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HONG KONG INTERNATIONAL CONSTRUCTION INVESTMENT MANAGEMENT GROUP CO., LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code : 687)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

The board of directors (the "Board") of Hong Kong International Construction Investment Management Group Co., Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2017 together with the comparative figures for the period from 1 April 2016 to 31 December 2016 as follows:

Consolidated Statement of Profit or Loss

	Notes	**Year ended 31 December 2017** *HK$'000*	Period from 1 April 2016 to 31 December 2016 *HK$'000*
REVENUE	3	**3,290,156**	3,030,560
Cost of sales		**(3,090,007)**	(2,455,043)
Gross profit		**200,149**	575,517
Other income and gains, net	4	**56,847**	56,149
Selling expenses		**(39,590)**	(32,722)
Administrative expenses		**(90,946)**	(57,681)
Management incentive bonus	6	**—**	(192,408)
Changes in fair value of investment properties		**23,175**	23,215
Other expenses, net		**(35,677)**	(8,007)
Finance costs	5	**(18,490)**	(9,065)
PROFIT BEFORE TAX	6	**95,468**	354,998
Income tax expense	7	**(90,035)**	(226,641)
PROFIT FOR THE YEAR/PERIOD		**5,433**	128,357
Attributable to:			
Ordinary equity holders of the Company		**6,004**	134,050
Non-controlling interests		**(571)**	(5,693)
		5,433	128,357
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		(restated)
Basic		**HK0.25 cent**	HK12.88 cents
Diluted		**N/A**	N/A

Consolidated Statement of Comprehensive Income

	Year ended 31 December 2017 *HK$'000*	Period from 1 April 2016 to 31 December 2016 *HK$'000*
PROFIT FOR THE YEAR/PERIOD	**5,433**	128,357
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
Other comprehensive income/(expenses) to be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange difference on translation of foreign operations	**118,634**	(135,794)
Net other comprehensive income/(expenses) to be reclassified to profit or loss in subsequent periods	**118,634**	(135,794)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gain on property revaluation	**—**	5,524
Income tax effect	**—**	(1,395)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**—**	4,129
OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR/PERIOD, NET OF TAX	**118,634**	(131,665)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR/PERIOD	**124,067**	(3,308)
Attributable to:		
Ordinary equity holders of the Company	**124,638**	2,385
Non-controlling interests	**(571)**	(5,693)
	124,067	(3,308)

Consolidated Statement of Financial Position

	Notes	**2017**	2016
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**244,120**	296,983
Investment properties		**—**	189,250
Prepayments, deposits and other receivables		**899**	4,143
Interests in an associate		**—**	—
Other assets		**1,080**	1,080
Available-for-sale investment		**—**	1,112
Derivative financial instrument		**—**	39,721
Deferred tax assets		**1,128**	52,456
Total non-current assets		**247,227**	584,745
CURRENT ASSETS			
Properties under development		**13,214,929**	14,286
Inventories		**28,369**	16,511
Properties held for sale		**—**	1,883,003
Amounts due from customers for contract works		**279,411**	295,893
Trade and retention receivables	11	**638,810**	797,878
Prepayments, deposits and other receivables		**39,448**	70,670
Financial asset at fair value through profit or loss	12	**738,865**	—
Tax prepaid		**29,302**	5,523
Pledged bank balances		**41,414**	—
Cash and cash equivalents		**2,327,460**	1,858,448
		17,338,008	4,942,212
Assets of disposal groups classified as held for sale	8	**2,183,957**	—
Total current assets		**19,521,965**	4,942,212

Consolidated Statement of Financial Position (continued)

	Notes	**2017**	2016
		HK$'000	*HK$'000*
CURRENT LIABILITIES			
Trade and retention payables and accruals	13	**581,468**	977,666
Other payables, deposits received and receipts in advance		**34,395**	145,223
Amounts due to customers for contract works		**247,027**	419,304
Deposits received		**—**	98,267
Interest-bearing bank borrowings		**5,809,375**	127,777
Tax payable		**1,954**	343,624
		6,674,219	2,111,861
Liabilities directly associated with the assets classified as held for sale	8	**416,209**	—
Total current liabilities		**7,090,428**	2,111,861
NET CURRENT ASSETS		**12,431,537**	2,830,351
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,678,764**	3,415,096
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**70,642**	347,433
Guaranteed notes		**295,343**	—
Deferred tax liabilities		**94,778**	107,933
Total non-current liabilities		**460,763**	455,366
Net assets		**12,218,001**	2,959,730
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital		**340,249**	113,416
Reserves		**11,877,742**	2,835,955
		12,217,991	2,949,371
Non-controlling interests		**10**	10,359
Total equity		**12,218,001**	2,959,730

Consolidated Statement of Cash Flows

	Notes	Year ended 31 December 2017 HK$'000	Period from 1 April 2016 to 31 December 2016 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**95,468**	354,998
Adjustments for:			
Finance costs	5	**18,490**	9,065
Gain on disposal of a subsidiary	6	**—**	(126)
Interest income	4	**(15,844)**	(10,235)
Gain on disposal of items of property, plant and equipment	6	**(7,308)**	(8,610)
Depreciation	6	**61,388**	56,816
Fair value gain on a financial asset at fair value through profit or loss	6	**(10,865)**	—
Gain on disposal of an investment fund at fair value through profit or loss	6	**(11,163)**	—
Fair value loss/(gain) on a derivative financial instrument	6	**33,057**	(27,662)
Changes in fair value of investment properties		**(23,175)**	(23,215)
Impairment of trade receivables	6	**—**	25
Impairment/(write-back of impairment) of other receivables	6	**1,029**	(50)
Impairment of an amount due from an associate	6	**13**	2
		141,090	351,008
Decrease/(increase) in properties under development and properties held for sale, net		**(12,570,514)**	64,381
Decrease/(increase) in inventories		**(11,858)**	7,040
Decrease/(increase) in amounts due from customers for contract works		**16,482**	(179,268)
Decrease/(increase) in trade and retention receivables		**158,572**	(70,660)
Decrease/(increase) in prepayments, deposits and other receivables		**21,399**	(3,781)
Increase/(decrease) in trade and retention payables and accruals		**(129,287)**	341,125
Increase in other payables, deposits received and receipts in advance		**28,594**	470
Decrease in amounts due to customers for contract works		**(172,277)**	(241,594)
Decrease in deposits received		**(43,839)**	(115,966)
Cash generated from/(used in) operations		**(12,561,638)**	152,755
Taxes paid in the People's Republic of China (the "PRC"):			
Hong Kong		**(136,679)**	(174)
Elsewhere		**(268,169)**	(174,954)
Taxes refunded in the PRC:			
Hong Kong		**1,777**	84
Elsewhere		**2,444**	—
Effect of foreign exchange rate changes, net		**(10,721)**	7,825
Net cash flows used in operating activities		**(12,972,986)**	(14,464)

Consolidated Statement of Cash Flows (continued)

	Note	Year ended 31 December 2017 *HK$'000*	Period from 1 April 2016 to 31 December 2016 *HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**15,844**	10,235
Purchases of items of property, plant and equipment		**(11,397)**	(23,236)
Deposits paid for acquisition of items of property, plant and equipment		**(41)**	(1,994)
Proceeds from disposal of items of property, plant and equipment		**8,234**	9,372
Acquisition of additional interest in a subsidiary		**(104,598)**	(732,192)
Proceeds from disposal of subsidiaries		**—**	216,336
Increase in an amount due from an associate		**(13)**	(2)
Capital injection to a financial asset at fair value through profit or loss	12	**(728,000)**	—
Purchase of an investment fund at fair value through profit or loss		**(600,600)**	—
Proceeds from disposal of an investment fund at fair value through profit or loss		**611,763**	—
Decrease/(increase) in a derivative financial instrument		**(2,351)**	2,294
Redemption of a derivative financial instrument		**7,767**	—
Decrease in non-pledged time deposits with original maturity of more than three months when acquired		**34,237**	8,366
Net cash flows used in investing activities		**(769,155)**	(510,821)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**2,323,624**	1,058,760
Share issue expenses		**(4,174)**	(660)
Proceeds from issue of guaranteed notes		**305,000**	—
Guaranteed notes issue expenses		**(10,849)**	—
Interest paid		**(106,992)**	(23,191)
New bank borrowings		**6,983,434**	60,000
Repayment of bank borrowings		**(1,579,304)**	(442,566)
Loan from non-controlling interests		**2,506**	—
Loan from an immediate holding company		**9,150,000**	—
Loan from an intermediate holding company		**460,040**	—
Repayment of loan to an immediate holding company		**(2,218,830)**	—
Repayment of loan to an intermediate holding company		**(460,040)**	—
Repayment of loan to non-controlling interests		**(2,506)**	—
Dividends paid to non-controlling interests		**(3,000)**	(35,464)
Dividends paid		**(113,416)**	—
Net cash flows from financing activities		**14,725,493**	616,879

Consolidated Statement of Cash Flows (continued)

	Year ended 31 December 2017 *HK$'000*	Period from 1 April 2016 to 31 December 2016 *HK$'000*
NET INCREASE IN CASH AND CASH EQUIVALENTS	**983,352**	91,594
Cash and cash equivalents at beginning of year/period	**1,824,211**	1,763,816
Effect of foreign exchange rate changes, net	**9,648**	(31,199)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	**2,817,211**	1,824,211
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**2,077,460**	330,962
Non-pledged time deposits	**250,000**	1,527,486
Cash and cash equivalents as stated in the consolidated statement of financial position	**2,327,460**	1,858,448
Less: Non-pledged time deposits with original maturity of over three months when acquired	**—**	(34,237)
Add: Pledged bank balance	**41,414**	—
Add: Cash and cash equivalents attributable to the disposal groups	**448,337**	—
Cash and cash equivalents as stated in the consolidated statement of cash flows	**2,817,211**	1,824,211

Notes:

1. CHANGE OF FINANCIAL YEAR END DATE

During the last reporting period, the board of directors of the Company resolved to change the financial year end date of the Company from 31 March to 31 December effective from 31 December 2016 in order to align the financial year end date of the Company with HNA Group Co., Ltd., the intermediate holding company of the Company. The consolidated financial statements presented for the last reporting period therefore covered a nine-month period from 1 April 2016 to 31 December 2016. The corresponding comparative amounts presented for the consolidated statements of profit or loss, the consolidated statement of comprehensive income and related notes, which were prepared for the period from 1 April 2016 to 31 December 2016, may not be comparable with amounts shown for the current year.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES AND ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements to HKFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

The adoption of the above revised standards has had no significant financial effect on these financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES AND ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

(b) The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[1]
HKFRS 9	*Financial Instruments*[1]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[1]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[1]
HKFRS 16	*Leases*[2]
HKFRS 17	*Insurance Contract*[3]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[2]
Amendments to HKAS 40	*Transfer of Investment Property*[1]
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[2]
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28[1]
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

2. **CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES AND ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)**

(b) (continued)

In September 2014, the Hong Kong Institute of Certified Public Accountants ("HKICPA") issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group will adopt HKFRS 9 from 1 January 2018. The Group will not restate comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018. During 2017, the Group has performed a detailed assessment of the impact of the adoption of HKFRS 9. The expected impacts relate to the classification and measurement and the impairment requirements are summarised as follows:

(i) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available for sale will be measured at fair value through profit or loss as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in profit or loss.

(ii) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group will apply the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables. Furthermore, the Group will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months. Based on a preliminary assessment, if the Group were to adopt the new impairment requirement at 31 December 2017, accumulated impairment loss at that date would not be significantly different as compared with that recognised under HKAS 39. As a consequence, no adjustment is expected to be made to the opening balances of net assets and retained profits at 1 January 2018.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES AND ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

(b) (continued)

HKFRS 15, issued in July 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group will adopt HKFRS 15 from 1 January 2018 and plan to adopt the transitional provisions in HKFRS 15 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2018. In addition, the Group plans to apply the new requirements only to contracts that are not completed before 1 January 2018. The Group expects that the transitional adjustment to be made on 1 January 2018 upon initial adoption of HKFRS 15 will not be material. During the year ended 31 December 2017, the Group has performed a preliminary detailed assessment on the impact of the adoption of HKFRS 15.

The Group's principal activities consist of foundation piling and site investigation, property and investment. The expected impacts arising from the adoption of HKFRS 15 on the Group are summarised as follows:

(i) Foundation piling and site investigation

The Group's revenue from foundation piling and site investigation was recognised according to the percentage of completion of each individual contract of construction works, which was estimated based on actual costs incurred over the total budgeted costs. The corresponding contract revenue was also estimated by management based on contract sum and work values from variation orders. The Group considers HKFRS 15's guidance on contract combinations, contract modifications arising from variation orders, variable consideration, and the assessment of whether there is significant financing component in the contracts, particularly taking into account the reason for the difference in timing between the transfer of control of goods and services to customers and timing of related payments. The Group has preliminarily assessed that performance obligation is satisfied over time, therefore revenue from these construction contracts should be recognised over time during the course of construction by the Group. Based on the assessment undertaken so far, no significant impact is expected by the Group on its results of operation and financial position.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES AND ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

(b) (continued)

(ii) Property development

The Group's property development activities are carried out in the PRC and Hong Kong only. Taking into account the contract terms, the Group's business practice and the legal and regulatory environment of the PRC and Hong Kong, the Group has assessed that its property sales contracts will not meet the criteria for recognising revenue over time and therefore revenue from property sales will continue to be recognised at a point in time. Currently the Group recognises revenue from property sales upon handover of the property to buyer, which is taken to be the point in time when the risks and rewards of ownership of the property have been transferred to the buyer. The Group has assessed that under the transfer-of-control approach in the new standard revenue from property sales will generally be recognised when the legal assignment is completed, which is the point in time when the buyer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. This may result in revenue being recognised later than at present.

(iii) Presentation and disclosure

The presentation and disclosure requirements in HKFRS 15 are more detailed than those under the current HKAS 18. The presentation requirements represent a significant change from current practice and will significantly increase the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in HKFRS 15 are new and the Group has assessed that the impact of some of these disclosure requirements will be significant. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made on determining the transaction prices of those contracts that include variable consideration, how the transaction prices have been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling price of each performance obligation. In addition, as required by HKFRS 15, the Group will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

2. **CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES AND ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)**

(b) (continued)

HKFRS 16, issued in May 2016, replaces HKAS 17 Leases, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases - Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group expects to adopt HKFRS 16 from 1 January 2019. The Group is currently assessing the impact of HKFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. As disclosed in note 15(d) to this announcement, at 31 December 2017, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately HK$42,564,000. Upon adoption of HKFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

3. OPERATING SEGMENT INFORMATION

Year ended 31 December 2017

	Foundation piling HK$'000	Property development and investment HK$'000	Investment HK$'000	Corporate and others HK$'000	Consolidated HK$'000
Segment revenue:					
Sales to external customers	2,494,053	738,420	6,443	51,240	3,290,156
Intersegment sales	100,560	—	—	1,815	102,375
Other income and gains, net	11,203	6,296	10,865	1,476	29,840
Total	2,605,816	744,716	17,308	54.531	3,422,371
Reconciliation:					
Elimination of intersegment sales					(102,375)
Revenue					3,319,996
Segment results	146,873	51,807	15,546	(83,055)	131,171
Interest income					15,844
Fair value losses on derivative instrument – transaction not qualifying as hedge					(33,057)
Finance costs					(18,490)
Profit before tax					95,468
Income tax expense					(90,035)
Profit for the year					5,433

3. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2017

	Foundation piling *HK$'000*	Property development and investment *HK$'000*	Investment *HK$'000*	Corporate and others *HK$'000*	Consolidated *HK$'000*
Assets and liabilities					
Segment assets	**1,196,000**	**15,473,222**	**745,308**	**2,074,232**	**19,488,762**
Unallocated					**280,430**
					19,769,192
Segment liabilities	**775,201**	**474,569**	**455**	**324,217**	**1,574,442**
Unallocated					**5,976,749**
					7,551,191
Other segment information:					
Depreciation	**41,630**	**1,208**	**—**	**18,550**	**61,388**
Impairment of other receivables	**—**	**1,029**	**—**	**—**	**1,029**
Loss/(gain) on disposal of items of property, plant and equipment, net	**(6,969)**	**36**	**—**	**(375)**	**(7,308)**
Changes in fair value of investment properties	**—**	**(23,175)**	**—**	**—**	**(23,175)**
Gain on disposal of an investment fund at fair value through profit or loss	**—**	**—**	**—**	**(11,163)**	**(11,163)**
Fair value gain on financial asset at fair value through profit of loss	**—**	**—**	**(10,865)**	**—**	**(10,865)**
Capital expenditure	**9,509**	**144**	**—**	**3,738**	**13,391**

3. OPERATING SEGMENT INFORMATION (continued)

Period from 1 April 2016 to 31 December 2016

	Foundation piling *HK$'000*	Property development and investment *HK$'000*	Investment *HK$'000*	Corporate and others *HK$'000*	Consolidated *HK$'000*
Segment revenue:					
Sales to external customers	2,115,532	888,553	—	26,475	3,030,560
Intersegment sales	—	—	—	1,311	1,311
Other income and gains, net	9,863	6,828	—	1,561	18,252
Total	2,125,395	895,381	—	29,347	3,050,123
Reconciliation:					
Elimination of intersegment sales					(1,311)
Revenue					3,048,812
Segment results	274,707	312,494	—	(68,627)	518,574
Management incentive bonus	(48,797)	(48,102)	—	(95,509)	(192,408)
Interest income					10,235
Fair value gains on derivative instrument – transaction not qualifying as hedge					27,662
Finance costs					(9,065)
Profit before tax					354,998
Income tax expense					(226,641)
Profit for the period					128,357

3. **OPERATING SEGMENT INFORMATION (continued)**

Period from 1 April 2016 to 31 December 2016

	Foundation piling *HK$'000*	Property development and investment *HK$'000*	Investment *HK$'000*	Corporate and others *HK$'000*	Consolidated *HK$'000*
Assets and liabilities					
Segment assets	1,319,838	2,333,816	—	248,117	3,901,771
Unallocated					1,625,186
					5,526,957
Segment liabilities	1,027,998	488,912	—	123,550	1,640,460
Unallocated					926,767
					2,567,227
Other segment information:					
Depreciation	40,921	1,117	—	14,778	56,816
Impairment of trade receivables	—	—	—	25	25
Write-back of impairment of other receivables	—	(50)	—	—	(50)
Loss/(gain) on disposal of items of property, plant and equipment, net	(8,837)	297	—	(70)	(8,610)
Gain on disposal of a subsidiary	—	—	—	(126)	(126)
Changes in fair value of investment properties	—	(23,215)	—	—	(23,215)
Capital expenditure	13,522	766	—	8,948	23,236

During the year, the Group started to involve in the investment business. The financial results of investment business were reported as a separate segment under the "investment" segment in current year's financial statements. Also, the financial results of the property development and property investment and management segments of the Group, which were reported as separate segments in prior years' financial statements are reported in aggregate under the "property development and investment" segment during the year for the management's purpose of better resources allocation and performance assessment. Comparative figures of the segment information have been reclassified to conform with the current year's presentation.

3. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	Hong Kong		Macau		Elsewhere in the PRC		Consolidated	
	Year ended 31 December 2017	Period from 1 April 2016 to 31 December 2016	**Year ended 31 December 2017**	Period from 1 April 2016 to 31 December 2016	**Year ended 31 December 2017**	Period from 1 April 2016 to 31 December 2016	**Year ended 31 December 2017**	Period from 1 April 2016 to 31 December 2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**2,553,979**	2,141,464	**3,122**	543	**733,055**	888,553	**3,290,156**	3,030,560

The revenue information above is based on the locations of the customers.

(b) Non-current assets

Hong Kong		Macau		Elsewhere in the PRC		Consolidated	
2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
246,081	336,820	**—**	—	**18**	195,469	**246,099**	532,289

The non-current assets information above is based on the locations of the assets and excludes deferred tax assets.

Information about a major customer

Revenue of approximately HK$844,447,000 (period ended 31 December 2016: HK$554,702,000) was derived from sales by the foundation piling segment to a single customer.

4. OTHER INCOME AND GAINS, NET

	Year ended 31 December 2017 *HK$'000*	Period from 1 April 2016 to 31 December 2016 *HK$'000*
Interest income	**15,844**	10,235
Insurance claims	**1,623**	4
Subsidy income*	**—**	205
Fair value gains, net:		
Financial asset at fair value through profit or loss	**10,865**	—
Derivative instrument - transaction not qualifying as hedge	**—**	27,662
Gain on disposal of an investment fund at fair value through profit or loss	**11,163**	—
Management service income	**247**	312
Gain on disposal of a subsidiary	**—**	126
Gain on disposal of items of property, plant and equipment	**7,308**	8,610
Foreign exchange gains, net	**4,928**	—
Others	**4,869**	8,995
	56,847	56,149

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

5. FINANCE COSTS

	Year ended 31 December 2017 *HK$'000*	Period from 1 April 2016 to 31 December 2016 *HK$'000*
Interest on bank borrowings and overdrafts	**115,576**	15,621
Interest on guaranteed notes	**7,944**	—
Less: Interest capitalised in properties under development	**(105,030)**	(6,556)
	18,490	9,065

6. PROFIT BEFORE TAX

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

	Year ended 31 December 2017 *HK$'000*	Period from 1 April 2016 to 31 December 2016 *HK$'000*
Depreciation	**61,388**	56,816
Management incentive bonus#	**—**	192,408
Impairment of trade receivables	**—**	25
Impairment/(write-back of impairment) of other receivables	**1,029**	(50)
Gain on disposal of items of property, plant and equipment	**(7,308)**	(8,610)
Gain on disposal of a subsidiary	**—**	(126)
Fair value losses/(gains), net		
Financial asset at fair value through profit or loss	**(10,865)**	—
Derivative instrument - transaction not qualifying as hedge	**33,057**	(27,662)
Gain on disposal of an investment fund at fair value through profit or loss	**(11,163)**	—
Changes in fair value of investment properties	**(23,175)**	(23,215)
Impairment of an amount due from an associate	**13**	2

The Group 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 is a change in control of the Company, unvested rights in this incentive scheme will vest immediately and no further grants will be made but an aggregate payment equal to 4.5% of the value of the Company will 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 31 December 2016.

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (period ended 31 December 2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere in the PRC have been calculated at the applicable tax rates prevailing in the areas in which the Group operates.

	Year ended 31 December 2017 *HK$'000*	Period from 1 April 2016 to 31 December 2016 *HK$'000*
Current:		
Provision for tax in respect of profit for the year/period:		
PRC:		
Hong Kong	**31,747**	43,875
Elsewhere	**14,175**	205,999
	45,922	249,874
Overprovision in the prior years:		
PRC:		
Hong Kong	**(60)**	(60)
Elsewhere	**(53,748)**	(4,688)
	(53,808)	(4,748)
Deferred tax	**97,921**	(18,485)
Total tax charge for the year/period	**90,035**	226,641

8. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

On 13 November 2017, Great Regent Investments Limited, Shanghai Changning Duncan Property Consulting Company Limited, Red Shine Investment Limited and Carriway Limited (collectively, the "Shanghai Sellers"), each being a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Hainan HNA Shou Fu Investment Co., Ltd. ("HNA Shou Fu"), a company established in the PRC with limited liability and a subsidiary of HNA Group Co., Ltd., which is an intermediate holding company of the Company, for disposal of the Shanghai Sellers' entire equity interests in Tysan Land (Shanghai) Limited ("Tysan Shanghai") at a cash consideration of RMB585.8 million (the "Shanghai Disposal"). Tysan Shanghai is a single project company established in the PRC engaging in the operation of a residential and commercial property development project, namely The Waterfront, in Shanghai. It primarily derives its revenue from the sales of residential property and to a relatively minor extent, leasing of property.

On 13 November 2017, Sparkle Key Limited (the "Shenyang Seller"), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Hainan HNA Infrastructure Investment Group Co., Ltd. ("HNA Infrastructure"), a company established in the PRC with limited liability whose shares are listed on the Shanghai Stock Exchange and a subsidiary of HNA Group Co., Ltd., for disposal of the Shenyang Seller's entire equity interest in Tysan Land (Shenyang) Limited ("Tysan Shenyang") at a cash consideration of RMB762 million (the "Shenyang Disposal"). Tysan Shenyang is a single project company established in the PRC engaging in the operation of a residential and commercial property development project, namely The Pinnacle, in Shenyang. It primarily derives its revenue from the sales of residential property.

On 13 November 2017, Great Prosper Limited (the "Tianjin Seller"), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with HNA Shou Fu for disposal of Tianjin Seller's entire equity interest in Tysan Property Development (Tianjin) Company Limited ("Tysan Tianjin") at a cash consideration of RMB435.8 million (the "Tianjin Disposal"). Tysan Tianjin is a single project company established in the PRC engaging in the operation of a residential and commercial property development project, namely The Riverside, in Tianjin. It primarily derives its revenue from the sales of residential property.

Upon completion of the Shanghai Disposal, Shenyang Disposal and Tianjin Disposal, Tysan Shanghai, Tysan Shenyang and Tysan Tianjin will cease to be subsidiaries of the Company and the Company will no longer have any interest in the property development projects. As at 31 December 2017, the above disposal transaction had yet to be completed. The directors of the Company expect the Shanghai Disposal, Shenyang Disposal and Tianjin Disposal to be completed before the end of 2018. Accordingly, the assets and liabilities of Tysan Shanghai, Tysan Shenyang and Tysan Tianjin as at 31 December 2017 were classified as disposal groups held for sale.

8. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE (continued)

The major classes of assets and liabilities of Tysan Shanghai, Tysan Shenyang and Tysan Tianjin classified as held for sale as at 31 December 2017 are as follows:

	HK$'000
Assets	
Property, plant and equipment	4,278
Investment properties	227,814
Available-for-sale investment	1,196
Deferred tax assets	960
Properties under development	14,864
Properties held for sale	1,460,278
Trade and retention receivables	496
Prepayments, deposits and other receivables	10,085
Tax prepaid	15,649
Cash and cash equivalents	448,337
Assets classified as held for sale	2,183,957
Liabilities	
Trade and retention payables and accruals	280,400
Other payables, deposits received and receipts in advance	34,824
Deposits received	54,428
Tax payable	5,428
Deferred tax liabilities	41,129
Liabilities directly associated with the assets classified as held for sale	416,209
Net assets directly associated with the disposal groups	1,767,748
Statutory reserve of the disposal groups	48,750
Asset revaluation reserve of the disposal groups	4,129
Exchange fluctuation reserve of the disposal groups	55,862

Further details of the Shanghai Disposal, Shenyang Disposal and Tianjin Disposal were disclosed in the Company's announcement dated 13 November 2017 and a circular dated 7 December 2017.

9. DIVIDENDS

	Year ended 31 December 2017	Period from 1 April 2016 to 31 December 2016
	HK$'000	*HK$'000*
Dividends paid during the year/period:		
Final in respect of the financial period ended 31 December 2016 – HK10.0 cents per ordinary share (year ended 31 March 2016: Nil)	**113,416**	—
Proposed final dividend:		
Final – HK10.0 cents (period ended 31 December 2016: HK10.0 cents) per ordinary share	**340,249**	113,416

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the final dividend payable.

10. 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 year attributable to ordinary equity holders of the Company of HK$6,004,000 (period ended 31 December 2016: HK$134,050,000), and the weighted average number of ordinary shares of 2,380,256,154 (period ended 31 December 2016: restated as 1,041,131,289) in issue during the year. The weighted average number of shares in issued for both year ended 31 December 2017 and period ended 31 December 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 year ended 31 December 2017 and period ended 31 December 2016.

11. TRADE AND RETENTION RECEIVABLES

An aging 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:

	2017	2016
	HK$'000	*HK$'000*
Trade receivables:		
Within 90 days	**401,869**	525,746
91 to 180 days	**12,637**	102
181 to 360 days	**2,154**	481
Over 360 days	**333**	10,392
	416,993	536,721
Retention receivables	**221,817**	261,157
	638,810	797,878

Included in the trade and retention receivables are amounts due from related companies of HK$111,454,000 (2016: HK$7,284,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

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.

12. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
	HK$'000	*HK$'000*
Unlisted investment fund, at fair value	**738,865**	—

During the year ended 31 December 2017, the Group has purchased an unlisted investment fund and disposed of it in the same year with a gain of HK$11,163,000 resulted and credited to the consolidated statement of profit and loss during the year. In addition, the Group entered into an amended and restated exempted limited partnership agreement with Hisea International Co., Ltd ("Hisea") in relation to the formation of HKICIM Fund II, L.P. ("Fund II") and subscribed 12.07% of the committed fund size amounting to HK$728,000,000 during the year ended 31 December 2017. Fund II primarily invests in properties under development on a parcel of land located in Hong Kong and was designated by the Group as financial assets at fair value through profit or loss because the performance of which was managed and evaluated by management on a fair value basis in accordance with the Group's strategy.

The fair value of Fund II as at 31 December 2017 was estimated with reference to a valuation performed by Vigers Appraisal and Consulting Limited by using the income approach, adjusted by net asset method at HK$738,865,000 and a fair value gain of HK$10,860,000 was resulted and credited to the consolidated statement of profit and loss during the year.

The directors believe that the estimated fair value of the above unlisted investment fund is reasonable and appropriate as at the end of the reporting period.

13. TRADE AND RETENTION PAYABLES AND ACCRUALS

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

	2017	2016
	HK$'000	*HK$'000*
Trade payables:		
Within 90 days	**243,992**	334,403
91 to 180 days	**359**	33
Over 180 days	**204**	347
	244,555	334,783
Retention payables	**75,197**	157,899
Accruals	**261,716**	484,984
	581,468	977,666

14. CONTINGENT LIABILITIES

(a) At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	2017	2016
	HK$'000	*HK$'000*
Guarantees in respect of performance bonds in relation to subsidiaries	**255,782**	343,537

As at 31 December 2017, performance bonds of HK$36,980,000 were also supported by pledged bank balances of HK$41,414,000 (2016: Nil).

(b) As at 31 December 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$21,908,000 (2016: HK$42,196,000).

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of the relevant ownership certificates.

The fair value of the guarantees is not significant and the directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalty and therefore no provision has been made for these guarantees in the financial statements.

15. COMMITMENTS

		2017	2016
		HK$'000	*HK$'000*
(a)	Property, plant and equipment:		
	- contracted, but not provided for	**23,041**	151
(b)	Construction works relating to properties under development and properties held for sale:		
	- contracted, but not provided for	**68,022**	273
(c)	Capital contributions to an investment fund:		
	- contracted, but not provided for	**633,160**	—
(d)	Commitments under non-cancellable operating leases for land and buildings to make payments:		
	- Within one year	**28,491**	25,509
	- In the second to fifth years, inclusive	**14,073**	28,643
		42,564	54,152

16. ACQUISITION OF ADDITIONAL INTERESTS IN A SUBSIDIARY

On 19 April 2016, the Company, Fortunate Pool Limited ("Fortunate Pool") 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 agreed to sell 40% equity interests in Tysan Foundation (Hong Kong) Limited ("TFHKL"), a then non-wholly-owned subsidiary of the Company (the "Foundation Transaction"). Fortunate Pool, which is wholly-owned by Mr. Fung, an Executive Director of the Company, is the non-controlling shareholder of the 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 31 December 2016.

As at 31 December 2016, Phase 2 of the Foundation Transaction was accounted for as a 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 payables and the corresponding debit was made to the 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 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 debited in the retained profits in the equity during the year.

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

17. EVENTS AFTER THE REPORTING PERIOD

(a) Proposed issue of convertible bonds

On 19 January 2018, the Company and Shinhan Creative Finance 3rd Co. ("Shinhan Creative") entered into a term sheet, pursuant to which, the Company has agreed to issue and Shinhan Creative 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 agreements.

The convertible bonds bear interest rate at 6% per annum payable semi-annually and with a maturity date of 36 months following the bonds issue date. Subject to and upon compliance with the terms and conditions of the convertible bonds, the right of the conversion of any convertible bonds into the Company's shares may be exercised at any time during the period starting from the date falling one month after the bond issue date until the bond maturity date at an conversion price of HK$4.08 per share. The net proceeds from the issue of convertible bonds will be used for general corporate purposes including but not limited to working capital. Up to the date of this announcement, no convertible bonds have been issued.

Further details of the proposed issue of convertible bonds were set out in the Company's announcement dated 19 January 2018.

(b) Termination of proposed acquisition of shares in Sapphire Corporation Limited

On 18 October 2017, the Company, Forestar Assets Limited (a wholly-owned subsidiary of the Company), Best Feast Limited ("Best Feast"), Mr. Cheung Wai Suen and Ms. Wang Heng (the "Best Feast Warrantors") and Ou Rui Limited ("Ou Rui") entered into separate sale and purchase agreements, pursuant to which, Forestar Assets Limited agreed to acquire and Best Feast, Best Feast Warrantors and Ou Rui agreed to sell, approximately 10.63% and 17.33%, respectively, of the issued share capital of Sapphire Corporation Limited at consideration of approximately HK$101,474,000 and HK$165,432,000 respectively. The consideration shall be settled by the Company by the issue and allotment of a maximum of 24,871,074 and 40,547,103 shares of the Company at an issue price of HK$4.08 per share to Best Feast and Ou Rui, respectively, in accordance with the terms and conditions of the sale and purchase agreements.

As it was expected that certain conditions in the sale and purchase agreements could not be fulfilled within a reasonable time, on 29 January 2018, the Company, Forestar Assets Limited, Best Feast and Ou Rui entered into separate termination agreements, pursuant to which the parties agreed to terminate the acquisition with immediate effect.

Further details of the proposed acquisition and termination of the proposed acquisition are set out in the Company's announcements dated 18 October 2017 and 29 January 2018.

17. EVENTS AFTER THE REPORTING PERIOD (continued)

(c) Formation of HKICIM Fund III, L.P. ("Fund III")

On 11 January 2018, an amended and restated exempted limited partnership agreement entered between the Group and Hisea and the subscription agreement in relation to capital contribution in Fund III by the Group were passed by the ordinary resolutions of the Company at the special general meeting. Thereafter, the Group made an aggregate capital injection of HK$633,160,000 in Fund III, representing 16.57% of the equity interest of Fund III.

Further details of the formation of Fund III are set out in the Company's announcements dated 30 November 2017 and 11 January 2018, and a circular dated 21 December 2017.

(d) Disposal of subsidiaries of Fund II and Fund III

On 12 February 2018, Fund II and Fund III (collectively, the "Funds") entered into separate sale and purchase agreements in relation to the disposal of their entire equity interests in Sky Hero Developments Limited and Total Thrive Holdings Limited (which, through intermediate holding companies, holding two property development projects at Kai Tak, Kowloon, Hong Kong) with Shibo Investment Limited and Easco Investment Limited, wholly-owned subsidiaries of Henderson Land Development Company Limited at an initial consideration of approximately HK$15,959,410,000 in aggregate. This disposal was completed on 14 February 2018.

The Company, through its wholly-owned subsidiaries, has contributed capital of 12.07% and 16.57% in Fund II and Fund III, respectively. Pursuant to the respective partnership agreements of the Funds, the Funds will distribute the full net cash proceeds from the disposals promptly to the limited partners and general partner. Up to the date of this announcement, the Funds have returned the initial capital to the Group.

Further details of this disposal were set out in the Company's announcement dated 12 February 2018.

(e) Proposed disposal of subsidiaries

On 8 March 2018 and 21 March 2018, Omnilink Assets Limited ("Omnilink"), a wholly-owned subsidiary of the Company and the Company (as Omnilink's guarantor) entered into a binding offer and a sale and purchase agreement with Fabulous New Limited ("Fabulous") and Wheelock Properties Limited (as Fabulous's guarantor), respectively, pursuant to which, Fabulous agreed to acquire from Omnilink the entire issued capital of Onwards Asia Limited and all amounts which Onwards Asia Limited owes to Omnilink as at the date of completion at a total cash consideration of HK$6,359,155,000. The principal assets of Onwards Asia Limited comprise all the issued capital of Top Genius Holdings Limited, the owner of the development under construction on New Kowloon Inland Lot No. 6564 on Kai Tak Area 1L Site 1, Kai Tak, Kowloon, Hong Kong. The completion of this disposal is expected to take place on or before 16 May 2018. This disposal constitutes a very substantial disposal of the Company under the Listing Rules.

DIVIDEND

The board of directors of the Company (the "Board") has resolved to recommend a final dividend payment of HK$0.10 (period ended 31 December 2016: HK$0.10) per share to shareholders whose names appear on the Company's register of members on 31 May 2018. No interim dividend was declared for the six months ended 30 June 2017 (period ended 30 September 2016: Nil). Subject to shareholders' approval at the forthcoming annual general meeting, the proposed final dividend will be paid on or before July 2018.

CLOSURE OF REGISTER OF MEMBERS

(i) The Register of Members of the Company will be closed from Wednesday, 16 May 2018 to Wednesday, 23 May 2018 (both dates inclusive) during which period no transfer of share will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the forthcoming annual general meeting. In order to be entitled to attend and vote at the forthcoming annual general meeting, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Branch Registrars in Hong Kong, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 15 May 2018.

(ii) from Tuesday, 29 May 2018 to Thursday, 31 May 2018 (both dates inclusive) during which period no transfer of share will be registered, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Branch Registrars in Hong Kong, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 28 May 2018.

BUSINESS REVIEW

Hong Kong Market

Foundation Piling

During the year under review, turnover of the Group's foundation piling segment was HK$2,494 million. Its contribution to net profit was HK$147 million as compared to HK$226 million, representing segment result less share of management incentive bonus, last period. During the year under review, EBITDA for the foundation piling segment was HK$189 million as compared to HK$268 million last period. The overall EBITDA margin for the segment was 8% for the year under review. The Group's 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 and Investment

The Hong Kong residential market remained robust with a stable increase in property's prices. The development and construction of the residential projects of the Group in the Kai Tak area, New Kowloon Inland Lot No. 6563 and No. 6564, together with the two EPC projects in the same district, New Kowloon Inland Lot No. 6562 and No. 6565 progressed as scheduled in 2017. The Group remained confident with the development and construction projects in the Kai Tak Development Area and believed it would bring steady return in the coming years.

PRC Market

The Waterfront

During the year under review, the Group's residential project in Shanghai, The Waterfront, recognized a revenue of HK$8 million as compared to HK$30 million last period and contribution to net profit of HK$4 million (period ended 31 December 2016: HK$11 million). During the year under review, the Group also recorded a fair value gain of its investment properties at The Waterfront of HK$23 million (period ended 31 December 2016: HK$23 million).

The Riverside

The Group's residential project in Tianjin, The Riverside, comprises 6 towers with a total gross floor area ("GFA") of about 75,000 sqm. During the year under review, a revenue of HK$57 million was recognized as compared to HK$569 million last period and contribution to net profit of HK$15 million (period ended 31 December 2016: HK$305 million).

The Pinnacle

During the year under review, the Group's property development project in Huanggu District in Shenyang recognized a revenue of HK$666 million as compared to HK$286 million last period and contribution to net profit was about HK$49 million (period ended 31 December 2016: HK$3 million). During the year under review, EBITDA for the property development and investment segment was HK$89 million as compared to HK$330 million last period. The overall EBITDA margin was 12% for the year under review.

Disposal of subsidiaries which are holding The Waterfront, The Riverside and The Pinnacle

On 13 November 2017, Great Regent Investments Limited, Shanghai Changning Duncan Property Consulting Company Limited, Red Shine Investment Limited and Carriway Limited, each being a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Hainan HNA Shou Fu Investment Co., Ltd. ("HNA Shou Fu"), a subsidiary of HNA Group Co., Ltd. ("HNA Group"), for disposal of the entire equity interests in Tysan Land (Shanghai) Limited which is holding The Waterfront, at a cash consideration of RMB585.8 million (the "Shanghai Disposal").

On 13 November 2017, Sparkle Key Limited, a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Hainan HNA Infrastructure Investment Group Co., Ltd. ("HNA Infrastructure", now known as HNA Infrastructure Investment Group Co., Ltd.), a subsidiary of HNA Group, whose shares are listed on the Shanghai Stock Exchange, for the disposal of the entire equity interests in Tysan Land (Shenyang) Limited which is holding The Pinnacle, at a cash consideration of RMB762 million (the "Shenyang Disposal").

On 13 November 2017, Great Prosper Limited, a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with HNA Shou Fu for disposal of the entire equity interests in Tysan Property Development (Tianjin) Co. Ltd. which is holding The Riverside, at a cash consideration of RMB435.8 million (the "Tianjin Disposal").

Both HNA Shou Fu and HNA Infrastructure are subsidiaries of HNA Group, which in turn is the holding company of HNA Finance I Co., Ltd. ("HNA Finance I"), the controlling shareholder of the Company.

The Shanghai Disposal, the Shenyang Disposal and the Tianjin Disposal are expected to be completed in the first half of 2018. Further details of the Shanghai Disposal, the Shenyang Disposal and the Tianjin Disposal are set out in the Company's announcements dated 13 November 2017, 4 December 2017 and 27 December 2017, and a circular dated 7 December 2017, respectively.

Real Estate Investment and Asset Management

The Group's Real Estate Investment and Asset Management business was started in late 2017 with the launch of two Cayman Islands investment funds, namely HKICIM Fund II, L.P. and HKICIM Fund III, L.P. (collectively, the "Funds"), with a total asset under management of HK$9,851 million and a total management fee of approximately HK$6,443,000 as of 31 December 2017 generated.

Formation of HKICIM Fund II, L.P.

On 13 October 2017, the amended and restated exempted limited partnership agreement (the "Fund II Partnership Agreement") was entered into between Hisea International Co., Ltd. ("Hisea") (a wholly-owned subsidiary of HNA Holding Group Co., Ltd., which in turn is the holding company of HNA Finance I, the controlling shareholder of the Company), Benefit Developments Limited ("BDL") (a wholly-owned subsidiary of the Company) and HKICIM (GP) II Limited ("HKICIM (GP) II") (a wholly-owned subsidiary of the Company) in relation to the formation of HKICIM Fund II, L.P. ("Fund II") and the subscription agreement (the "Fund II Subscription Agreement") was entered into in relation to the capital commitment of BDL to Fund II. Pursuant to the Fund II Partnership Agreement and the Fund II Subscription Agreement, both BDL and HKICIM (GP) II have conditionally agreed to make a capital commitment in an aggregated amount of approximately HK$728 million to Fund II, representing approximately 12.07% of the committed fund size (the "Fund II Subscription").

Pursuant to the Fund II Partnership Agreement, HKICIM (GP) II, as a general partner of Fund II ("General Partner II"), is responsible for the day-to-day operation and management of Fund II, and will receive an annual management fee equal to 1% of the aggregate capital commitments of Fund II as at 31 December of each calendar year as compensation for managing affairs of Fund II. During the year, HKICIM (GP) II received management fee of approximately HK$6,443,000 from Fund II.

The purpose of Fund II is primarily to (i) invest in a piece of land parcel known as New Kowloon Inland Lot No. 6565 ("6565 Land Parcel"), with a view to generating income and capital appreciation, (ii) manage, supervise and dispose of such investments, and (iii) engage in such other activities incidental or ancillary thereto in the sole discretion of General Partner II.

Further details of Fund II are set out in the Company's announcements dated 13 October 2017, 16 October 2017, 3 November 2017 and 21 November 2017, and a circular dated 4 November 2017.

Formation of HKICIM Fund III, L.P.

On 30 November 2017, the amended and restated exempted limited partnership agreement (the "Fund III Partnership Agreement") was entered into between Hisea, Benefit Developments III Limited ("BDL III") (a wholly-owned subsidiary of the Company) and HKICIM (GP) III Limited ("HKICIM (GP) III") (a wholly-owned subsidiary of the Company) in relation to the formation of HKICIM Fund III, L.P. ("Fund III") and the subscription agreement (the "Fund III Subscription Agreement") was entered into in relation to the capital commitment of BDL III to Fund III. Pursuant to the Fund III Partnership Agreement and the Fund III Subscription Agreement, both BDL III and HKICIM (GP) III have conditionally agreed to make a capital commitment in an aggregated amount of approximately HK$633.16 million to Fund III, representing approximately 16.57% of the committed fund size (the "Fund III Subscription").

Pursuant to the Fund III Partnership Agreement, HKICIM (GP) III, as a general partner of Fund III ("General Partner III"), is responsible for the day-to-day operation and management of Fund III, and will receive an annual management fee equal to 1% of the aggregate capital commitments of Fund III as at 31 December of each calendar year as compensation for managing affairs of Fund III.

The purpose of Fund III is primarily to (i) invest in a piece of land parcel known as New Kowloon Inland Lot No. 6562 ("6562 Land Parcel"), with a view to generating income and capital appreciation, (ii) manage, supervise and dispose of such investments, and (iii) engage in such other activities incidental or ancillary thereto in the sole discretion of General Partner III.

Further details of Fund III are set out in the Company's announcements dated 30 November 2017 and 11 January 2018, and a circular dated 21 December 2017.

Disposal of 6565 Land Parcel and 6562 Land Parcel through the Funds

On 12 February 2018, the Funds entered into separate sale and purchase agreements in relation to the disposal of their respective entire equity interests in Sky Hero Developments Limited and Total Thrive Holdings Limited (which, through intermediate holding companies, hold the 6565 Land Parcel and 6562 Land Parcel respectively) with Easco Investment Limited and Shibo Investment Limited, wholly-owned subsidiaries of Henderson Land Development Company Limited at an initial consideration of approximately HK$15,959,410,000. The disposals were completed on 14 February 2018.

The Company, through its wholly-owned subsidiaries, has contributed capital of 12.07% and 16.57% in Fund II and Fund III, respectively. Pursuant to the respective partnership agreements of the Funds, the Funds will distribute the full net cash proceeds from the disposals promptly after completion to the limited partners and general partner. Up to the date of this announcement, the Funds have returned to the Group the capital of an aggregate amount of HK$1,361.16 million.

Further details of the disposals were set out in the Company's announcement dated 12 February 2018.

Following the disposal of the Fund's indirect interests in 6565 Land Parcel and 6562 Land Parcel on 12 February 2018, distribution of principals and returns will be made according to the Group's interests in the Funds, and the Funds will be liquidated. As the disposals by the Funds were made at a premium to the acquisition costs, the Group is expected to have a positive investment return in addition to the management fee income.

Fund Raising Activities

Rights Issue

In 2017, 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, New Kowloon Inland Lot no. 6563 and New Kowloon Inland Lot no. 6564. The acquisitions of the said land parcels had been financed by the Group's internal resources, by bank borrowings as well as by way of shareholder's loans from 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 shares 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, about HK$958 million was used to repay the Group's bank loans up to the date of this announcement and about HK$1,361 million was used to invest in the Funds. 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

On 6 December 2017, Silverbell Asia Limited (the "Issuer"), a wholly-owned subsidiary of the Company, has issued guaranteed notes to professional investors with an aggregate principal amount of HK$305,000,000 (the "Guaranteed Notes") under the US$1,000,000,000 medium term note programme (the "MTN Programme") established by the Issuer on 7 April 2017. The Guaranteed Notes bear fixed interest rate at 7% per annum payable semi-annually in arrears and will mature on 26 July 2020. Under the MTN Programme, the Issuer may from time to time issue the Guaranteed Notes which are unconditionally and irrevocably guaranteed by the Company.

The gross proceeds from the Guaranteed Notes have been used for general corporate purposes of the Group.

Increase of Authorised Share Capital

On 18 May 2017, the Company 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 the creation of an additional 4,000,000,000 ordinary shares.

PROSPECTS

The Company will continue to pursue the core objective of creating maximized value for shareholders. While continuing to consolidate the development of existing principal businesses, we will dedicate strong efforts to expand the real estate investment and asset management business, in order to realize the transformational development of the Company, and to strike a balance between risk and revenue to achieve the long-term development objective of the Company. The development strategies of the Group are set out below:

Foundation piling and construction

Regarding 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 performance for the financial year ending 31 December 2018.

We will continue to reinforce development in the foundation piling business. While constantly maintaining our industry leading position in the Hong Kong and Macau markets, we will further enhance the influence of the Company in the industry and contribute to the long-term development of the Company.

Property Development and Investment

In relation to property development business, we will continue to enhance the efficiency level, seeking different mix of our property development portfolio, to go along with the macro environment, focus on the property development opportunities in the Guangdong-Hong Kong-Macau Greater Bay Area and the key areas of The Belt and Road Initiative, channel our efforts to develop the EPC business, and adopt the light asset and heavy branding model to attract capital from qualified investors for joint participation in the property development business.

Real Estate Investment and Asset Management

We will dedicate efforts to expand the real estate investment and asset management business, and focus on seeking investment opportunities in the areas of, inter alia, logistics, warehousing and commerce to create a real estate portfolio with stable cash flow and value appreciation potential to realize the transformational development of the Company.

FINANCIAL REVIEW

The Group continues to adopt a prudent financial policy and sustain a sound capital structure with healthy cashflow. As at 31 December 2017, the Group's cash on hand was approximately HK$2,369 million (31 December 2016: HK$1,858 million) while total assets and net assets (after deducting non-controlling interests) were approximately HK$19,769 million (31 December 2016: HK$5,527 million) and HK$12,218 million (31 December 2016: HK$2,949 million), respectively. As at 31 December 2017, the Group's net current assets amounted to HK$12,432 million (31 December 2016: HK$2,830 million). As at 31 December 2017, the Group's net debt balance and net debt to equity (including non-controlling interests) ratio were HK$3,806 million and 31% 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$256 million as at 31 December 2017 while guarantees for end user mortgage loans amounted to HK$22 million (31 December 2016: HK$42 million). Certain of the Group's assets with aggregate book value of approximately HK$13,376 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 1,051 employees as at 31 December 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.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the directors of the Company, the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") and Corporate Governance Report contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2017 except for the following deviations:

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

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

According to the Bye-laws of the Company, at each annual general meeting, one-third of the directors of the Company shall retire from office by rotation provided that notwithstanding anything therein. The chairman of the Board (the "Chairman") and the managing director of the Company (the "Managing Director") shall not be subject to retirement by rotation or 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 believes that the roles of the Chairman and the Managing Director provide the Group with strong and consistent leadership and allow more effective planning and execution of long-term business strategy. As such, the Board is of the view that the Chairman and the Managing Director should not be subject to retirement by rotation.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry of the Company's directors, they all confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 December 2017.

AUDIT COMMITTEE

The Group's Audit Committee comprises five members, namely, 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 of the Company. The Committee conducted a review with the management of such accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters including the review of the Group's consolidated results and financial statements for the year ended 31 December 2017.

The Committee has also met with the external auditors of the Company, Messrs. Ernst & Young, and reviewed the accounting principles and practices adopted by the Group and the annual results of the Group for the year.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's results for the year ended 31 December 2017 as set out in this preliminary announcement have been agreed by the Group's independent auditors, Messrs. Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Messrs. Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Messrs. Ernst & Young on this preliminary announcement.

APPRECIATION

On behalf of the Board, I would also like to express my sincere gratitude to all our staff for their dedication, hard work and contribution during the year and to thank all our shareholders for their support.

On behalf of the Board
HONG KONG INTERNATIONAL CONSTRUCTION INVESTMENT MANAGEMENT GROUP CO., LIMITED
Huang Qijun
Chairman

Hong Kong, 23 March 2018

As at the date of this announcement, the executive directors of the Company are Mr. Huang Qijun, Mr. Mung Kin Keung, 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 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