existing Obligors; and (3) the Existing Obligors' advisors.
Terms of the Asset-Backed Instruments		
8.	Description	The Asset-Backed Instruments shall be passthrough instruments backed by cashflows in respect of the Relevant Assets.
9.	Instruments Issuer	An orphan special purpose vehicle shall be established to issue the Asset-Backed Instruments and hold the rights, benefits, and/or interest relating to the Relevant Assets deriving from the undertaking set out below.
10.	Relevant Assets	The Relevant Assets comprise the Group's holdings in the following projects:

Option	Option Cap
Option 1	Nil
Option 2 (aggregate for Option 2A and Option 2B)	US$1,150,000,000

	Description	Location	Interest attributable to the Group
Dezhou Project	A residential and commercial development also known as "力高雍泉府"	Dezhou, Shandong	60%

<table>
<tr><td></td><td></td><td>
<table>
<tr><td>Lu’an Residential Project</td><td>A residential development also known as “君逸府”</td><td>Lu’an, Anhui</td><td>99%</td></tr>
<tr><td>Lu’an Commercial Project</td><td>A commercial development also known as “文心廣場”</td><td>Lu’an, Anhui</td><td>49%</td></tr>
<tr><td>Putian Project</td><td>A residential and commercial development also known as “仟喜薈廣場”</td><td>Putian, Fujian</td><td>70%</td></tr>
<tr><td>Xiangtan Project</td><td>A residential and commercial development also known as “雍璽台”</td><td>Xiangtan, Hunan</td><td>35%</td></tr>
<tr><td>Zhuzhou Project</td><td>A residential and commercial development also known as “江山樾”</td><td>Zhuzhou, Hunan</td><td>51%</td></tr>
</table>
Further details of the Relevant Assets shall be set out in the long-form documentation.
</td></tr>
<tr><td>11.</td><td>Undertakings</td><td>
Power Win International Investment Limited (力胜国际投资公司) (a wholly owned subsidiary of the Company incorporated in the BVI, the “Relevant Asset Top HoldCo”) will indirectly hold equity interests in, or (through the Onshore Group Collection Agreement as explained below) interests in distributions from, the Relevant Assets as at the Restructuring Effective Date. Redco Properties Holdings Limited (the direct shareholder of the Relevant Asset Top HoldCo) (“TopCo”) will indirectly hold equity interests in the Relevant Assets.
TopCo and the Relevant Asset Top HoldCo (together, the “Obligors”) shall provide the following undertakings in favour of the Instruments Issuer (in each case to the extent permitted under applicable laws and regulations, the respective articles of association, and all agreements, instruments or documents binding on any of the relevant onshore or offshore project or holding companies, and subject to obtaining relevant Offshore Distribution Authorisations (as applicable)):
TopCo shall procure (or direct the Relevant Asset Group Members holding equity interests in the Relevant Asset Project Companies to procure) the onshore companies holding the Relevant Assets (the “Relevant Asset Project Companies”), after paying, withholding or deducting the amounts specified below (the “Project Costs”), to declare and pay all net cash available for distribution (including, for the avoidance of doubt, the net proceeds received by them in any disposal of their assets) to the order of their respective shareholder(s):
(1) any amount payable by them in respect of their indebtedness;
(2) project management fees in accordance with project management agreements entered into by the holding company of each Relevant Asset Project Companies (subject to a cap at not exceeding 2% of the gross sale proceeds from the Relevant Assets);

</td></tr>
</table>

		(3) project development and business operation expenses, including operating expenditure, construction costs, project management costs, sales and management fees, employment and labour costs, property management expenses, reserves for working capital and litigation contingencies and other foreseeable contingencies, taxes (including any tax on dividends); and (4) any other amount required to be withheld or deducted by the Relevant Asset Project Companies by applicable laws and regulations, any Governmental Agency, their respective articles of association and all agreements, instruments or documents binding on them; • to the extent the equity interests in a Relevant Asset Project are not held by a wholly owned Subsidiary of the Relevant Asset Top HoldCo, the onshore holding companies of such Relevant Asset Projects (the "**Relevant Asset Onshore HoldCos**") will enter into an agreement with an onshore collection company that is a wholly owned subsidiary of the Relevant Asset Top HoldCo (the "**Onshore Collection Company**") and TopCo shall procure each such Relevant Asset Onshore HoldCo, after paying, withholding or deducting project management fees (to the extent payable by such Relevant Asset Onshore Holdco), maintenance costs, business operation expenses and taxes from distributions received in connection with a Relevant Asset Project, to pay all net cash available for distribution to the Onshore Collection Company in accordance with that agreement (the "**Onshore Group Collection Agreement**"); • subject to the preceding paragraph, TopCo shall procure the onshore and offshore holding companies of the Relevant Asset Projects (the "**Relevant Asset Intermediate HoldCos**"), after paying, withholding or deducting the amounts specified below from distributions received in connection with a Relevant Asset Project, to declare and pay all net cash available for distribution to the order of their respective shareholder(s): (1) maintenance costs, business operation expenses and taxes; (2) if it is party to a project management agreement, the project management fees (to the extent not paid, withheld or deducted in accordance with the preceding paragraphs); and (3) if it is the Onshore Collection Company, any Project Cost in connection with a Relevant Asset Project to the extent not paid, withheld or deducted in accordance with preceding paragraphs. • the Relevant Asset Top HoldCo shall, after paying, withholding or deducting any amount payable by it in respect of its maintenance costs and other business operation expenses including any tax (including any tax on dividends) apply each distribution received by it in accordance with the paragraphs above (each such distribution, a "**Relevant Asset Top HoldCo Distribution**") as follows (i) ***first***, by making any payment, deduction or withholding of an amount equal to the then outstanding Funded Expenses Loan to (or to the order of) the Relevant Asset Top HoldCo; and (ii) ***thereafter***, by making payments into the Designated Account in accordance with the terms of the Deed of

		Undertakings. • The liability of the Obligors under the above undertakings shall be limited to the aggregate amount of (a) the net value of the Relevant Assets attributable to the Group from time to time, and (b) the Relevant Asset Top HoldCo Distribution. Other than the foregoing, the Obligors shall have no obligations and liabilities thereunder.
12.	Funding	TopCo shall (or shall procure the Relevant Asset Top HoldCo to) provide funding (by way of a non-interest-bearing loan to the Instruments Issuer) in respect of the fees and expenses for the incorporation and maintenance of the Instruments Issuer.
13.	Enhancement measures	The Asset-Backed Instruments shall be secured and/or supported by security interest over the shares in the Relevant Asset Top HoldCo.
14.	Distributions	To the extent permitted under applicable law, any cash paid into the Designated Account shall be distributed to the relevant parties in the following order: • **first**, towards any taxes incurred by the Instruments Issuer; • **second**, towards the payment of any fees or expenses payable to the trustee of the Asset-Backed Instruments and expenses for the maintenance or management of the Instruments Issuer (and its directors, officers and employees); • **third**, towards the payment of interest (if any) owed to the holders of the Asset-Backed Instruments on a *pro rata* basis and without any preference between them; and • **fourth**, towards the payment of the residual amounts owing to the holders of the Asset-Backed Instruments on a *pro rata* basis and without any preference between them.
15.	Transferability	The Asset-Backed Instruments will be issued and settled through register entries only. Each holder's interest in the Asset-Backed Instruments may be registered on the register upon the completion of know-your-customer and other customary procedures required by the trustee of the Asset-Backed Instruments.
Miscellaneous		
16.	Implementation Method	The Restructuring shall be principally implemented through: (1) subject to paragraph (2) below, one or more scheme(s) of arrangement (collectively, the "**Scheme(s)**") and to the extent that the Company and its advisors deem that it is necessary or advisable, through parallel schemes of arrangement in other relevant jurisdiction(s) and/or recognition proceedings in other appropriate jurisdiction(s) for the purposes of obtaining cross-border recognition and relief; and (2) in respect of any In-Scope Liabilities which the Company determines (in its sole discretion) should be excluded from the Scheme(s), or otherwise amended so as to allow its inclusion within the Scheme(s), one or more processes which may include a scheme of arrangement or similar process or arrangement in any relevant jurisdiction, a consent solicitation process, bilateral restructuring agreement and/or any other

		in-court or out-of-court restructuring or other process in any relevant jurisdiction (each, an "**Other Restructuring Process**") which, for the avoidance of doubt, will still be subject to the terms of the Restructuring.
17.	Conditions precedent to Restructuring Effective Date	Each of the following, together with any additional conditions to be specified in the long-form documentation, shall be conditions precedent to the Restructuring Effective Date, including: (1) the obtaining of all necessary approvals, pre-approvals or other consents required to implement the Restructuring, including without limitation the delivery of the relevant court orders in respect of the Scheme and, if applicable, in relation to any Other Restructuring Process; (2) the settlement in full of any consent fees; and (3) the settlement in full of all professional fees payable either before or on the Restructuring Effective Date, under contracts or other arrangements entered into by the Company with the Company's financial or legal advisers for their services rendered in relation to the Restructuring.
18.	Consent fees	• **Eligibility requirements**: Any In-Scope Creditor who submits a valid voting instruction voting in favour of the Scheme(s) (either in person or by proxy) in respect of its voting scheme claim at the scheme meeting, in each case, within 14 days after (and excluding) the date on which the explanatory statement is circulated and in accordance with the instructions set out in the solicitation packet, and who has not withdrawn or changed its vote subsequently • **Amount**: 0.175% of the voting scheme claim of the eligible In-Scope Creditor which has validly voted in favour of the Scheme(s)
19.	Longstop Date	The Restructuring shall be consummated on or prior to 30 September 2027.
20.	Disclaimer	This Term Sheet does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No securities may be offered or sold in the United States absent registration or an applicable exemption from registration requirements. No public offer of securities is to be made by the Existing Obligors (as defined below) in the United States. This Term Sheet is not a prospectus for the purposes of Regulation (EU) 2017/1129, including insofar as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020.

Schedule 1: In-Scope Liabilities

#	Description
Existing Securities	
1.	13.00% Senior Notes due May 2023 issued by the Company as issuer in May 2020 (ISIN: XS2178382318)
2.	11.0% Senior Notes due August 2022 issued by the Company as issuer in August 2020 (ISIN: XS2204388644)
3.	9.9% Senior Notes due February 2024 issued by the Company as issuer in November 2020 (ISIN: XS2231089546)
4.	8% Senior Notes due March 2023 issued by the Company as issuer (ISIN: XS2459381104)
5.	10.5% Senior Notes due 2023 issued by the Company as issuer in July 2021 (ISIN: XS2360310473)
6.	11% Senior Notes due August 2023 issued by the Company as issuer (ISIN: XS2459381369)
7.	13% Senior Notes due August 2023 issued by the Company as issuer (ISIN: XS2459381443)
Existing Loans and Existing Guaranteed Debts	
8.	Certain other indebtedness of the Group designated by the Company (in its sole discretion) as "In-Scope Liability" (which, together with the Existing Securities listed above, have an estimated aggregate outstanding principal amount of US$2.16 billion)

Schedule 2: Existing Obligors

#	Company	Jurisdiction of incorporation
1.	Redco Properties Group Limited	Cayman Islands
2.	Redco Properties Holdings Limited	BVI
3.	Power Creation International Development Limited	BVI
4.	Power Thrive International Investment Limited	Hong Kong
5.	Redco Holdings (Hong Kong) Co. Limited	Hong Kong
6.	Li Jia International Investments Limited	BVI
7.	Redco Properties (Hong Kong) Company Limited	Hong Kong
8.	Top Thrive Real Estates Investments Limited	BVI
9.	Hong Kong Royal Lofty Investments Limited	Hong Kong
10.	We Li International Developments Limited	BVI
11.	Maxprofit Globe Holdings Limited	BVI
12.	Bloom Trend International Industrial Limited	Hong Kong
13.	Power Spring International Investments Limited	BVI
14.	Redco Industrial Investment Limited	Hong Kong
15.	Top Creation Worldwide Investments Limited	BVI
16.	Hong Kong Binjiang Industrial Limited	Hong Kong
17.	Weisheng International Investments Company Limited	BVI
18.	Hong Kong Weisheng Properties Company Limited	Hong Kong
19.	Hong Kong Wing Power Developments Limited	Hong Kong
20.	Wealth Max Properties Holdings Limited	BVI