HONG KONG INTERNATIONAL CONSTRUCTION INVESTMENT MANAGEMENT GROUP CO., LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code : 687)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board of directors of Hong Kong International Construction Investment Management Group Co., Limited (the "Company") ("Board of Directors") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2017. Pursuant to a resolution of the Directors passed on 20 September 2016, the financial year end date of the Company was changed from 31 March to 31 December effective from 31 December 2016. The unaudited consolidated results of the Group therefore covered a 6-month period from 1 January 2017 to 30 June 2017 together with comparative figures for a 6-month period from 1 April 2016 to 30 September 2016. During the period under review, the Group recorded a turnover of HK$1,835 million (30 September 2016: HK$1,967 million) and achieved a profit attributable to ordinary equity holders of the Company of HK$54 million (30 September 2016: HK$46 million), representing HK$0.04 per ordinary share of the Company ("Share") (30 September 2016: HK$0.05 per Share (restated)).

Business Review

Foundation Piling

For the period under review, turnover of the Group's Foundation Division increased by 13% to HK$1,460 million while contribution to net profit decreased by 15% to HK$121 million as compared to the corresponding period last year. EBITDA of the Division decreased by 15% to HK$146 million compared to the same period last year (30 September 2016: HK$172 million). The overall EBITDA margin for the segment decreased by 3% from 13% to 10% for the period under review. Major contracts on hand include, inter alia, the public housing developments in Wong Tai Sin, Pak Tin Estates and Fanling, private residential developments in Tseung Kwan O, Kwun Tong, North Point, Pak Shek Kok, and commercial developments in Wong Chuk Hang, Kwun Tong, Pak Shek Kok and Yuen Long.

Property Development

The Waterfront in Shanghai

For the period under review, the Group's residential project in Shanghai, The Waterfront, recognized HK$4 million as revenue as compared to HK$28 million in the corresponding period last year.

The unsold area of The Waterfront as at 30 June 2017 is outlined below:

- Residential: About 1,000 sqm;
- Car Park: About 11 car park units;
- Non-Residential: About 4,800 sqm, representing primarily street front retail shops and a historic building.

The non-residential area has all been leased out and the remaining residential duplexes have been put on the market for those pursuing quality city living.

The Riverside in Tianjin

The Group's residential project in Tianjin, The Riverside, comprises 6 towers with a total gross floor area ("GFA") of about 75,000 sqm.

For the period under review, The Riverside, recognized revenue of HK$41 million as compared to HK$465 million in the same period last year. The whole project is expected to be sold out soon.

The unsold area of The Riverside as at 30 June 2017 is outlined below:

- Car Park: About 25 car park units;
- Non-Residential: About 3,900 sqm, representing primarily street front retail shops and The Riverside's clubhouse.

The Pinnacle in Shenyang

The Group's project in Shenyang is located in Huanggu District with a site area of 41,209 sqm comprising residential and commercial development of aggregate GFA of about 165,000 sqm. The Pinnacle recognized revenue of HK$303 million for the period under review.

Construction works had been substantially completed and handover of the units to the buyers commenced in mid-September 2016. As the available units are ready for inspection and occupancy, it is expected that the confidence of our potential customers will increase and hence improve the pace of sale in 2017.

The unsold area of The Pinnacle as at 30 June 2017 is outlined below:

- Residential: About 47,000 sqm;

- Car Park: About 922 car park units;

- Non-Residential: About 62,665 sqm, comprising a shopping mall and an office block.

EBITDA for the property development segment decreased by 76%, from HK$214 million to HK$50 million and the overall EBITDA margin decreased by 18% from 32% to 14% for the period under review.

Property Investment and Management

Turnover of the Group's Property Investment and Management Division during the period under review maintained at HK$1 million compared to the corresponding period last year.

Fund Raising Activities

The Company has diversified its business operations and expanded its business to include more substantive property investment and development in Hong Kong through its acquisition of two parcels of land, the New Kowloon Inland Lot no. 6563 & New Kowloon Inland Lot no. 6564. The acquisitions of the said land parcels had been financed by the Group's internal resources, bank borrowings as well by way of shareholder's loans from HNA Finance I Co., Ltd. ("HNA Finance I"), the Group's controlling shareholder. In view of the Company's financing needs, the Board has considered various fund raising options. The Company has proceeded with the rights issue (the "Rights Issue"). Pursuant to the Rights Issue, the Company issued 2,268,331,806 rights shares at the subscription price of HK$4.08 per rights share based on two rights share for every one existing share in issue on 26 May 2017. Out of the net proceeds of HK$9,250 million raised, about HK$6,931 million was used to set off against the amount due from the Company to HNA Finance I on a dollar-to-dollar basis upon the completion of the Rights Issue in June 2017, and about HK$312 million was used to repay the Group's bank loans up to 30 June 2017. For details of the Rights Issue, please refer to the Company's announcements dated 28 March 2017, 27 April 2017 and 19 June 2017, the circular dated 29 April 2017 and the prospectus dated 29 May 2017.

Medium Term Note Programme

The Company announced on 7 April 2017 that Silverbell Asia Limited (the "Issuer"), a wholly-owned subsidiary of the Company, has established the USD1,000,000,000 guaranteed medium term note programme (the "MTN Programme") under which it may offer and issue notes (the "Notes") in tranches of an aggregate principal amount of up to USD1,000,000,000 (or its equivalent in other currencies) to professional investors only. Under the MTN Programme, the Issuer may from time to time issue the Notes which are unconditionally and irrevocably guaranteed by the Company.

It was announced on 17 August 2017 that the Company and the Issuer agreed with Guotai Junan Securities (Hong Kong) Limited to carry out a drawdown under the MTN Programme and issued the drawdown notes in an aggregate amount of HK$220,000,000, 7% guaranteed notes due 2020 (the "Drawdown Notes"), which were exempted from, and not subject to, the registration requirements under the U.S. Securities Act. The Drawdown Notes are denominated in Hong Kong dollars and unconditionally and irrevocably guaranteed by the Company. The gross proceeds from the Drawdown Notes will be used for general corporate purposes of the Group.

Increase Authorised Share Capital

On 18 May 2017, the Company had increased the authorised share capital of the Company from HK$200 million divided into 2,000,000,000 ordinary shares of par value of HK$0.10 each to HK$600 million divided into 6,000,000,000 ordinary shares of par value of HK$0.10 each by creation of an additional 4,000,000,000 ordinary shares.

Prospects

Foundation piling and construction

In respect of the foundation piling and construction business, competition is expected to remain keen in the near future due to the growing number of market players and reduced available projects. Profit margins as a whole have been negatively affected given market factors such as labour shortages, rising operating costs and intensification of competition, causing an impact on segment results for the foundation piling business of the Group. This trend is expected to affect the Group's financial results for the financial year ending 31 December 2017.

Property development

In respect of the property development business in the PRC, tightening policies which include expanding home purchase restrictions and raising the minimum down payment for mortgage, have caused overall property market sentiment to weaken. The tightening policies have slowed down the average price growth for new homes in first and second tier cities, while the policies implemented in third and fourth tier cities are different and focus on reducing existing inventories. As such, the

Shenyang market has remained stable. The sales of remaining residential properties of the Shenyang project (The Pinnacle) are expected to remain steady due to The Pinnacle's differentiation in terms of quality and value. Looking at the overall development of the PRC property market, it is expected that the tight regulation will continue in the second half of 2017 to ensure the stability of the PRC property market and new home prices are expected to remain stable due to the steady growth of China's economy.

In respect of the property development business in Hong Kong, the HK Government implemented another round of property cooling measures in May 2017 as the Hong Kong Monetary Authority ordered banks to tighten credit assessments and cut loan amounts that banks can extend for properties sector with effect from 1 June 2017. The impact was short-lived as residential sales rebounded and home prices continued its upward trend for 14 months ended June 2017. Due to the trend of rising interest rates, combined with the impact of increasing housing supply in the next few years, we may expect a slowdown in residential price growth. The Group notes that competition in the real estate industry in Hong Kong is highly severe and may be further intensified as a result of any future government land supply policies and measures. Despite the fierce competition, the Hong Kong residential market still offers better opportunity when compared with highly contested PRC markets. The Group will explore more property development and related project management opportunities in Hong Kong and consider the viability of each project on its own merits with reference to the prevailing market conditions. According to the latest plan of the Group, the developments of the land parcels known as New Kowloon Inland Lot No. 6563 and No. 6564 are expected to provide approximately 1,200 units and presales could start by the end of 2019.

The Group will continue with its existing business developments as well as continue to maintain a prudent investment strategy and strive to strengthen the return to its shareholders. Regarding the proposal of the PRC government to develop "the Belt and Road" development strategy and the development of Guangdong-Hong Kong-Macau Bay Area, the Group will rely on its experience in the PRC, Hong Kong and Macau to bring on its advantageous position, and continue to seize suitable opportunities, including leveraging on synergies with its shareholder(s), to enhance growth potential of the Group.

Financial Review

The Group continues to adopt a prudent financial policy and sustain a sound capital structure with healthy cashflow. As at 30 June 2017, the Group's cash on hand was approximately HK$2,762 million (31 December 2016: HK$1,858 million) while total assets and net assets (after deducting non-controlling interests) were approximately HK$19,264 million (31 December 2016: HK$5,527 million) and HK$12,200 million (31 December 2016: HK$2,949 million), respectively. As at 30 June 2017, the Group's net current assets amounted to HK$11,856 million (31 December 2016: HK$2,830 million). As at 30 June 2017, the Group's net debt balance and net debt to equity (including non-controlling interests) ratio were HK$2,783 million and 23% respectively, while the Group recorded a net cash balance of HK$1,383 million as at 31 December 2016. Contingent liabilities in relation to guarantees of performance bonds decreased from HK$344 million as at 31 December 2016 to HK$318 million as at 30 June 2017 while guarantees for end user mortgage loans amounted to HK$87 million (31 December 2016: HK$42 million). Certain of the Group's assets with a book value of approximately HK$13,182 million have been pledged to secure certain banking facilities of the Group. The Group's bank borrowings were primarily denominated in Hong Kong dollars. Currency exposure has been monitored and forward contracts will be considered as required.

Employment and Remuneration Policies

The Group, including its subsidiaries in Hong Kong, Macau and the PRC, employed approximately 1,141 employees as at 30 June 2017. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Fringe benefits include provident fund, medical insurance and training. In addition, share options may also be granted in accordance with the terms of the Group's approved share option scheme.

Interim Dividend

The Board of Directors has resolved not to declare an interim dividend (period ended 30 September 2016: Nil) for the six months ended 30 June 2017.

Consolidated Statement of Profit or Loss

	Notes	Six months ended 30 June 2017 HK$'000 Unaudited	30 September 2016 HK$'000 Unaudited
REVENUE	3	**1,834,973**	1,966,962
Cost of sales		**(1,692,454)**	(1,541,434)
Gross profit		**142,519**	425,528
Other income and gains	4	**19,768**	24,943
Selling expenses		**(18,066)**	(20,888)
Administrative expenses		**(40,150)**	(37,702)
Management incentive bonus	5	**—**	(192,408)
Changes in fair value of investment properties		**19,685**	20,170
Other expenses, net		**(20,615)**	(4,177)
Finance costs		**(10,162)**	(4,778)
PROFIT BEFORE TAX	5	**92,979**	210,688
Income tax expense	6	**(39,106)**	(173,380)
PROFIT FOR THE PERIOD		**53,873**	37,308
Attributable to:			
Ordinary equity holders of the Company		**54,440**	46,018
Non-controlling interests		**(567)**	(8,710)
		53,873	37,308
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		(restated)
Basic		**HK4.06 cents**	HK4.79 cents
Diluted		**N/A**	N/A

Consolidated Statement of Comprehensive Income

	Six months ended	
	30 June	30 September
	2017	2016
	HK$'000	*HK$'000*
	Unaudited	*Unaudited*
PROFIT FOR THE PERIOD	**53,873**	37,308
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
Other comprehensive income/(expenses) to be reclassified to profit or loss in subsequent periods:		
Exchange difference on translation of foreign operations	**53,693**	(58,369)
OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD, NET OF TAX	**53,693**	(58,369)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD	**107,566**	(21,061)
Attributable to:		
Ordinary equity holders of the Company	**108,133**	(12,351)
Non-controlling interests	**(567)**	(8,710)
	107,566	(21,061)

Consolidated Statement of Financial Position

	Notes	**As at 30 June 2017** ***HK$'000*** ***Unaudited***	As at 31 December 2016 *HK$'000* *Audited*
NON-CURRENT ASSETS			
Property, plant and equipment	9	**267,200**	296,983
Investment properties		**215,701**	189,250
Prepayments, deposits and other receivables		**1,922**	4,143
Interests in an associate		**—**	—
Other assets		**1,080**	1,080
Available-for-sale investment		**1,149**	1,112
Derivative financial instrument		**19,973**	39,721
Deferred tax assets		**1,347**	52,456
Total non-current assets		**508,372**	584,745
CURRENT ASSETS			
Properties under development		**13,031,333**	14,286
Inventories		**22,993**	16,511
Properties held for sale		**1,670,086**	1,883,003
Amounts due from customers for contract works		**313,963**	295,893
Trade and retention receivables	10	**868,464**	797,878
Prepayments, deposits and other receivables		**69,925**	70,670
Tax prepaid		**16,801**	5,523
Pledged bank balance		**707**	—
Cash and cash equivalents		**2,761,658**	1,858,448
Total current assets		**18,755,930**	4,942,212

Consolidated Statement of Financial Position (continued)

	Notes	**As at 30 June 2017** **HK$'000** ***Unaudited***	As at 31 December 2016 *HK$'000* *Audited*
CURRENT LIABILITIES			
Trade and retention payables and accruals	11	**957,288**	977,666
Other payables, deposits received and receipts in advance		**43,485**	145,223
Amounts due to customers for contract works		**296,890**	419,304
Deposits received		**104,932**	98,267
Interest-bearing bank borrowings		**5,185,537**	127,777
Loan from an intermediate holding company		**287,325**	—
Tax payable		**24,953**	343,624
Total current liabilities		**6,900,410**	2,111,861
NET CURRENT ASSETS		**11,855,520**	2,830,351
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,363,892**	3,415,096
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**72,465**	347,433
Deferred tax liabilities		**91,180**	107,933
Total non-current liabilities		**163,645**	455,366
Net assets		**12,200,247**	2,959,730
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	12	**340,249**	113,416
Reserves		**11,859,984**	2,835,955
		12,200,233	2,949,371
Non-controlling interests		**14**	10,359
Total equity		**12,200,247**	2,959,730

1. Corporate information

Hong Kong International Construction Investment Management Group Co., Limited (the "Company") is a limited liability company incorporated in Bermuda. The head office and principal place of business of the Company is at 20th Floor, One Island South, No.2 Heung Yip Road, Wong Chuk Hang, Hong Kong. The Company and its subsidiaries (the "Group") is principally engaged in foundation piling and site investigation, property development and property investment and management. The Company's shares ("Shares") are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The holding company of the Company is HNA Finance I Co., Ltd., a company incorporated in Anguilla with limited liability and ultimately controlled by Hainan Province Cihang Foundation.

The financial year end date of the Company has been changed from 31 March to 31 December commencing from the financial period ended 31 December 2016. Accordingly, this set of interim results covers the six months period from 1 January 2017 to 30 June 2017 while the financial data of the previous interim reporting period was from 1 April 2016 to 30 September 2016. The corresponding comparative amounts presented for the consolidated statement of profit or loss, the consolidated statement of comprehensive income and related notes, which are prepared for the six months ended 1 April 2016 to 30 September 2016, may not be comparable with amounts shown for the current period.

2. Basis of preparation and accounting policies

The unaudited interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and should be read in conjunction with the financial statements for the nine months ended 31 December 2016.

The accounting policies used in the preparation of the unaudited interim financial statements are consistent with those adopted in the financial statements for the nine months ended 31 December 2016, except for adoption of the following revised standards, amendments and interpretations issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2017.

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*

The Group has assessed the adoption of the revised HKFRSs and considered that there had no significant financial effect on the results and financial position of the Group for the current and prior accounting periods.

2. **Basis of preparation and accounting policies** (continued)

The Group has not early adopted any new accounting and financial reporting standards, amendments to existing standards and interpretations which have been issued but are not yet effective. The Group is in the process of making an assessment of the impact of these new and revised standards, amendments and interpretations and does not anticipate that the adoption will result in any material impact on the Group's results of operations and financial position.

For the financial period beginning on 1 January 2017, the Group has adopted the change in accounting policy on the classification of properties under development. Before the change in accounting policy, properties under development, which have either been pre-sold or which are intended for sale and are expected to be completed within one year from the end of the reporting period are classified as current assets. For the financial period beginning on 1 January 2017, properties under development, which no matter have been pre-sold or not and no matter are expected to be completed within one year from the end of the reporting period, are classified as current assets. Such change of accounting policy has no impact to the total of non-current assets and current assets as at 31 December 2016 and 1 April 2016 as there were no properties under development, which were expected to be completed beyond one year as at 31 December 2016 and 1 April 2016.

The unaudited condensed interim financial statements were approved and authorised for issue by the Board of Directors on 25 August 2017.

3. Segment information

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provided. Operating segments are reported in a manner consistent with internal reporting to the Company's key management personnel.

For the six months ended 30 June 2017

	Foundation piling *HK$'000*	Property development *HK$'000*	Property investment and management *HK$'000*	Corporate and others *HK$'000*	Elimination *HK$'000*	Consolidated *HK$'000*
Segment revenue:						
Sales to external customers	1,460,168	348,611	1,310	24,884	—	1,834,973
Intersegment sales	—	—	—	1,815	(1,815)	—
Other income and gains	5,192	6,002	—	953	—	12,147
Total	1,465,360	354,613	1,310	27,652	(1,815)	1,847,120
Segment results	120,973	44,242	(8,605)	(41,083)	—	115,527
Interest income						7,621
Fair value loss on derivative instrument – transaction not qualifying as hedge						(20,007)
Finance costs						(10,162)
Profit before tax						92,979
Income tax expense						(39,106)
Profit for the period						53,873

3. **Segment information** (continued)

For the six months ended 30 September 2016

	Foundation piling *HK$'000*	Property development *HK$'000*	Property investment and management *HK$'000*	Corporate and others *HK$'000*	Elimination *HK$'000*	Consolidated *HK$'000*
Segment revenue:						
Sales to external customers	1,289,424	660,081	1,469	15,988	—	1,966,962
Intersegment sales	—	—	—	—	—	—
Other income and gains	295	6,547	272	896	—	8,010
Total	1,289,719	666,628	1,741	16,884	—	1,974,972
Segment results	191,616	258,765	(7,134)	(46,154)	—	397,093
Management incentive bonus	(48,797)	(48,102)	—	(95,509)	—	(192,408)
Interest income						4,576
Fair value gain on derivative instrument – transaction not qualifying as hedge						6,205
Finance costs						(4,778)
Profit before tax						210,688
Income tax expense						(173,380)
Profit for the period						37,308

4. Other income and gains

	Six months ended	
	30 June	30 September
	2017	2016
	HK$'000	*HK$'000*
Interest income	**7,621**	4,576
Gain on disposal of items of property, plant and equipment	**3,279**	5,977
Gain on disposal of a subsidiary	**—**	126
Management service income	**206**	209
Fair value gain on derivative instrument - transaction not qualifying as hedge	**—**	6,205
Subsidy income*	**—**	207
Foreign exchange gains, net	**4,989**	—
Others	**3,673**	7,643
	19,768	24,943

* There are no unfulfilled conditions or contingencies relating to this income.

5. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended	
	30 June	30 September
	2017	2016
	HK$'000	*HK$'000*
Depreciation	**33,721**	38,305
Fair value loss/(gain), net on derivative instrument - transaction not qualifying as hedge*	**20,007**	(6,205)
Gain on disposal and write-off of items of property, plant and equipment*	**(3,279)**	(5,977)
Write-down of inventories to net realisable value*	**—**	40
Write-back of impairment of other receivables*	**—**	(51)
Finance costs	**10,162**	4,778
Management incentive bonus#	**—**	192,408

* These amounts are included in "Other income and gains" or "Other expenses, net" in the consolidated statement of profit or loss.

\# The Company adopted an incentive scheme in favour of its executive directors and senior management. The management incentive bonus was calculated by reference to dividends declared by the Company and in the event that there was a change in control of the Company, unvested rights in this incentive scheme will vest immediately and no further grants would be made but an aggregate payment equal to 4.5% of the value of the Company would be made to the participants in that incentive scheme. The change of the controlling shareholder of the Company, which was completed on 30 June 2016, triggered an aggregate payment of approximately HK$197,981,000 under the incentive scheme, out of which HK$192,408,000 was recorded as an expense for the period ended 30 September 2016.

6. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (period ended 30 September 2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere in the People's Republic of China ("PRC") have been calculated at the applicable tax rates prevailing in the areas in which the Group operates.

	Six months ended	
	30 June 2017	30 September 2016
	HK$'000	*HK$'000*
Current:		
Provision for tax in respect of profit for the period:		
PRC:		
Hong Kong	**24,585**	28,175
Elsewhere	**10,678**	142,037
	35,263	170,212
Overprovision in the prior years:		
PRC:		
Hong Kong	**(20)**	—
Elsewhere	**(52,542)**	(4,880)
	(52,562)	(4,880)
Deferred tax	**56,405**	8,048
Total tax charge for the period	**39,106**	173,380

7. Dividend

	Six months ended	
	30 June	30 September
	2017	2016
	HK$'000	*HK$'000*
Interim dividend – Nil (period ended 30 September 2016: Nil)	**—**	—

8. Earnings per share attributable to ordinary equity holders of the Company

The calculation of the basic earnings per share amount is based on the profit for the period ended 30 June 2017 attributable to ordinary equity holders of the Company of HK$54,440,000 (period ended 30 September 2016: HK$46,018,000), and the weighted average number of ordinary shares of 1,341,071,368 (period ended 30 September 2016: restated as 961,047,713) in issue during the period. The weighted average number of shares in issue for both periods ended 30 June 2017 and 30 September 2016 used in the basic earnings per share calculation have been adjusted or restated to reflect the effect of the rights issue completed in June 2017.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2017 and 30 September 2016.

9. Property, plant and equipment

During the period, the Group acquired property, plant and equipment with a cost of HK$4,589,000 (period ended 30 September 2016: HK$12,089,000). Property, plant and equipment with a net book value of HK$813,000 were disposed of and written off by the Group during the period ended 30 June 2017 (period ended 30 September 2016: HK$660,000) resulting in a net gain on disposal/written off of HK$3,279,000 (period ended 30 September 2016: net gain of HK$5,977,000).

10. Trade and retention receivables

The Group has established credit policies that follow local industry standards. The average normal credit periods offered to trade customers other than for retention receivables are within 30 days, and are subject to periodic review by management. In view of the aforementioned and the fact that the Group's trade and retention receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and retention receivable balances. Trade and retention receivables are non-interest-bearing.

	As at 30 June 2017	As at 31 December 2016
	HK$'000	*HK$'000*
Trade and retention receivables	**868,493**	797,907
Impairment	**(29)**	(29)
	868,464	797,878

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	As at 30 June 2017	As at 31 December 2016
	HK$'000	*HK$'000*
Trade receivables:		
Within 90 days	**612,770**	525,746
91 to 180 days	**670**	102
181 to 360 days	**268**	481
Over 360 days	**293**	10,392
	614,001	536,721
Retention receivables	**254,463**	261,157
	868,464	797,878

Included in the trade and retention receivables is an amount due from a related company of HK$2,270,000 (31 December 2016: HK$7,284,000), which is repayable on credit terms similar to those offered to the major customers of the Group.

11. Trade and retention payables and accruals

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2017	As at 31 December 2016
	HK$'000	*HK$'000*
Trade payables:		
Within 90 days	**283,039**	334,403
91 to 180 days	**151**	33
Over 180 days	**481**	347
	238,671	334,783
Retention payables	**174,995**	157,899
Accruals	**498,622**	484,984
	957,288	977,666

12. Share capital

	As at 30 June 2017	As at 31 December 2016
	HK$'000	*HK$'000*
Authorised:		
6,000,000,000 (31 December 2016: 2,000,000,000) ordinary shares of HK$0.10 each	**600,000**	200,000
Issued and fully paid:		
3,402,497,709 (31 December 2016: 1,134,165,903) ordinary shares of HK$0.10 each	**340,249**	113,416

Pursuant to an ordinary resolution passed at the special general meeting of the Company on 18 May 2017, the authorised share capital of the Company was increased from HK$200,000,000 divided into 2,000,000,000 of HK$0.10 each to HK$600,000,000 divided into 6,000,000,000 of HK$0.10 each by creation of 4,000,000,000 additional ordinary shares of HK$0.10 each, ranking pari passu in all respects with the existing shares of the Company.

12. Share capital (continued)

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital** *HK$'000*	**Share premium account** *HK$'000*	**Total** *HK$'000*
At 1 April 2016	874,665,903	87,466	—	87,466
Issue of shares (note 1)	259,500,000	25,950	1,032,810	1,058,760
Share issue expenses	—	—	(660)	(660)
At 31 December 2016 and 1 January 2017	1,134,165,903	113,416	1,032,150	1,145,566
Issue of shares (note 2)	**2,268,331,806**	**226,833**	**9,027,961**	**9,254,794**
Share issue expenses	**—**	**—**	**(5,427)**	**(5,427)**
At 30 June 2017	**3,402,497,709**	**340,249**	**10,054,684**	**10,394,933**

Notes:

1. 259,500,000 shares were issued for cash at a subscription price of HK$4.08 per share for a total cash consideration, before expenses, of HK$1,058,760,000.

2. In June 2017, the Company completed the rights issue of 2,268,331,806 ordinary shares of HK$0.10 each on the basis of two rights shares for every one share held of the Company at a subscription price of HK$4.08 per rights share (the "Rights Issue"). The net proceeds from the Rights Issue was approximately HK$2,318,197,000, after setting off an amount of HK$6,931,170,000 (being the subscription price receivable for rights shares subscribed by the Company's immediate holding company) against the amount owed by the Company to the immediate holding company and deduction of share issue expenses of approximately HK$5,427,000.

13. Contingent liabilities

(a)

	As at 30 June 2017	As at 31 December 2016
	HK$'000	*HK$'000*
Guarantees in respect of performance bonds in relation to subsidiaries	**317,973**	343,537

(b) As at 30 June 2017, the Group provided guarantees in respect of mortgage facilities granted by Shenyang Housing Fund Management Center relating to the mortgage loans arranged for purchases of certain properties developed by a subsidiary of the Company and the outstanding mortgage loans under these guarantees amounted to HK$86,853,000 (31 December 2016: HK$42,196,000).

14. Commitments

	As at 30 June 2017	As at 31 December 2016
	HK$'000	*HK$'000*
(a) Property, plant and equipment:		
– contracted, but not provided for	**—**	151
(b) Commitments in respect of construction works relating to properties held for sale:		
– contracted, but not provided for	**356**	273
(c) Commitments under non-cancellable operating leases for land and buildings and machinery to make payments:		
Within one year	**26,080**	25,509
In the second to fifth years, inclusive	**21,543**	28,643
	47,623	54,152

15. Acquisition of additional interests in a subsidiary

On 19 April 2016, the Company, Fortunate Pool Limited and Mr. Fung Chiu Chak Victor ("Mr. Fung") entered into a sale and purchase agreement, pursuant to which the Company agreed to purchase and Fortunate Pool Limited agreed to sell 40% equity interest in Tysan Foundation (Hong Kong) Limited ("TFHKL"), a non-wholly owned subsidiary of the Company (the "Foundation Transaction"). Fortunate Pool Limited, which is wholly-owned by Mr. Fung, an executive director of the Company, is the then non-controlling shareholder of 40% issued shares of TFHKL.

The Foundation Transaction took place in two phases. Phase 1 of the Foundation Transaction was completed on 4 July 2016 when the Company paid cash of HK$732,192,000 to acquire 35% equity interest in TFHKL ("Phase 1 Transaction"). Immediately after the completion of Phase 1 Transaction, the Company's equity interest in TFHKL increased from 60% to 95%. Such transaction was accounted for as an equity transaction and the debit difference of HK$694,919,000 between the consideration of HK$732,192,000 and the carrying amount of the non-controlling interest of HK$37,273,000 was recorded in the retained profits in the equity during the period ended 30 September 2016.

As at 31 December 2016, Phase 2 of the Foundation Transaction was accounted for as forward contract to acquire the shares held by the non-controlling interests in a subsidiary. The consideration payable of HK$104,598,000 was recognised as other payable and the corresponding debit was made to forward equity contract in the equity.

Phase 2 of the Foundation Transaction, in which the Company paid cash of HK$104,598,000 to acquire the remaining 5% equity interest in TFHKL ("Phase 2 Transaction"), was completed on 27 April 2017. Immediately following the completion of Phase 2 Transaction, TFHKL became a wholly-owned subsidiary of the Company. Such transaction was accounted for as an equity transaction and the debit difference of HK$97,820,000 between the consideration of HK$104,598,000 and the carrying amount of the non-controlling interest of HK$6,778,000 was recorded in the retained profits in the equity during the period ended 30 June 2017.

Further details of the Foundation Transaction have been set out in the Company's announcements dated 19 April 2016, 30 June 2016, 4 July 2016 and 27 April 2017, and circular dated 23 May 2016.

16. Related party transactions

Save as disclosed elsewhere in this announcement, the Group had the following transactions with related parties during the period ended 30 June 2017:

(a) For the period ended 30 June 2017, compensation to key management personnel of the Group amounted to HK$36,962,000 (period ended 30 September 2016: HK$164,238,000).

(b) Details of the Group's balance with a related company as at the end of the reporting period are included in note 10 to this announcement.

During the period ended 30 June 2017, Tysan Building Construction Company Limited ("TBC"), Tysan Engineering (H.K.) Company Limited ("TEHK") and Cando Trading Limited ("Cando"), related companies of the Group, paid rental charge of HK$375,000 (period ended 30 September 2016: HK$347,000), HK$109,000 (period ended 30 September 2016: HK$101,000) and HK$91,000 (period ended 30 September 2016: HK$84,000), respectively, and management fee of HK$134,000 (period ended 30 September 2016: HK$137,000), HK$39,000 (period ended 30 September 2016: HK$39,000) and HK$33,000 (period ended 30 September 2016: HK$33,000), respectively, to the Group. TBC, TEHK and Cando are ultimately controlled by Mr. Fung, who is an executive director of the Company. These transactions were entered into by the Group and its related companies in accordance with the terms of the respective agreements.

(c) During the period ended 30 June 2017, TBC subcontracted foundation works of approximately HK$1,092,000 to the Group, and the Group subcontracted electrical and mechanical engineering works of approximately HK$300,000 and the renovation works of its office premise of approximately HK$2,529,000 to Tysan Project Management Limited, a subsidiary of TBC.

During the period ended 30 September 2016, TBC subcontracted rental and engineering works relating to tower cranes of approximately HK$4,031,000 and foundation works of approximately HK$24,409,000 to the Group.

These transactions were entered into in accordance with the terms of the respective engagements.

(d) During the period ended 30 September 2016, the Group sold a property held for sale to a close family member of one of the key management personnel at a consideration of HK$1,012,000. This property was sold according to prices and conditions similar to those offered to other non-related customers of the Group.

(e) During the periods ended 30 June 2017 and 30 September 2016, Mr. Fung, who is a then beneficial shareholder of certain subsidiaries of the Company through Fortunate Pool Limited, provided personal guarantees to financial institutions in connection with general credit facilities and performance bonds granted to certain subsidiaries of the Company.

17. Events after the reporting period

As at 17 August 2017, Silverbell Asia Limited, the Company's wholly-owned subsidiary has completed offering of notes under the MTN Programme in an aggregate nominal amount of HK$220,000,000 (the "Notes"). The coupon rate of the Notes is 7.0 per cent and the maturity date is 27 July 2020. The Notes are unconditionally and irrevocably guaranteed by the Company.

Corporate Governance

During the period under review, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Rules Governing the Listing of Securities ("Listing Rules") on the Main Board of The Stock Exchange of Hong Kong Limited save for the following deviations:

Code Provision A4.1 stipulates that non-executive directors should be appointed for a specific term subject to re-election.

Non-executive directors of the Company ("Non-executive Directors") and independent non-executive directors of the Company ("Independent Non-executive Directors") are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company ("Bye-laws"). As such, the Board of Directors is of the view that Non-executive Directors and Independent Non-executive Directors do not have to be appointed for a specific term.

Code Provision A4.2 stipulates every director should be subject to retirement by rotation at least once every three years.

According to the Bye-laws, one-third of the directors shall retire from office by rotation at each annual general meeting, provided that notwithstanding anything therein, the chairman of the Board of Directors ("Chairman") and the managing director of the Company ("Managing Director") shall not be subject to retirement by rotation or be taken into account in determining the number of directors to retire. As continuity is a key factor to the successful long term implementation of business plans, the Board of Directors believes that the roles of the Chairman and the Managing Director provide the Group with strong and consistent leadership and allow effective planning and execution of long-term business strategies. As such, the Board of Directors is of the view that the Chairman and the Managing Director should not be subject to retirement by rotation.

Audit Committee

The Group's audit committee ("Audit Committee") comprises five members, Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George, Mr. Li Kit Chee and Mr. Leung Kai Cheung who are Independent Non-executive Directors. The Chairman of the Audit Committee is Mr. Fan Chor Ho.

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control system of the Group, review the Group's financial information, compliance and provide advice and comments to the Board of Directors.

The unaudited condensed interim financial statements of the Group for the six months ended 30 June 2017 have been reviewed by the Audit Committee.

Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding directors' securities transactions. Having made specific enquiry, all the directors of the Company have confirmed that they have fully complied with the required standard set out in the Model Code for the period under review.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period.

By Order of the Board
Hong Kong International Construction
Investment Management Group Co., Limited
Huang Qijun
Chairman

Hong Kong, 25 August 2017

As at the date of this announcement, the executive Directors of the Company are Mr. Huang Qijun, Mr. Zhao Quan, Mr. Fung Chiu Chak, Victor, Mr. Liu Junchun, Mr. Mu Xianyi and Mr. Wong Tai Lun Kenneth; the non-executive Directors of the Company are Mr. Tang King Shing and Mr. Tang Kit; and the independent non-executive Directors of the Company are Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George, Mr. Li Kit Chee and Mr. Leung Kai Cheung.

Company website: www.hkicimgroup.com