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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)

**CONSENT SOLICITATION RELATING TO
THE OUTSTANDING 9.9% SENIOR NOTES DUE 2024
(THE “NOVEMBER 2020 NOTES”)
(ISIN: XS2231089546; COMMON CODE: 223108954)
AND 10.5% SENIOR NOTES DUE 2023
(THE “JULY 2021 NOTES”)
(ISIN: XS2360310473; COMMON CODE: 236031047)**

On March 14, 2022, the Company is soliciting consents from the Notes Holders to certain proposed amendment to the Indentures pursuant to the Consent Solicitation as described in the Consent Solicitation Statement.

The principal purpose of this Consent Solicitation and the Proposed Amendment is to amend the events of default provision in the Indentures to increase the cross-default and judgment default threshold, carve out any default or event of default in respect of each Series of Notes as a result of a default or event of default occurring under the Excluded Indebtedness, and other consequential amendments to permit the respective Trustees to instruct the collateral agent not to take any enforcement action against the collateral if the trustees and/or any holders of the Existing Notes proceed to enforce the collateral as a result of an event of default under the Existing Notes.

The Company is also conducting the Concurrent Offer to Purchase with respect to the Existing Notes held by non-U.S. persons outside the United States. The Concurrent Offer and Consent Solicitation is being made upon the terms and subject to the conditions set forth in the Offer to Purchase Memorandum, and is announced in a separate announcement dated March 14, 2022.

INTRODUCTION

On the date of this announcement, the Company is soliciting consents from the Notes Holders (as defined below) to the Proposed Amendment to (i) the indenture dated as of November 17, 2020 (as amended or supplemented to the date hereof, the “**November 2020 Indenture**”), by and among the Company, the Subsidiary Guarantors (as defined therein) and Citicorp International Limited, as trustee, governing its 9.9% Senior Notes due 2024 (ISIN: XS2231089546; Common Code: 223108954); and (ii) the indenture dated as of July 6, 2021 (as amended or supplemented to the date hereof, the “**July 2021 Indenture**”), by and among the Company, the Subsidiary Guarantors (as defined therein) and Citicorp International Limited, as trustee, governing its 10.5% Senior Notes due 2023 (ISIN: XS2360310473; Common Code: 236031047), upon the terms and subject to the conditions set forth in the Consent Solicitation Statement.

The Company is also conducting a Concurrent Offer to Purchase on March 14, 2022 for its outstanding Existing Notes upon the terms and subject to the conditions set forth in the Offer to Purchase Memorandum. The purpose of the Concurrent Offer to Purchase and this Consent Solicitation is to improve its debt maturity profile, strengthen its balance sheet and improve cash flow management.

Unless otherwise defined, capitalized terms in this announcement will have the same meaning as those defined in the Offer to Purchase Memorandum and the Consent Solicitation Statement.

CONSENT SOLICITATION

Background and Purpose of the Consent Solicitation

During the second half of 2021, Chinese property developers and the capital markets that have funded growth and development of the sector have experienced an inflection point. Reduced bank lending for real estate development has adversely affected access by property developers to onshore capital. Reduced bank lending for mortgage finance for buyers, combined with buyers’ concerns about the ability of property developers to complete projects, has materially and adversely affected property sales. In addition, the use of pre-sale proceeds is also restricted under the applicable PRC laws. Negative reaction to these onshore events by offshore capital markets has curtailed the Company’s funding sources to address upcoming maturities.

Since the beginning of 2022, the property sector in China has continued to experience volatility. Reduced bank lending for real estate development, coupled with certain negative credit events, have intensified market concerns over the operations of Chinese property developers. As a result, pre-sale of Chinese property developers has generally decreased. The Group's management has demonstrated its resolution and commitment to mitigate the effects of the recent adverse market conditions. The Company continues to exert its utmost effort to meet its obligations to creditors and noteholders.

The Company anticipates that the market condition in the real estate sector will remain under pressure in 2022, and therefore, in the absence of a sharp recovery in the market and a resurgence of various financing options, the Company remains cautious about its liquidity in the near term. The Company, therefore, is working on managing its cash flow to maintain stable operations and to meet its financial commitments, including, among others, through discussion on extension or refinancing of its existing financial and other obligations, opportunistic financings and expenditure conservation. As part of these efforts, the Company is conducting this Consent Solicitation, as described in the Consent Solicitation Statement.

The principal purpose of this Consent Solicitation is to obtain the Requisite Consents to amend the events of default provisions in each Indenture to increase the cross-default and judgment default threshold from US\$10 million to US\$25 million, and carve out any default or event of default in respect of a Series of Notes as a result of a default or event of default occurring under the Excluded Indebtedness, and other consequential amendments to permit the respective Trustees to instruct the collateral agent not to take any enforcement action against the collateral if the trustees and/or any holders of the Existing Notes proceed to enforce the collateral as a result of an event of default under the Existing Notes, in accordance with the terms and subject to the conditions set forth in the Consent Solicitation Statement.

The Company is also conducting the Concurrent Offer to Purchase on March 14, 2022 to improve its debt maturity profile, strengthen its balance sheet and improve cash flow management.

Summary of the Terms of the Consent Solicitation

The Company is soliciting consents from Notes Holders to Proposed Amendment to the Indentures, and to be entered into by and among the Company, the Subsidiary Guarantors and the Trustee of a supplemental indenture in relation to the November 2020 Notes and a supplemental indenture in relation to the July 2021 Notes giving effect to the Proposed Amendment (each such supplemental indenture, a **"Supplemental Indenture"** or the relevant **"Supplemental Indenture"** and, collectively, the **"Supplemental Indentures"**). As of the date of the Consent Solicitation Statement, US\$251,763,000 in aggregate principal amount of the

November 2020 Notes is outstanding, and RMB600 million in aggregate principal amount of the July 2021 Notes is outstanding. The Company has repurchased and not yet cancelled an aggregate principal amount of US\$14,237,000 of the November 2020 Notes, which amount the Company intends to cancel and was not included in the outstanding principal amount of the November 2020 Notes.

By validly delivering consents pursuant to the instructions set out in the Consent Solicitation Statement, Notes Holders will be deemed to have given Consent in the Consent Solicitation. A consenting Notes Holder must consent to the Proposed Amendment as an entirety and may not consent selectively with respect to certain aspect of the Proposed Amendment. All Consents delivered and accepted will be deemed to be Consents to the Proposed Amendment as a whole.

The Proposed Amendment will become effective upon execution of and delivery to the Trustee the Supplemental Indentures to the Indentures. If the Proposed Amendment are accepted and effected, all the outstanding Notes will be subject to the Proposed Amendment.

Consent Fee

The Company is offering the holders of record of the relevant series of the Notes as of the record date a consent fee of US\$2.5 for each US\$1,000 in principal amount of the November 2020 Notes, or a consent fee of RMB25 for each RMB10,000 in principal amount of the July 2021 Notes (the “**Consent Fee**”), in respect of which any Notes Holder has validly delivered a consent on or prior to the expiration date of the Consent Solicitation as described above. The Company’s obligation to accept consents and pay the Consent Fee is conditioned on, among other things, there being validly delivered consents from the Notes Holders of not less than a majority in aggregate principal amount of the outstanding Notes of each Series (the “**Requisite Consents**”). For the avoidance of doubt, the Company’s acceptance of consents for any Series is not dependent on the receipt of the Requisite Consents of any other Series.

Summary Timetable of the Consent Solicitation

The following summarizes the anticipated timetable for the Consent Solicitation.

Event	Time and Date	Description
Record Date	March 11, 2022	Only the Notes Holders of record as of the Record Date are eligible to consent to the Proposed Amendment.
Launch Date	March 14, 2022	The Consent Solicitation is announced. The Consent Solicitation Statement is available from the Information and Tabulation Agent, and the Consent Solicitation Statement delivered to the Clearing Systems for communication to direct participants in Euroclear or Clearstream and published on the Consent Website.
Expiration Date	4:00 p.m., London Time, March 21, 2022, unless extended by us or terminated.	In order to be eligible to receive the Consent Fee, Consents must be validly delivered on or prior to the Expiration Date. The Consents may not be revoked once delivered.
Announcement of Results	As soon as reasonably practicable after the Expiration Deadline.	Announcement of whether the Company has received the Requisite Consents necessary for the Proposed Amendment to the Indentures.
Payment of Consent Fee	Expected to be March 25, 2022 or, if earlier, as soon as practicable after the Expiration Date and the conditions to this Consent Solicitation are met (or waived by us).	Subject to satisfaction of the conditions for payment of the Consent Fee, the Company will pay the Consent Fee to each Notes Holder who has validly delivered its Consent on or prior to the Expiration Date.

Conditions to the Consent Solicitation

Company's obligation to accept the Consent Solicitation and pay the Consent Fee, is conditional upon, among other things:

- (a) receipt of the Requisite Consents in respect of each Series of Notes being validly delivered pursuant to the terms of this Consent Solicitation on or prior to the Expiration Date;
- (b) execution of each of the Supplemental Indentures by each of the parties contemplated therein;
- (c) the absence of any law or regulation which would, and the absence of any pending or threatened injunction or other proceeding which (if adversely determined) would, make unlawful or invalid or enjoin the implementation of the Proposed Amendment or the payment of the Consent Fee, or that would question the legality or validity thereof; and
- (d) (A) no change (or development involving a prospective change) shall have occurred or shall be threatened in the Company's business, properties, assets, liabilities, financial condition, operations, or results of operations, and (B) no change (or development involving a prospective change) shall have occurred in financial markets generally or affecting its equity, or the Notes, or its other indebtedness, that, in its reasonable judgment in the case of either (A) or (B) above, is or may be adverse to us or has or may have a material adverse effect upon the contemplated benefits to the Company and/or any of its affiliates of this Consent Solicitation.

Unless all other conditions have been satisfied (or waived by the Company), receipt of the Requisite Consents by the Information and Tabulation Agent will not obligate us to accept the Consents or pay the Consent Fee to consenting Notes Holders, or obligate the Company, the Subsidiary Guarantors or the Trustee to execute the Supplemental Indentures.

If any of the conditions are not satisfied (or not waived by the Company) on or prior to the Expiration Date, the Company may, in its sole discretion and without giving any notice, allow this Consent Solicitation to lapse or extend the solicitation period and continue soliciting Consents pursuant to this Consent Solicitation. Subject to applicable law, this Consent Solicitation may be abandoned or terminated at any time prior to the valid delivery of Consents, for any reason, in which case any Consents received will be voided and no Consent Fee will be paid.

Further Details

The Company has appointed Haitong International Securities Company Limited as the Solicitation Agent, and Morrow Sodali Limited as Information and Tabulation Agent with respect to the Consent Solicitation. The Consent Solicitation Statement, this announcement and all documents related to the Consent Solicitation can be found on the Consent Website: <https://bonds.morrowsodali.com/RedcoConsent>. Requests for copies of the Consent Solicitation Statement and their related documents may be directed to the Information and Tabulation Agent at the address and telephone number as set forth below. The contact information of Morrow Sodali Limited and Haitong International Securities Company Limited is set out as follows:

Morrow Sodali Limited

In London:

103 Wigmore Street
W1U 1QS
United Kingdom
Telephone: + 44 20 4513 6933

In Hong Kong:

The Hive
33-35 Hillier Street
Sheung Wan
Hong Kong
Telephone: +852 2319 4130

Email: redco@investor.morrowsodali.com

Consent Website: <https://bonds.morrowsodali.com/RedcoConsent>

Haitong International Securities Company Limited

Address:

28/F, One IFC
1 Harbour View Street
Central, Hong Kong
Hong Kong
Fax: +852 2973 6741
Attention: Debt Capital Market
E-mail: redcolm@htisec.com

THIS ANNOUNCEMENT IS NOT AN OFFER TO PURCHASE, A SOLICITATION OF AN OFFER TO PURCHASE, OR A SOLICITATION OF AN OFFER TO SELL, THE NOTES.

SHAREHOLDERS, NOTES HOLDERS AND POTENTIAL INVESTORS SHOULD NOTE THAT COMPLETION OF THE CONSENT SOLICITATION IS SUBJECT TO THE FULFILLMENT OR WAIVER OF THE CONDITIONS PRECEDENT TO THE CONSENT SOLICITATION AS SET FORTH IN THE CONSENT SOLICITATION STATEMENT, AND SUMMARIZED IN THE ANNOUNCEMENT. NO ASSURANCE CAN BE GIVEN THAT THE CONSENT SOLICITATION WILL BE COMPLETED AND THE COMPANY RESERVES THE RIGHT TO AMEND, WITHDRAW OR TERMINATE THE CONSENT SOLICITATION WITH OR WITHOUT CONDITIONS.

THE COMPANY MAY, IN ITS SOLE DISCRETION, AMEND OR WAIVE CERTAIN OF THE CONDITIONS PRECEDENT TO THE CONSENT SOLICITATION. AS THE CONSENT SOLICITATION MAY OR MAY NOT PROCEED, SHAREHOLDERS, NOTES HOLDERS AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY OR THE NOTES.

The Consent Solicitation is not being made to (nor will the delivery of Consents be accepted from or on behalf of) Notes Holders in any jurisdiction where the making or acceptance of the Consent Solicitation would not comply with the laws of such jurisdiction. If the Company becomes aware of any jurisdiction in which the making of the Consent Solicitation or the delivery of Consents would not be in compliance with applicable laws, the Company may or may not, in its sole discretion, make an effort to comply with any such law. If, after such effort, if any, the Company cannot comply with any such law, and Consent Solicitation will not be made to (nor will tenders or Consents be accepted from or on behalf of) any Notes Holders residing in such jurisdiction.

FORWARD-LOOKING STATEMENTS

Forward-looking statements in this announcement are based on current expectations, assumptions, estimates and projections about the Company and its industry. These statements are not guarantees of future performance and that the Company's actual results of operations, financial condition and liquidity, and the development of the industry in which the Company operates may differ materially from those made in, or suggested by, the forward-looking statements in this announcement. Future events and results involve some risks, uncertainties and assumptions that are difficult to predict. Important factors that could cause those differences include, but are not limited to, changes in the competitive environment and regulatory environment of the industry in the PRC relevant to the business of the Company, changes in the business and financial condition of the Company and its subsidiaries and changes in the general economic trend in the PRC.

There is no assurance that the Requisite Consents will be obtained or the conditions to the Consent Solicitation will be satisfied. Notes Holders, shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless the context otherwise requires, terms used in this announcement shall have the following respective meanings:

“Board”	the board of Directors of the Company;
“Clearstream”	Clearstream Banking S.A.;
“Company”	Redco Properties Group Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 1622);
“Concurrent Offer to Purchase”	the offer to purchase made by the Company upon the terms and subject to the conditions set forth in the Offer to Purchase Memorandum;
“Consents”	the consent of a Notes Holder to the applicable Proposed Amendment;
“Consent Fee”	the fee by the Company to the holders of record of the relevant series of the Notes as of the record date of (i) US\$2.5 for each US\$1,000 in principal amount of the November 2020 Notes or (ii) RMB25 for each RMB10,000 in principal amount of the July 2021 Notes, in respect of which any Notes Holder has validly delivered a consent on or prior to the expiration date of the Consent Solicitation;
“Consent Solicitation”	solicitation from the Company seeking Consents to the Proposed Amendment to the Indentures as a single proposal;
“Consent Solicitation Statement”	the consent solicitation statement dated March 14, 2022 in relation to the Consent Solicitation;
“Director(s)”	the director(s) of the Company;
“Euroclear”	Euroclear Bank SA/NV;

“Excluded Indebtedness”	the Existing Notes and the US dollar term loan facility made available under the facility agreement dated April 1, 2021 in relation to a property project in the PRC;
“Existing Notes”	8.0% Senior Notes due 2022, 11.0% Senior Notes due 2022 and 13.0% Senior Notes due 2023 issued by the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Indentures”	the indenture dated as of November 17, 2020 in relation to the November 2020 Notes and the indenture dated as of July 6, 2021 in relation to the July 2021 Notes, each as amended or supplemented from time to time;
“July 2021 Notes”	the 10.5% senior notes due 2023 issued by the Company;
“July 2021 Indenture”	the indenture dated as of July 6, 2021, as amended or supplemented prior to the date hereof, by and among the Company, the Subsidiary Guarantors and the Trustee, governing the July 2021 Notes;
“Notes”	The November 2020 Notes and/or the July 2021 Notes, each a “Series of Notes”;
“Notes Holder”	the registered holder of the November 2020 Notes or the July 2021 Notes, as the case may be and, all Notes Holders collectively, “Notes Holders”;
“November 2020 Notes”	the 9.9% senior notes due 2024 issued by the Company;
“November 2020 Indenture”	the indenture dated as of November 17, 2020, as amended or supplemented prior to the date hereof, by and among the Company, the Subsidiary Guarantors and the Trustee, governing the November 2020 Notes;
“Offer to Purchase Memorandum”	the offer to purchase memorandum dated March 14, 2022 in relation to the Concurrent Offer to Purchase;

“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Proposed Amendment”	the proposed amendment as mentioned and defined in the Consent Solicitation Statement;
“Regulation S”	Regulation S under the U.S. Securities Act;
“Requisite Consents”	the consents being validly delivered from the Notes Holders of not less than a majority in aggregate principal amount of the outstanding Notes of each Series;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary Guarantors”	certain of the Company’s offshore subsidiaries that provide guarantees to the Notes;
“Supplemental Indenture”	the supplemental indenture to be entered into by and among the Company, the Subsidiary Guarantors and the Trustee in relation to the November 2020 Notes and the July 2021 Notes, respectively, giving effect to the Proposed Amendment and, collectively, the “Supplemental Indentures”;
“Trustee”	Citicorp International Limited, trustee to the Notes;
“U.S.” or “United States”	The United States of America;
“U.S. Securities Act”	the United States Securities Act of 1933, as amended;
“US\$”	United States dollars, the lawful currency of the United States;
“%”	per cent.

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

Hong Kong, March 14, 2022

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; 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.