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**HONG KONG INTERNATIONAL CONSTRUCTION
INVESTMENT MANAGEMENT GROUP CO., LIMITED**

(Incorporated in Bermuda with limited liability)

(Stock code: 687)

ANNOUNCEMENT

**TERM SHEET IN RELATION TO
THE ISSUE OF CONVERTIBLE BONDS
UNDER GENERAL MANDATE**

On 19 January 2018 (after trading hours), the Company and Shinhan Creative entered into the Term Sheet, pursuant to which, the Company has agreed to issue and Shinhan Creative has agreed to subscribe for the Convertible Bonds in an aggregate principal amount of not less than US\$50,000,000 (equivalent to approximately HK\$390,000,000) and not more than US\$85,000,000 (equivalent to approximately HK\$663,000,000), subject to the terms and conditions to be set forth in the definitive subscription agreement(s).

As the parties have not entered into the definitive subscription agreement(s) in relation to the Convertible Bonds, and the final structure and terms of the Convertible Bonds are still subject to further negotiation between the parties, the final structure and terms of the Issue may deviate from those set out in the Term Sheet. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares or other securities of the Company. The Company will make further announcement when the definitive subscription agreement(s) are executed.

ISSUE OF CONVERTIBLE BONDS

On 19 January 2018 (after trading hours), the Company and Shinhan Creative entered into the Term Sheet, pursuant to which, the Company has agreed to issue and Shinhan Creative has agreed to subscribe for the Convertible Bonds in an aggregate principal amount of not less than US\$50,000,000 (equivalent to approximately HK\$390,000,000) and not more than US\$85,000,000 (equivalent to approximately HK\$663,000,000), subject to the terms and conditions to be set forth in the definitive subscription agreement(s).

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds are set out as follows:

Issuer:	The Company
Subscriber:	Shinhan Creative and/or its permitted assigns and transferees
Bonds:	Bonds convertible into Shares to be issued on application by the Company on or before the Closing Date, subject to the fulfilment or the waiver, as applicable, of the conditions precedent as set out in the definitive subscription agreement(s) to be entered into by and between the parties.
Principal amount:	The aggregate principal amount of not less than US\$50,000,000 (equivalent to approximately HK\$390,000,000) and not more than US\$85,000,000 (equivalent to approximately HK\$663,000,000).
Interest rate:	6.0% per annum payable semi-annually
Maturity date:	36 months following the Bonds Issue Date
Conversion period:	Subject to and upon compliance with the terms and conditions of the Convertible Bonds, the right of the Bondholder(s) to convert any Convertible Bonds into Shares may be exercised at any time during the period starting from the date falling one (1) month after the Closing Date until the Maturity Date.

Conversion Shares: Assuming the Convertible Bonds in the maximum amount of US\$85,000,000 at the Conversion Price are being converted, it shall be converted into approximately 162,500,000 Conversion Shares, representing approximately 4.78% of the existing issued share capital of the Company and approximately 4.56% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The Conversion Shares will be allotted and issued under the General Mandate.

Initial Conversion Price: HK\$4.08 per Conversion Share (subject to anti-dilution protection/adjustments outlined in the Term Sheet).

The initial Conversion Price of HK\$4.08 represents:

- (i) a premium of approximately 72.88% over the closing price of HK\$2.36 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 74.66% over the average of the closing price of Shares of approximately HK\$2.336 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 67.56% over the average of the closing price of Shares of approximately HK\$2.435 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day; and
- (iv) equivalent to the subscription price of the Shares of the rights issue conducted by the Company and completed on 20 June 2017.

Assuming the Convertible Bonds in the maximum amount of US\$85,000,000 at the Conversion Price are being converted and the net proceeds from the Issue is approximately HK\$661.1 million, the net price of each Conversion Share will be approximately HK\$4.07.

The Conversion Price was determined after arm's length negotiations between the Company and Shinhan Creative with reference to, among other things, the Company's past financial performance, the prevailing market price of the Shares and the recent market conditions.

Redemption:

Redemption at Bondholder's request:

The Bondholder(s) may require the Company to redeem the outstanding Convertible Bonds, in whole or in part, at 100% of their principal amount plus accrued but unpaid interest on such outstanding Convertible Bond on or at any time after 24 months from the Bonds Issue Date but prior to the Maturity Date.

Mandatory redemption:

The Company shall redeem the Convertible Bonds following the occurrence of any mandatory redemption event, being events customary for the transactions of this nature.

Prepayment:

Subject to the terms and conditions of the Convertible Bonds, the Company may not prepay the principal or accrued interest of the Convertible Bonds unless approved in writing by the Bondholder(s).

Credit Rating:

Subject to satisfactory Credit Rating Report

Ranking:

The Convertible Bonds shall constitute direct, unconditional, unsubordinated obligations of the Company and shall at all times rank pari passu with all other present and future unsecured debts of the Company.

Transferability:	The Convertible Bonds may be transferred without the consent of the Company (i) to any affiliate of the existing Bondholder; and/or (ii) to any third party if an event of default has occurred and is continuing, in whole or in part in a multiple of the authorised denomination, subject to compliance with the Listing Rules and the Takeovers Code or any other rules applicable to the Company or the Bondholder(s).
Voting:	The Bondholder(s) shall not be entitled to receive notices of, attend or vote at any general meetings of the Company by reason only of it being a Bondholder.
Conversion Restriction:	The Bondholder(s) shall not exercise its rights attached to the Bonds if, immediately following the conversion and by the sole reason of such conversion the Company will be unable to meet the public float requirement under the Listing Rules and the Takeovers Code.
Anti-Dilution Protection/ Adjustments:	<p>There shall be customary anti-dilution protection on the Convertible Bonds. The Conversion Price shall from time to time be adjusted in accordance with the relevant provisions under terms and conditions of the Convertible Bonds upon the occurrence of the following:</p> <ul style="list-style-type: none"> (i) consolidation, subdivision or re-classification; (ii) capitalisation of profits or reserves; (iii) capital distribution; (iv) rights issues of Shares or options over Shares; (v) issue at less than current market value; (vi) modification of rights of conversion; and (vii) other offers to shareholders.

Conditions Precedent to completion:	<p>The Issue shall be conditional upon:</p> <ul style="list-style-type: none"> (i) delivery by the Company to Shinhan Creative of copies of the necessary corporate resolutions and approval documents regarding the Issue; (ii) absence of material adverse change (as defined in the Term Sheet); (iii) all representations, warranties and undertakings (as defined in the Term Sheet) being true, accurate and correct in all material respects; (iv) obtaining of any required governmental, regulatory, securities and stock exchange regulatory approvals, as applicable, and/or consents or licenses with regard to certain real property development projects; (v) legal opinions (as to Korean law, Bermuda law, Hong Kong law and such other jurisdiction as may be necessary) provided by legal advisers to the Company; and (vi) the Credit Rating Report.
Completion:	<p>Completion shall take place on the Closing Date, subject to the fulfilment or the waiver (if applicable) of the conditions precedent as set out in the definitive subscription agreement(s).</p>
Long Stop Date:	<p>The parties shall use reasonable endeavors to enter into the definitive subscription agreement(s) before 30 June 2018. If the definitive subscription agreement(s) has not been entered into by the Company and Shinhan Creative on or prior to the Long Stop Date, the Term Sheet shall terminate with immediate effect.</p>
Application for listing:	<p>No application shall be made to the Stock Exchange for the listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.</p>

INFORMATION OF THE GROUP, SHINHAN CREATIVE AND SHINHAN INVESTMENT CORP.

The Company is a company incorporated under the laws of Bermuda with limited liability, and is an investment holding company. The Group's principal business includes property development, foundation piling and site investigation in Hong Kong and property investment and management.

Shinhan Creative is a special purpose company established in the Republic of Korea solely for the purpose of the Issue and shall be managed and controlled by Shinhan Investment Corp.. Shinhan Investment Corp. operates as a securities brokerage and investment banking company. It provides securities trading, wealth management, and investment banking services, as well as offers merger and acquisition, investment trust, and corporate financing services.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Shinhan Creative and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

GENERAL MANDATE TO ALLOT AND ISSUE THE CONVERSION SHARES UPON CONVERSION OF THE CONVERTIBLE BONDS

The Company was authorised to allot and issue a maximum of 226,833,180 new Shares, being 20% of the number of Shares in issue as at the date of the passing of the resolution under the General Mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 10 May 2017. As at the date of this announcement, no new Shares have been allotted and issued under the General Mandate.

Assuming conversion of the Convertible Bonds in the maximum amount of US\$85,000,000 at the Conversion Price, the Convertible Bonds shall be converted into 162,500,000 Conversion Shares which shall be allotted and issued under the General Mandate. Accordingly, the issue of Conversion Shares is not subject to further approval of the Shareholders.

In the event that completion of the definitive subscription agreement(s) is on or after the date of the next annual general meeting of the Company and prior to the Long Stop Date, the Conversion Shares shall be allotted and issued under the general mandate to be approved by the Shareholders at the next annual general meeting of the Company.

REASONS AND BENEFITS OF THE ISSUE

The Board considers that the Issue represents a good opportunity for the Group to strengthen its financial position including generating cash to support the Group's growth and development and broadening the Shareholder's base. The estimated net proceeds from the Issue (after deducting all related expenses) will range from approximately HK\$365.8 million to HK\$661.1 million and are intended to be used for general corporate purposes including but not limited to working capital.

The Directors consider that the terms of the Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITY OF THE COMPANY FOR THE PAST TWELVE MONTHS

The equity fund raising activity conducted by the Company in the past twelve months prior to the date of this announcement is set out below:

Date of circular	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
29 May 2017	Rights issue	HK\$9,250 million	<p>(i) to be applied by way of setting off the outstanding amounts owing by the Company to HNA Finance I Co., Ltd. as at 4:00 p.m. on 13 June 2017, subject to a maximum of HK\$7,328 million;</p> <p>(ii) for improving its financial position, including but not limited to repaying part of the Company's bank and other loans;</p> <p>(iii) for financing future investment opportunities in relation to the Group's principal activities; and</p> <p>(iv) as general working capital of the Company.</p>	<p>(i) HK\$6,931 million was used to set off against the amount due from the Company to HNA Finance I Co., Ltd.;</p> <p>(ii) HK\$350 million was used to repay the Group's bank borrowings; and</p> <p>(iii) HK\$647.9 million was used to invest in HKICIM Fund II, L.P.</p> <p>The remainder has not been utilised by the Group as at the date of this announcement.</p>

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

As the parties have not entered into the definitive subscription agreement(s) in relation to the Convertible Bonds, and the final structure and terms of the Convertible Bonds are still subject to further negotiation between the parties, the final structure and terms of the Issue may deviate from those set out in the Term Sheet. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares or other securities of the Company. The Company will make further announcement when the definitive subscription agreement(s) are executed.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“Board”	the board of Directors
“Bondholder(s)”	Shinhan Creative and any subsequent permitted assigns or transferees
“Closing Date” or “Bonds Issue Date”	the date to be determined by the Company and Shinhan Creative on which the Convertible Bonds are issued by the Company
“Company”	Hong Kong International Construction Investment Management Group Co., Limited, a company incorporated under the laws of Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Conversion Price”	HK\$4.08 per Share, subject to adjustment
“Conversion Share(s)”	the new Share(s) to be allotted and issued by the Company upon exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the convertible bonds in the principal amount of not less than US\$50,000,000 (equivalent to approximately HK\$390,000,000) and not more than US\$85,000,000 (equivalent to approximately HK\$663,000,000) to be issued by the Company to Shinhan Creative

“Credit Rating Report”	the credit rating report of the Company to be issued by Korea Investors Service, Inc., a Korean credit rating agent engaged by Shinhan Creative and the Company
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting held on 10 May 2017 to issue and allot up to 226,833,180 new Shares, representing 20% of the number of Shares in issue as at the date of passing of the relevant resolution
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Issue”	the issue of the Convertible Bonds by the Company
“Last Trading Day”	19 January 2018, being the last trading day on which the Shares were traded on the Stock Exchange immediately prior to the publication of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	being 30 June 2018
“Maturity Date”	36 months from the Closing Date
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shinhan Creative”	Shinhan Creative Finance 3rd Co., a special purpose company established in the Republic of Korea solely for the purpose of the Issue which shall be managed and controlled by Shinhan Investment Corp.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Term Sheet”	the legally binding term sheet dated 19 January 2018 entered into between the Company and Shinhan Creative with respect to the Issue

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent

For illustration purposes, amounts in US\$ in this announcement have been translated into HK\$ at the rate of US\$1.00 = HK\$7.80.

By Order of the Board
**HONG KONG INTERNATIONAL
CONSTRUCTION INVESTMENT
MANAGEMENT GROUP CO., LIMITED**
Huang Qijun
Chairman

Hong Kong, 19 January 2018

As at the date of this announcement, the executive Directors are Mr. Huang Qijun, Mr. Fung Chiu Chak, Victor, Mr. Liu Junchun, Mr. Mu Xianyi, Mr. Li Xiaoming, Mr. Wong Tai Lun Kenneth and Mr. Mung Hon Ting Jackie; the non-executive Directors are Mr. Tang King Shing and Mr. Tang Kit; and the independent non-executive Directors 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