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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 TRANSACTION ACQUISITION OF 35% INTEREST IN MAKATI CITY SUBWAY, INC.

ACQUISITION OF 35% INTEREST IN MAKATI CITY SUBWAY, INC. — THE SHARE PURCHASE AGREEMENT

On 18 February 2020, the Subscriber, a subsidiary of the Company, Infradev and MCSI entered into the Share Purchase Agreement pursuant to which:

- (i) Infradev conditionally agreed to assign, transfer and convey the Assignment Shares to the Subscriber (or its designee) and the Subscriber (or its designee) conditionally agreed to accept such assignment in the consideration of US\$30,000,000; and
- (ii) the Subscriber conditionally agreed to subscribe for, and MCSI conditionally agreed to allot and issue, the Subscription Shares at the Subscription Price of US\$72,000,000.

Following the Assignment and the Subscription, the Subscriber will hold 35% of the issued share capital of MCSI as enlarged by the allotment and issue of the Subscription Shares (assuming that there will be no change in the share capital of MCSI from the date of the Share Purchase Agreement to the Effective Date save for the allotment and issue of the Subscription Shares).

Pursuant to the Share Purchase Agreement, the Subscriber agreed to be part of the Consortium that will undertake the Project. On the same date of the entering of the Share Purchase Agreement, the Subscriber, ABG and MCSI entered into the Development Agreement pursuant to which the Subscriber and ABG agreed, among other things, through MRTD, to be jointly responsible for the development and construction of the TOD of the Required Land (except for the 15-Hectare Acquired Land which will be developed by MCSI).

In addition, for the purpose of the development of the Project, the Subscriber and ABG agreed to establish MRTD in the Philippines, which, upon its establishment, will assume all rights and obligations of the Subscriber and ABG as developer as contemplated under the Development Agreement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Assignment and the Subscription are more than 5% but all of them are less than 25%, the Assignment and the Subscription constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements under the Listing Rules, and is exempted from circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

ACQUISITION OF 35% INTEREST IN MAKATI CITY SUBWAY, INC. — THE SHARE PURCHASE AGREEMENT

On 18 February 2020, the Subscriber, a subsidiary of the Company, Infradev and MCSI entered into the Share Purchase Agreement, pursuant to which:

- (i) Infradev conditionally agreed to assign, transfer and convey the Assignment Shares to the Subscriber (or its designee) and the Subscriber (or its designee) conditionally agreed to accept such assignment in the consideration of US\$30,000,000; and
- (ii) the Subscriber conditionally agreed to subscribe for, and MCSI conditionally agreed to allot and issue, the Subscription Shares at the Subscription Price of US\$72,000,000.

Following the Assignment and the Subscription, the Subscriber will hold 35% of the issued share capital of MCSI as enlarged by the allotment and issue of the Subscription Shares (assuming that there will be no change in the share capital of MCSI from the date of the Share Purchase Agreement to the Effective Date save for the allotment and issue of the Subscription Shares).

The Share Purchase Agreement shall only become effective on the Effective Date.

The Share Purchase Agreement

Date

18 February 2020

Parties

- (i) MCSI, as issuer;
- (ii) Infradev as assignor; and
- (iii) the Subscriber as subscriber and assignee.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, MCSI, Infradev and their respective ultimate beneficial owner are all independent third parties and are not connected with the Group.

Subject Matter

Pursuant to the Share Purchase Agreement, on the Effective Date (i) Infradev shall assign, transfer and convey the Assignment Shares to the Subscriber (or its designee) and the Subscriber (or its designee) shall accept such assignment in the consideration of US\$30,000,000; and (ii) the Subscriber shall subscribe for, and MCSI shall allot and issue, the Subscription Shares at the Subscription Price of US\$72,000,000.

The Assignment Shares, being 15,000,000 unpaid up common shares of MCSI held by Infradev, represent approximately 10.29% of the issued share capital of MCSI as enlarged by the allotment and issue of the Subscription Shares (assuming that there will be no change in the share capital of MCSI from the date of the Share Purchase Agreement to the Effective Date save for the allotment and issue of the Subscription Shares).

The Subscription Shares, being 36,000,000 primary common shares of MCSI, represent approximately 24.71% of the issued share capital of MCSI as enlarged by the allotment and issue of the Subscription Shares (assuming that there will be no change in the share capital of MCSI from the date of the Share Purchase Agreement to the Effective Date save for the allotment and issue of the Subscription Shares).

The Subscription Shares, together with the Assignment Shares, represent 35% of the issued share capital of MCSI as enlarged by the allotment and issue of the Subscription Shares (assuming that there will be no change in the share capital of MCSI from the date of the Share Purchase Agreement to the Effective Date save for the allotment and issue of the Subscription Shares).

Consideration of the Assignment

Subject to the Share Purchase Agreement becoming effective, the consideration of the Assignment is US\$30,000,000, which shall be paid (or caused to be paid) by the Subscriber to MCSI for the account of Infradev within 10 Business Days of the Effective Date.

The consideration of the Assignment represents Infradev's unpaid subscription payment for the Assignment Shares. Accordingly, after arm's length negotiations between the Subscriber and Infradev and taking into account of (i) the unaudited net asset value of MCSI in the amount of approximately PHP2,500,000,000 (equivalent to approximately HK\$370,000,000) as at 31 December 2019; (ii) the business prospect of MCSI; and (iii) the reasons for the acquisition of the Assignment Shares as mentioned in the paragraph headed "REASONS FOR AND BENEFITS OF THE TRANSACTIONS" in this announcement, the Directors are of the view that the consideration for the Assignment and the terms and conditions relating to the Assignment under the Share Purchase Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Subscription Price

Subject to the Share Purchase Agreement becoming effective, the Subscription Price for the Subscription Shares is US\$72,000,000 and is payable by the Subscriber in cash in the following manner:

- (a) US\$30,000,000 within 15 Business Days after fulfilment (or waiver) of all the conditions (other than condition (iii)) as set out in the paragraph headed "Conditions Precedent to payment of the First Payment and the Second Payment" below (the "**First Payment**"); and
- (b) US\$42,000,000 within 15 Business Days after fulfilment (or waiver) of condition (iii) as set out in the paragraph headed "Conditions Precedent to payment of the First Payment and the Second Payment" below (the "**Second Payment**").

The Subscription Price for the Subscription Shares was determined after arm's length negotiations between the Subscriber and MCSI taking into account, among other things:

- (i) the unaudited net asset value of MCSI in the amount of approximately PHP2,500,000,000 (equivalent to approximately HK\$370,000,000) as at 31 December 2019;

- (ii) the business prospect of MCSI; and
- (iii) the reasons for the Subscription of the Subscription Shares as mentioned in the paragraph headed “REASONS FOR AND BENEFITS OF THE TRANSACTIONS” in this announcement.

In light of the above, the Directors are of the view that the Subscription Price and the terms and conditions relating to the Subscription under the Share Purchase Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions Precedent to payment of the First Payment and the Second Payment

Subject to the Share Purchase Agreement becoming effective, the payment of the First Payment is conditional upon satisfaction (or waiver by the Subscriber, if applicable) of each of the following conditions (other than condition (iii)), and the payment of the Second Payment is conditional upon satisfaction (or waiver by the Subscriber, if applicable) of condition (iii), in each case, on or before 31 December 2020 (the “**Long Stop Date**”):

- (i) the representations and warranties made by MCSI in the Share Purchase Agreement remaining true and correct;
- (ii) the BIR having issued the certificate authorizing registration that is required for registration of two (2) pieces of lands in the Makati Properties under the name of MCSI;
- (iii) infradev having duly assigned, transferred and conveyed to MCSI all of the Makati Properties and MCSI having procured the cancellation of all limitations or restrictions on the use of the Makati Properties as set out in the Share Purchase Agreement;
- (iv) the Subscriber having received evidence of MCSI’s corporate approval of the Transactions;
- (v) the relevant parties having duly executed and delivered the Share Purchase Agreement and the MCSI Shareholders’ Agreement;
- (vi) the amendment of the By-Laws of MCSI as contemplated under the MCSI Shareholders’ Agreement having been approved by the shareholders of MCSI and the amended By-Laws of MCSI having been filed with the SEC;
- (vii) the Makati Joint Venture Agreement remaining valid, effective and enforceable; and

(viii) MCSI having issued the Subscription Shares to the Subscriber.

At any time before the Long Stop Date, the Subscriber may, in its sole and absolute discretion, waive any conditions as set out above (other than the condition (vii)) by notice to MCSI on such terms as the Subscriber may determine. The condition (vii) is not waivable by any parties.

MCSI shall use its best endeavor to procure the fulfilment of the aforesaid conditions.

In the event that any of the aforesaid conditions is not satisfied (or waived by the Subscriber) on or before the Long Stop Date, the Subscriber may defer the Long Stop Date or terminate the Share Purchase Agreement. Upon termination, the First Payment, the consideration of the Assignment and the Subscriber's paid-up capital in MRTD shall be returned by MCSI or MRTD (as the case may be) to the Subscriber subject to the due execution of a deed of assignment with Infradev and such other documents necessary to transfer the Subscription Shares, the Assignment Shares and 51% equity interest in MRTD to Infradev by the Subscriber, and all obligations of the parties under the Share Purchase Agreement will terminate.

Completion

Completion of the Subscription and the Assignment will take place on the Effective Date.

Immediately following the Subscription and the Assignment, MCSI will be owned as to 35% by the Subscriber and indirectly owned as to 35% by the Group, and MCSI will be accounted as an associate of the Company in the financial statements of the Company. Infradev will own the remaining 65% of the issued share capital of MCSI.

If any of the parties does not perform the Share Purchase Agreement after it has become effective, the defaulting party shall pay to the non-defaulting party liquidated damages in the amount of US\$30,000,000.

THE MCSI SHAREHOLDERS' AGREEMENT

As one of the conditions to the First Payment as contemplated under the Share Purchase Agreement, the Subscriber together with Infradev and MCSI entered into the MCSI Shareholders' Agreement.

The principal terms of the MCSI Shareholders' Agreement are as follows:

(1) Board and senior management representation

Subject to the requirement that the Subscriber holding not less than 35% equity interest of MCSI, the Subscriber shall have the right to nominate and appoint two (2) of the seven (7) directors of MCSI. Further, the Subscriber may propose and recommend the vice president/vice chief executive officer, treasurers, the vice general manager and the finance manager of MCSI and they shall be appointed by the board of directors of MCSI.

(2) Other rights under the MCSI Shareholders' Agreement

The MCSI Shareholders' Agreement contains, among others, the following rights and obligations:

- (a) a list of reserved matters requiring approval of at least 70% of all the members of MCSI and/or at least 100% or 75% of the total number of directors of MCSI;
- (b) pre-emptive rights entitled by the shareholders of MCSI in proportion to their respective shareholdings; and
- (c) right of first refusal entitled by the shareholders of MCSI in the event that any shareholder of MCSI intends to sell, transfer, alienate or in any way dispose of any share in MCSI, the outgoing shareholder shall first offer his/her share(s) in MCSI to the remaining shareholders of record in proportion to the latter's shareholding for fair consideration.

(3) Subscriber Covenants

The Subscriber shall procure a reputable third-party financial institutions or its affiliates to provide or cause to be provided MCSI with a US\$200,000,000 credit facility (the "**Credit Facility**") which shall be based on normal commercial terms (which shall be not unreasonably refused by MCSI) and which can be drawn upon by MCSI in such amounts and in such tranches as MCSI may deem proper pursuant to the Makati Joint Venture Agreement. The Credit Facility shall bear interest at prevailing market rate.

JOINT DEVELOPMENT OF THE PROJECT — THE DEVELOPMENT AGREEMENT

Pursuant to the Share Purchase Agreement, the Subscriber agreed to be part of the Consortium that will undertake the Project. On the same date of the entering of, the Share Purchase Agreement, the Subscriber, ABG and MCSI (as landowner of all parcels of land for the Project) entered into the Development Agreement, pursuant to which the Subscriber and ABG agreed, among other things, through MRTD, to be jointly responsible for the development and construction of the TOD of the Required Land (except for the 15-Hectare Acquired Land which will be developed by MCSI).

The gross revenue to be generated from the TOD of the Makati Properties will be shared between MCSI (on one hand), and the Developer (on the other hand) on a 30:70 basis until and upon the issuance of the certificate of final completion for the Makati Subway System pursuant to the Makati Joint Venture Agreement, and after which all revenue from the TOD of the Makati Properties will be shared by the Developer.

The Project

The Project involves the construction, normal operation and maintenance of the Makati Subway System as well as the corresponding TOD. Pursuant to the Development Agreement, MCSI agreed, among other things, to provide or procure to provide the Required Land for the development of the Project, and ensure and procure the Makati City Government to provide necessary consent or permits or rulings for the development of the Makati Subway System and the TOD of the Required Land (except for the 15-Hectare Acquired Land). On the other hand, the Developer agreed, among other things, to be responsible for the development, construction, operation and management of the TOD of the Required Land (except for the 15-Hectare Acquired Land which will be developed by MCSI) and agreed to share certain portion of the gross revenue and earnings from the Makati Properties and the 10-Hectare Acquired Land (as the case may be) with MCSI to be used by MCSI for funding the construction, normal operation and maintenance cost of the Makati Subway System. As regards the 15-Hectare Acquired Land, MCSI, at its sole and absolute discretion, may directly develop the same or give the development rights of the TOD, in whole or in part, to the Developer or to any other party under an arms' length transaction and on normal commercial terms.

Gross revenue and EBIDTA Sharing

The gross revenue to be generated from the TOD of the Makati Properties will be shared between MCSI (on one hand), and the Developer (on the other hand) on a 30:70 basis until and upon the issuance of the certificate of final completion for the Makati Subway System pursuant to the Makati Joint Venture Agreement. MCSI will

utilize the 30% share of the gross revenue to be generated from the TOD of the Makati Properties for the construction and completion of the Makati Subway System. After completion of the construction of the Makati Subway System, all revenue generated from the TOD of the Makati Properties will be retained by the Developer.

The operation and maintenance cost of the Makati Subway System will first be funded by MCSI out of the gross revenue to be generated from the Subway Station Activities. In the event that the aggregate gross revenues generated by MCSI from the Subway Station Activities are insufficient, the unfunded and shortfall portion of normal operation and maintenance costs of the Makati Subway System during the entire 45-year concession and operating period will be funded out of MCSI's share of a maximum 25% of the EBITDA generated from the 10-Hectare Acquired Land on an accumulative basis.

Management, Development and Operation of the TOD of the Required Land

The Developer has the right to exclusively manage, maintain, develop and operate the TOD of the Required Land (except for the 15-Hectare Acquired Land which shall be developed by MCSI pursuant to the Development Agreement).

For the purpose of the development of the Project, the Subscriber and ABG agreed to establish a joint venture in the Philippines, to be known as Makati Redco Transit Development Corporation (i.e. MRTD). Upon establishment, the Subscriber and ABG will directly hold 51% and 49% of the equity interests in MRTD respectively, and accordingly MRTD will become a non-wholly owned subsidiary of the Company and the financial and operational results of MRTD will be consolidated into the financial statements of the Company. The initial paid-up capital of MRTD will be US\$20,000,000, which shall be contributed by the Subscriber and ABG in accordance with their respective shareholding proportion. The portion of capital contribution by the Subscriber will be financed by the Group's internal resources.

Upon issuance of the certificate of incorporation of MRTD, an accession and novation agreement will be entered into by and among the Subscriber, MCSI, MRTD and ABG, pursuant to which the rights and obligations of the Subscriber and ABG in the capacity as joint developer in the Development Agreement shall be novated to MRTD, and MRTD will assume all rights and obligations as developer in the Development Agreement and be bound by the terms and conditions set out in the Development Agreement, and the Subscriber and ABG will cease, be released and discharged of their rights and obligations as joint developers in the Development Agreement save for any obligations accrued before the novation.

THE MRTD SHAREHOLDERS' AGREEMENT

Pursuant to the Development Agreement, the Subscriber and ABG entered into the MRTD Shareholders' Agreement.

The principal terms of the MRTD Shareholders' Agreement are as follows:

(1) Board representation

Subject to the requirement that the Subscriber holding 51% equity interest of MRTD, the Subscriber shall have the right to nominate and appoint three (3) of the five (5) directors of MRTD, subject to the applicable law and nationality requirement. Further, the Subscriber may propose and recommend the chairman, president/chief executive officer and chief financial officer to MRTD and they shall be appointed by the board of directors of MRTD.

(2) Other rights under the MRTD Shareholders' Agreement

The MRTD Shareholders' Agreement contains, among others, the following rights and obligations:

- (a) a list of reserved matters requiring approval of at least 70% of all the members of MRTD and/or at least 70% of the total number of directors of MRTD;
- (b) pre-emptive rights entitled by the shareholders of MRTD in proportion to their respective shareholdings; and
- (c) right of first refusal entitled by the shareholders of MRTD in the event that any shareholder of MRTD intends to sell, transfer, alienate or in any way dispose of any share in MRTD, the outgoing shareholder shall first offer his/her share(s) in MRTD to the remaining shareholders of record in proportion to the latter's shareholding for fair consideration.

(3) Breach by the Subscriber of Certain Obligations

In the event of the breach or failure to comply by the Subscriber of any of the following solely due to the fault of the Subscriber:

- (a) certain obligations of the Subscriber in relation to the sharing of gross revenue and EBITDA generated from the Makati Properties and the 10-Hectare Acquired Land (as the case may be) for financing the construction costs and the maintenance costs of the Makati Subway System under the Development Agreement; and/or

(b) certain obligations of the Subscriber for procuring third party financing for MCSI under the MCSI Shareholders' Agreement,

and the Subscriber does not remedy that breach within sixty (60) days after being notified of the breach, ABG shall have the absolute discretion to require the Subscriber to assign and transfer to ABG or ABG's designee the Subscriber's shares of stock in MRTD representing two percent (2%) of the outstanding capital stock of MRTD, at nil consideration as compensation to ABG for the breach by the Subscriber. The amount of compensation was determined after arm's length negotiation between the Subscriber and ABG.

INFORMATION OF THE GROUP

The Company is an investment holding company. The Group is principally engaged in property development business in the PRC focusing on mid-to-high-end residential and commercial property development.

INFORMATION OF MCSI

MCSI is a company incorporated under the Laws of the Republic of the Philippines in March 2019 and is principally engaged in real estate development and infrastructure projects.

Set out below is certain financial information of MCSI, as extracted from the latest management accounts of MCSI from its incorporation date to the period ended 31 December 2019 which were prepared in accordance with GAAP in Philippines:

**From incorporation date to the period ended
31 December 2019**
PHP (or HK\$ equivalent)
(Unaudited)

Net loss before taxation	approximately PHP Nil (or equivalent to HK\$ Nil)
Net loss after taxation	approximately PHP Nil (or equivalent to HK\$ Nil)

Based on the unaudited financial statements of MCSI as at 31 December 2019 prepared in accordance with the GAAP in Philippines, the unaudited net asset value of MCSI as at 31 December 2019 amounted to approximately PHP2,500,000,000 (or equivalent to approximately HK\$370,000,000).

INFORMATION OF ABG

ABG is a company incorporated under the Laws of the Republic of the Philippines with limited liability, which is ultimately owned as to more than 75% by an individual independent third party. It is principally engaged in investment. As at the date of this announcement, ABG owns approximately 75.1% of the equity interest in Infradev, and indirectly own approximately 75.1% of the equity interest in MCSI.

INFORMATION OF INFRADEV

Infradev is a company incorporated under the laws of the Republic of the Philippines and whose shares are listed on the Philippines Stock Exchange, Inc. As at the date of this announcement, it is owned as to approximately 75.1% by ABG. Infradev is principally engaged in real estate development and infrastructure projects. As at the date of this announcement, Infradev is the sole shareholder of MCSI.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Board has been actively seeking new investment opportunities within and outside the PRC (which is expected to be within the regions along the PRC's Belt and Road Initiative). The Directors consider that the Transactions represent attractive overseas investment opportunities to the Group and will bring lucrative investment return to the Group.

The Board expects that the Transactions will enable the Group to cooperate with the local Philippine government and corporate entities in the property development sector and facilitate the Group's expansion of property development business in overseas market. Further, the partnering with ABG and Infradev to carry out the Project allow the parties to synergize with each other and the Group can also benefit from ABG's and Infradev's extensive experience and resources in property development projects. The Directors are of the view that the Transactions align with the strategic business plans of the Group and will place the Group in a more competitive position in the infrastructure and property development industry and in the long run, enhance the earning capability of the Group.

The Directors are of the view that the terms of the Transaction Documents are normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Assignment and the Subscription are more than 5% but all of them are less than 25%, the Assignment and the Subscription constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements under the Listing Rules, and is exempted from circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following terms have the meanings set out below:

“10-Hectare Acquired Land”	the land with total area of approximately ten (10) hectares located in Makati City, Philippines to be constructed, operated and maintained by MRTD for the Project
“15-Hectare Acquired Land”	the land with total area of approximately fifteen (15) hectares located in Makati City, Philippines to be acquired, constructed, operated and maintained by MCSI or other party MCSI may designate for the Project
“ABG”	Aggregate Business Group (ABG) Holdings Inc., a company incorporated in the Philippines, with limited liability
“Assignment”	the assignment of the Assignment Shares by Infradev in favour of the Subscriber (or its designee) pursuant to the terms of the Share Purchase Agreement
“Assignment Shares”	15,000,000 common shares of MCSI with a par value of PHP100 per common share subscribed but unpaid up by Infradev to be assigned to the Subscriber pursuant to the terms of the Share Purchase Agreement
“BIR”	the Bureau of Internal Revenue of the Philippines
“Board”	the board of the Company
“Business Day”	any day on which commercial banks are not authorized or required by applicable law to be closed in Makati City, the Philippines

“Credit Facility”	has the meaning ascribed thereto in the paragraph headed “Subscriber Covenants” in this announcement
“Company”	Redco Properties Group Limited (力高地產集團有限公司*), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 1622)
“Consortium”	the consortium led by Infradev to undertake the Project pursuant to the Makati Joint Venture Agreement
“Developer”	collectively, the Subscriber and ABG, and after incorporation of MRTD, MRTD
“Development Agreement”	the transit oriented development agreement dated 18 February 2020 entered into by and among the Subscriber, ABG and MCSI in relation to the construction, establishment, management and operation of the Project
“Director(s)”	the director(s) of the Company
“EBITDA”	the earnings before interest, tax depreciation and amortization
“Effective Date”	the date on which MCSI receives either (i) a letter or notification from the PCC acknowledging the receipt of the letter of non-coverage (if the Share Purchase Agreement is not covered by the compulsory notification under the Philippine Competition Act); or (ii) a decision of no further action or non-objection of the PCC or the period for review lapses without any PCC decision having been issued (if the Share Purchase Agreement is covered by compulsory notification under the Philippine Competition Act)
“First Payment”	has the meaning ascribed thereto in the paragraph headed “Subscription Price” in this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency in Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Infradev”	Philippine Infradev Holdings, Inc., formerly known as IRC Properties, Inc. a company incorporated under the laws of the Republic of the Philippines and the shares of which are listed on the Philippine Stock Exchange, Inc.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	has the meaning ascribed thereto in the paragraph headed “Conditions Precedent to payment of the First Payment and the Second Payment” in this announcement
“Makati City Government”	the local government unit of Makati City, Philippines
“Makati Joint Venture Agreement”	the joint venture agreement dated 30 July 2019 entered into between, among others, Infradev as the lead proponent of the Consortium and Makati City Government for the construction, establishment, management and operation, directly or indirectly, the Makati Subway System as well as the corresponding TOD
“Makati Properties”	the twelve pieces of land with a total area of approximately 78,704 square meters located in Makati City, Philippines
“Makati Subway System”	the approximately 7.95 kilometer rail transit system, with up to 7 strategically-located stations within Makati City, Philippines to be developed pursuant to the Makati Joint Venture Agreement
“MCSI”	Makati City Subway, Inc., the corporate vehicle incorporated in the Philippines pursuant to the Makati Joint Venture Agreement
“MCSI Shareholders’ Agreement”	the shareholders’ agreement dated 18 February 2020 entered into by and among Infradev, the Subscriber and MCSI in respect of the governance and capitalization of MCSI

“MRTD Shareholders’ Agreement”	the shareholders’ agreement dated 18 February 2020 entered into between ABG and the Subscriber in respect of the governance of MRTD
“MRTD”	Makati Redco Transit Development Corporation, the joint venture company to be established in the Philippines by the Subscriber and ABG, which upon incorporation, will be held as to 51% by the Subscriber and 49% by ABG
“PCC”	the Philippine Competition Commission
“PHP”	Philippine peso, the lawful currency of the Philippines
“PRC”	the People’s Republic of China
“Project”	the construction, normal operation and management of the Makati Subway System as well as the corresponding TOD in accordance with City Ordinance No. 2014-051, as amended, otherwise known as the City of Makati PPP Code, and as authorized under City Ordinance No. 2019-A-020
“Required Land”	the land with a total area of approximately 32 hectares located in Makati City, Philippines owned and to be acquired by MCSI, for the development of the Project, which includes the Makati Properties, the 10-Hectare Acquired Land and the 15-Hectare Acquired Land
“SEC”	the Securities and Exchange Commission
“Second Payment”	has the meaning ascribed thereto in the paragraph headed “Subscription Price” in this announcement
“Share(s)”	ordinary share(s), with nominal value of HK\$0.05 each in the issued share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company

“Share Purchase Agreement”	the share purchase agreement dated 18 February 2020 entered into by and among the Subscriber, MCSI and Infradev pursuant to which, among other things, (i) Infradev conditionally agreed to assign, transfer and convey the Assignment Shares to the Subscriber (or its designee), and the Subscriber (or its designee) conditionally agreed to accept such assignment, in the consideration of US\$30,000,000; and (ii) the Subscriber conditionally agreed to subscribe for, and MCSI conditionally agreed to issue and allot, the Subscription Shares at the Subscription Price
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Hong Kong Binjiang Industrial Limited, a company incorporated in Hong Kong and a subsidiary of the Company
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the terms of the Share Purchase Agreement
“Subscription Price”	US\$72,000,000 (or its equivalent), the aggregate subscription price for the Subscription Shares
“Subscription Shares”	36,000,000 primary common shares of MCSI to be allotted and issued to the Subscriber pursuant to the terms of the Share Purchase Agreement
“Subway Station Activities”	the activities in the subway stations located on the Required Land such as, but not limited to, ticketing and platform activities, and including commercial activities such as, but not limited to, sale or leasing of commercial spaces and advertising
“TOD”	the topside development, development air rights and/or transit oriented development corresponding to the Makati Subway System
“Transactions”	the Assignment and the Subscription pursuant to the Share Purchase Agreement, the participation in the development of the Project pursuant to the Development Agreement and the transactions contemplated thereunder

“Transaction Documents”	the Share Purchase Agreement, the MCSI Shareholders’ Agreement, the MRTD Shareholders’ Agreement, the Development Agreement and other documents contemplated thereunder
“US\$”	United States Dollar, a lawful currency of the United States of America
“%”	per cent.

For the purpose of this announcement, unless the context otherwise requires or expressly specified, conversion of PHP into HK\$ is based on the approximate exchange rate of PHP1 to HK\$0.148 Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ or PHP has been, could have been or may be converted at such or any other rate or at all.

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

Hong Kong, 18 February 2020

As at the date of this announcement, the executive directors of the Company are Mr. Wong Yeuk Hung, Mr. Huang Ruoqing, Mr. Tang Chengyong and Mr. Wang Weifeng; and the independent non-executive directors of the Company are Dr. Wong Yau Kar, David GBS, BBS, JP, Mr. Chau On Ta Yuen SBS, BBS and Mr. Yip Tai Him.

** For identification purpose only*