



**香港國際建投**  
HKICIM Group

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

(Incorporated in Bermuda with limited liability)

(Stock Code : 687)

**2016/2017**

Interim Report



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## Management Discussion and Analysis

The board of directors of Hong Kong International Construction Investment Management Group Co., Limited (the “Company”) (“Board of Directors”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2016. During the period under review, the Group recorded a turnover of HK\$1,967 million (30 September 2015: HK\$2,313 million) and achieved a profit attributable to ordinary equity holders of the Company of HK\$46 million (30 September 2015: HK\$168 million), representing HK\$0.05 per ordinary share of the Company (“Share”) (30 September 2015: HK\$0.19 per Share).

### Business Review

#### Foundation Piling

For the period under review, turnover of the Group’s Foundation Division decreased by 26.4% to HK\$1,289 million while contribution to profit decreased by 15.8% to HK\$143 million as compared to the corresponding period last year. EBITDA of the Division decreased by 15% to HK\$172 million compared to the same period last year (30 September 2015: HK\$201 million). The overall EBITDA margin for the segment increased by 2% from 11% to 13% for the period under review. Major contracts on hand include, inter alia, the public housing developments in Wong Tai Sin, Pak Tin Estates and Fanling, private residential developments in Tseung Kwan O, Kwun Tong, North Point, Pak Shek Kok, and commercial developments in Wong Chuk Hang, Kwun Tong, Pak Shek Kok and Yuen Long.

#### Property Development

##### *The Waterfront in Shanghai*

For the period under review, the Group’s residential project in Shanghai, The Waterfront, recognized HK\$28 million as revenue as compared to HK\$318 million in the corresponding period last year. There remained two unsold residential units which are fully fitted out and furnished duplexes.

The unsold area of The Waterfront as at 30 September 2016 is outlined below:

- Residential: About 1,000 sqm;
- Car Park: About 13 car park units;
- Non-Residential: About 4,800 sqm, representing primarily street front retail shops and a historic building.

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

##### *The Riverside in Tianjin*

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

For the period under review, The Riverside, recognized revenue of HK\$465 million as compared to HK\$193 million in the same period last year. There remained two unsold residential units and it is expected that the whole project will be sold out soon.

The unsold area of The Riverside as at 30 September 2016 is outlined below:

- Residential: About 490 sqm;
- Car Park: About 26 car park units;
- Non-Residential: About 3,900 sqm, representing primarily street front retail shops and The Riverside’s clubhouse.

## Management Discussion and Analysis

### *The Pinnacle in Shenyang*

The Group's project in Shenyang is located in Huanggu District with a site area of 41,209 sqm comprising residential and commercial development of aggregate GFA of about 165,000 sqm. The Pinnacle recognized revenue of HK\$166 million for the period under review.

Construction works have been substantially completed in early September 2016 and handover of the units to the buyers commenced in mid-September 2016. With the availability of immediate occupancy, it is expected that the confidence of our potential customers will be increased and hence improving the pace of sale in 2017.

The unsold area of The Pinnacle as at 30 September 2016 is outlined below:

- Residential: About 84,100 sqm;
- Car Park: About 991 car park units;
- Non-Residential: About 62,665 sqm, comprising a shopping mall and an office block.

EBITDA for the property development segment decreased by 27%, from HK\$295 million to HK\$214 million and the overall EBITDA margin decreased by 26% from 58% to 32% for the period under review.

### Property Investment and Management

Turnover of the Group's Property Investment and Management Division during the period under review decreased from HK\$16 million to HK\$1 million compared to the corresponding period last year, mainly due to the disposal of the Group's two property investment subsidiaries which separately held Aidu Apartment and China Garden, in December 2015 and February 2016 respectively.

### Mandatory Unconditional Cash Offer, Change of Company Name and Year End Date

Following the close of the mandatory unconditional cash offer (the "Offer") made by HNA Finance I Co., Ltd. ("HNA Finance I") on 28 July 2016, the Company has become a subsidiary of HNA Finance I.

In order to better reflect the relationship between the Company and HNA Finance I, the Company has completed its name change and change of financial year end date in September 2016. The forthcoming financial year end date of the Company will be 31 December 2016.

### Share Placement

During August and September 2016, the Company had issued 202,500,000 Shares and raised net proceeds amounted to approximately HK\$825,538,000. The Company intends to use the said proceeds for financing any investment opportunities when they arise as well as for the general working capital of the Group.

### Prospects

The Government intends to supply up to 460,000 public and private units as the housing supply target for the coming 10 years, which is expected to support demand for services from the construction industry in the medium term. There is also a strong demand for professional and infrastructure services from the regions along the "One Belt One Road". The competition in the Hong Kong's foundation piling industry is expected to remain keen in the near future due to the growing number of market players. The Group expects that the profit margins for the Hong Kong foundation piling and construction businesses as a whole would be negatively affected by market factors such as labour shortages, rising operating costs and intensified competitions. Based on the tenders it has submitted after 31 March 2016, being its most recent financial year end, it has been observed by the Group that successful tenders for the Group or others have been achieved at levels of decreased profit margins as compared to the average profit margin achieved by the Group for the most recent financial year ended 31 March 2016 and this trend could continue in the near future.

## Management Discussion and Analysis

In China, the overall property market sentiment improved significantly in the first quarter of 2016 due to a slew of relaxation policies rolled out by the Central Government to support the property market, given that a reduction in housing inventories was set as one of the five major tasks in 2016 for the Central Government. The relaxation measures boosted the confidence of buyers. Though the overall market sentiment in China has weakened since October due to the re-introduction of austerity measures in more than 20 cities to stabilize the residential market, sale of our remaining residential properties is expected to remain steady due to uniqueness of our products in terms of quality and value. However, the Group expects that profit margins of its property development project in Shenyang may not be as high as those in Shanghai and Tianjin which are first tier cities in the PRC.

The Group will continue with its existing businesses, being foundation piling and site investigation, property development, and property investment and management. It will also continue to maintain a prudent investment and financing strategy and strive to strengthen its efficiency, while seeking opportunities to maximize the return to its shareholders. It will also continue to explore suitable business opportunities for its future development, including leveraging on synergies with its shareholder(s), to enhance the long-term growth potential of the Group.

### Financial Review

The Group continues to adopt a prudent financial policy and sustain a sound capital structure with healthy cashflow. As at 30 September 2016, the Group's cash on hand was approximately HK\$2,008 million (31 March 2016: HK\$1,806 million) while total assets and net assets (after deducting non-controlling interests) were approximately HK\$5,709 million (31 March 2016: HK\$5,608 million) and HK\$2,702 million (31 March 2016: HK\$2,688 million), respectively. As at 30 September 2016, the Group's working capital amounted to HK\$2,656 million (31 March 2016: HK\$3,013 million). As at 30 September 2016, the Group did not have any net debt gearing and recorded a net cash balance of HK\$1,442 million, while the Group recorded a net cash balance of HK\$949 million as at 31 March 2016. Contingent liabilities in relation to guarantees of performance bonds increased from HK\$195 million as at 31 March 2016 to HK\$357 million as at 30 September 2016 while guarantees for end user mortgage loans amounted to HK\$27 million (31 March 2016: HK\$14 million). Certain of the Group's assets with a book value of approximately HK\$171 million have been pledged to secure certain banking facilities of the Group. The Group's bank borrowings were denominated in Hong Kong dollars. Currency exposure has been monitored and forward contracts will be considered when the need arises.

### Employment and Remuneration Policies

The Group, including its subsidiaries in Hong Kong, Macau and the PRC, employed 1,296 employees as at 30 September 2016. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Fringe benefits include provident fund, medical insurance and training. In addition, share options may also be granted in accordance with the terms of the Group's approved share option scheme.

### Interim Dividend

The Board of Directors has resolved not to declare any interim dividend (30 September 2015: HK20.0 cents per Share) for the six months ended 30 September 2016.

## Corporate Governance

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

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

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

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

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

### Audit Committee

The Group’s audit committee (“Audit Committee”) comprises four members, Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George and Mr. Li Kit Chee who are Independent Non-executive Directors. The Chairman of the Audit Committee is Mr. Fan Chor Ho.

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

The unaudited condensed interim financial statements of the Group for the six months ended 30 September 2016 have been reviewed by the Audit Committee.

### Model Code

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

## Other Information

### Directors' and Chief Executive's Interests and Long Positions in Shares and Underlying Shares

As at 30 September 2016, the interests and long positions of the directors of the Company ("Directors") and chief executive of the Company ("Chief Executive") in the shares capital and underlying shares of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), were as follows:

#### Long positions in shares of associated corporation of the Company:

Name of director	Name of associated corporation	Number of ordinary shares held and nature of interest			Percentage of the associated corporation's share capital
		Personal	Corporate	Total	
Mr. Fung Chiu Chak, Victor	Tysan Foundation (Hong Kong) Limited	—	5 <sup>(1)</sup>	5	5

Note:

- These shares of Tysan Foundation (Hong Kong) Limited were held by Fortunate Pool Limited, a company which was wholly-owned by Mr. Fung Chiu Chak, Victor.

Save as disclosed above, as at 30 September 2016, none of the Directors or Chief Executive had registered an interest or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

### Directors' and Chief Executive's Rights to Acquire Shares or Debentures

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. On 8 August 2012, the Company adopted a new share option scheme (the "2012 Share Option Scheme") and the scheme adopted on 28 August 2002 was terminated on the same day.

From 8 August 2012, the date of adoption of the 2012 Share Option Scheme, to 30 September 2016, no share option was granted, exercised, expired or lapsed and there was no outstanding share option under the 2012 Share Option Scheme.

Save for the above, at no time during the period ended 30 September 2016 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or Chief Executive or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate under the 2012 Share Option Scheme.

## Other Information

### Substantial Shareholders' Interests in Shares and Underlying Shares

As at 30 September 2016, the following interest of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

#### Long positions in Shares:

Name	Number of Shares held	Percentage of the Company's issued share capital
Hainan Province Cihang Foundation <sup>(1)</sup>	755,862,228	70.17
Hainan Traffic Administration Holding Co., Ltd. <sup>(1)</sup>	755,862,228	70.17
Tang Dynasty Development (Yangpu) Company Limited <sup>(1)</sup>	755,862,228	70.17
HNA Group Co., Ltd. <sup>(1)</sup>	755,862,228	70.17
HNA Finance I Co., Ltd.	755,862,228	70.17
Blackstone Group Management L.L.C. <sup>(2)</sup>	78,719,931	7.31
Blackstone Holdings IV GP L.P. <sup>(2)</sup>	78,719,931	7.31
Blackstone Holdings IV GP Management (Delaware) L.P. <sup>(2)</sup>	78,719,931	7.31
Blackstone Holdings IV GP Management L.L.C. <sup>(2)</sup>	78,719,931	7.31
Blackstone Holdings IV L.P. <sup>(2)</sup>	78,719,931	7.31
Blackstone Real Estate Associates Asia-NQ L.P. <sup>(2)</sup>	78,719,931	7.31
Blackstone Real Estate Partners Asia Holding (NQ) L.P. <sup>(2)</sup>	78,719,931	7.31
Blackstone Real Estate Partners Asia-NQ L.P. <sup>(2)</sup>	78,719,931	7.31
BREP Asia Holdings (NQ) Pte. Ltd. <sup>(2)</sup>	78,719,931	7.31
BREP Asia-NQ L.L.C. <sup>(2)</sup>	78,719,931	7.31
Schwarzman Stephen A. <sup>(2)</sup>	78,719,931	7.31
The Blackstone Group L.P. <sup>(2)</sup>	78,719,931	7.31
Tides Holdings I Ltd. <sup>(2)</sup>	78,719,931	7.31
Tides Holdings II Ltd.	78,719,931	7.31
China State Construction Engineering Corporation <sup>(3)</sup>	57,000,000	5.29
China State Construction Engineering Corporation Limited <sup>(3)</sup>	57,000,000	5.29
CSCEC Capital (Hong Kong) Limited	57,000,000	5.29
北京市國有資產監督管理委員會 <sup>(4)</sup>	57,000,000	5.29
中國交通建設股份有限公司 <sup>(5)</sup>	57,000,000	5.29

#### Notes:

- These parties were deemed to have interests in 755,862,228 Shares by virtue of their equity interests in HNA Finance I Co., Ltd..
- These parties were deemed to have interests in 78,719,931 Shares by virtue of their equity interests in Tides Holdings II Ltd..
- These parties were deemed to have interests in 57,000,000 Shares by virtue of their equity interests in CSCEC Capital (Hong Kong) Limited.
- This party was deemed to have interests in 57,000,000 Shares by virtue of its equity interests in BCEGI (Hong Kong) Company Limited.
- This party was deemed to have interests in 57,000,000 Shares by virtue of its equity interests in Hong Kong Marine Construction Limited.

## Other Information

### Substantial Shareholders' Interests in Shares and Underlying Shares (*Cont'd*)

#### Long positions in Shares: (*Cont'd*)

Apart from the foregoing, as at 30 September 2016, no person, other than the Directors and Chief Executive, whose interests are set out in the section headed "Directors' and Chief Executive's Interests and Long Positions in Shares and Underlying Shares" above, had registered an interest or short position in the Shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

Subsequent to the period under review, China Railway Construction Corporation Limited and China Railway Construction Corporation were deemed to have interests in 57,000,000 Shares by virtue of their equity interests in CRCC Hong Kong Development Limited, and these Shares were issued on 12 October 2016.

### Disclosures Pursuant to Rule 13.21 of the Listing Rules

In accordance with the disclosure requirements of Rule 13.21 of the Listing Rules, the following disclosures are included in respect of two of the Company's loan agreements, which contain covenants requiring performance obligations of the controlling shareholder of the Company, as follows:

- (i) Pursuant to a facility agreement entered into by the Company and a wholly-owned subsidiary of the Company with a syndicate of banks and financial institutions on 8 August 2012 (as supplemented by a letter agreement dated 17 March 2014) for five-year term loan facilities of up to HK\$500,000,000 (the "First Facility"), an event of default arises if The Blackstone Group L.P., the ultimate controlling shareholder of the Company, ceases to hold (directly or indirectly) at least 60% of the beneficial shareholding interest and voting rights of the Company; and
- (ii) Pursuant to a facility agreement entered into by the Company and a wholly-owned subsidiary of the Company with a bank on 3 November 2015, for a three-year term loan facility of up to HK\$390,000,000 (the "Second Facility"), an event of default arises if The Blackstone Group L.P. ceases to be the largest ultimate shareholder of the Company.

As announced jointly by the Company and HNA Finance I Co., Ltd. ("HNA Finance I") in an announcement dated 19 April 2016, Tides Holdings II Ltd. ("Tides Holdings II") entered into an agreement with HNA Finance I in connection with the sale by Tides Holdings II of 577,279,496 Shares, (representing approximately 66% of the issued Shares), as a result of which Tides Holdings II remained interested in 78,719,931 Shares (representing approximately 9% of the issued Shares) (the "Tides Transaction"). The Tides Transaction was completed on 30 June 2016. Tides Holdings II is ultimately held by The Blackstone Group L.P. and upon completion of the Tides Transaction, The Blackstone Group L.P. ceased to hold at least 60% of the Shares and be the largest ultimate shareholder of the Company, and HNA Finance I has become the controlling shareholder of the Company. The Company sought and obtained, in the case of the First Facility, consent from the syndicate of banks and financial institutions and, in the case of the Second Facility, consent from the bank, to the Tides Transaction, and the specific minimum shareholding interest in the Company by The Blackstone Group L.P. is no longer applicable.

### Purchase, Sale or Redemption of Listed Securities of the Company

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

## Unaudited Condensed Interim Financial Statements

### Consolidated Statement of Profit or Loss

	Notes	Six months ended 30 September	
		2016 HK\$'000 Unaudited	2015 HK\$'000 Unaudited
<b>REVENUE</b>	3	<b>1,966,962</b>	2,313,270
Cost of sales		<b>(1,541,434)</b>	(1,836,331)
Gross profit		<b>425,528</b>	476,939
Other income and gains	4	<b>24,943</b>	12,663
Selling expenses		<b>(20,888)</b>	(32,685)
Administrative expenses		<b>(37,702)</b>	(24,636)
Management incentive bonus	5	<b>(192,408)</b>	(276)
Changes in fair value of investment properties		<b>20,170</b>	32,952
Other expenses, net		<b>(4,177)</b>	(18,322)
Finance costs		<b>(4,778)</b>	(5,121)
<b>PROFIT BEFORE TAX</b>	5	<b>210,688</b>	441,514
Income tax expense	6	<b>(173,380)</b>	(218,498)
<b>PROFIT FOR THE PERIOD</b>		<b>37,308</b>	223,016
Attributable to:			
Ordinary equity holders of the Company		<b>46,018</b>	167,999
Non-controlling interests		<b>(8,710)</b>	55,017
		<b>37,308</b>	223,016
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	8		
Basic		<b>5.10 cents</b>	19.21 cents
Diluted		<b>N/A</b>	N/A

## Unaudited Condensed Interim Financial Statements

### Consolidated Statement of Comprehensive Income

	Six months ended 30 September	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Unaudited</i>	<i>Unaudited</i>
<b>PROFIT FOR THE PERIOD</b>	<b>37,308</b>	223,016
<b>OTHER COMPREHENSIVE EXPENSES</b>		
Other comprehensive expenses to be reclassified to profit or loss in subsequent periods:		
Exchange difference on translation of foreign operations	(58,369)	(55,162)
<b>OTHER COMPREHENSIVE EXPENSES FOR THE PERIOD, NET OF TAX</b>	<b>(58,369)</b>	(55,162)
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD</b>	<b>(21,061)</b>	167,854
Attributable to:		
Ordinary equity holders of the Company	(12,351)	112,837
Non-controlling interests	(8,710)	55,017
	<b>(21,061)</b>	167,854

## Unaudited Condensed Interim Financial Statements

### Consolidated Statement of Financial Position

	Notes	As at 30 September 2016 <i>HK\$'000</i> <i>Unaudited</i>	As at 31 March 2016 <i>HK\$'000</i> <i>Audited</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	304,687	333,405
Investment properties		189,102	172,636
Prepayments, deposits and other receivables		5,600	1,386
Interests in an associate	10	—	—
Other assets		1,080	1,350
Available-for-sale investment		1,162	1,197
Derivative financial instrument		18,650	8,533
Deferred tax assets		46,303	49,133
Total non-current assets		566,584	567,640
<b>CURRENT ASSETS</b>			
Properties under development		13,488	1,772,959
Inventories		18,461	23,551
Properties held for sale		2,119,183	302,596
Amounts due from customers for contract works		239,991	116,625
Trade and retention receivables	11	665,877	727,243
Prepayments, deposits and other receivables		71,128	283,542
Tax prepaid		6,154	7,480
Time deposits		1,419,216	1,303,589
Cash and bank balances		589,003	502,830
Total current assets		5,142,501	5,040,415

## Unaudited Condensed Interim Financial Statements

### Consolidated Statement of Financial Position (Cont'd)

		As at 30 September 2016 <i>HK\$'000</i> <i>Unaudited</i>	As at 31 March 2016 <i>HK\$'000</i> <i>Audited</i>
	<i>Notes</i>		
<b>CURRENT LIABILITIES</b>			
Trade and retention payables and accruals	12	1,045,938	634,734
Other payables, deposits received and receipts in advance		356,907	40,155
Amounts due to customers for contract works		466,150	660,898
Deposits received		148,382	214,233
Interest-bearing bank borrowings		178,979	198,568
Tax payable		289,989	279,206
Total current liabilities		<u>2,486,345</u>	<u>2,027,794</u>
<b>NET CURRENT ASSETS</b>		<u>2,656,156</u>	<u>3,012,621</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,222,740</u>	<u>3,580,261</u>
<b>NON-CURRENT LIABILITIES</b>			
Accrual	12	—	4,387
Interest-bearing bank borrowings		387,093	658,378
Deferred tax liabilities		121,085	140,304
Total non-current liabilities		<u>508,178</u>	<u>803,069</u>
Net assets		<u>2,714,562</u>	<u>2,777,192</u>
<b>EQUITY</b>			
Equity attributable to ordinary equity holders of the Company			
Issued capital	13	107,716	87,466
Reserves		2,594,357	2,600,937
		<u>2,702,073</u>	<u>2,688,403</u>
Non-controlling interests		12,489	88,789
Total equity		<u>2,714,562</u>	<u>2,777,192</u>

## Unaudited Condensed Interim Financial Statements

### Consolidated Statement of Changes in Equity

	Attributable to ordinary equity holders of the Company									
	Issued capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Statutory reserves HK\$'000	Exchange fluctuation reserve HK\$'000	Forward equity contract HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2016 (audited)	87,466	—*	563,861*	33,812*	90,711*	—*	1,912,553*	2,688,403	88,789	2,777,192
Profit/(loss) for the period	—	—	—	—	—	—	46,018	46,018	(8,710)	37,308
Other comprehensive expenses for the period:										
Exchange difference on translation of foreign operations	—	—	—	—	(58,369)	—	—	(58,369)	—	(58,369)
Total comprehensive income/(expenses) for the period	—	—	—	—	(58,369)	—	46,018	(12,351)	(8,710)	(21,061)
Dividend paid to a non-controlling shareholder of a subsidiary	—	—	—	—	—	—	—	—	(30,317)	(30,317)
Acquisition of additional interests in a subsidiary (note 16)	—	—	—	—	—	—	(694,919)	(694,919)	(37,273)	(732,192)
Forward acquisition of additional interests in a subsidiary (note 16)	—	—	—	—	—	(104,598)	—	(104,598)	—	(104,598)
Issue of shares (note 13)	20,250	805,950	—	—	—	—	—	826,200	—	826,200
Share issue expenses (note 13)	—	(662)	—	—	—	—	—	(662)	—	(662)
Transfer from retained profits	—	—	—	17,668	—	—	(17,668)	—	—	—
At 30 September 2016 (unaudited)	107,716	805,288*	563,861*	51,480*	32,342*	(104,598)*	1,245,984*	2,702,073	12,489	2,714,562

## Unaudited Condensed Interim Financial Statements

### Consolidated Statement of Changes in Equity (Cont'd)

	Attributable to ordinary equity holders of the Company									
	Issued capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Statutory reserves HK\$'000	Exchange fluctuation reserve HK\$'000	Forward equity contract HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2015 (audited)	87,466	563,861	—	33,816	235,119	—	1,821,812	2,742,074	190,495	2,932,569
Profit for the period	—	—	—	—	—	—	167,999	167,999	55,017	223,016
Other comprehensive expenses for the period:										
Exchange difference on translation of foreign operations	—	—	—	—	(55,162)	—	—	(55,162)	—	(55,162)
Total comprehensive income/ (expenses) for the period	—	—	—	—	(55,162)	—	167,999	112,837	55,017	167,854
Dividend paid to a non-controlling shareholder of a subsidiary	—	—	—	—	—	—	—	—	(116,000)	(116,000)
Repayment of loan to a non-controlling shareholder of a subsidiary	—	—	—	—	—	—	—	—	(32,000)	(32,000)
Final 2015 dividend paid	—	—	—	—	—	—	(131,200)	(131,200)	—	(131,200)
Transfer to contributed surplus (note)	—	(563,861)	563,861	—	—	—	—	—	—	—
At 30 September 2015 (unaudited)	87,466	—	563,861	33,816	179,957	—	1,858,611	2,723,711	97,512	2,821,223

\* These reserves accounts comprise the consolidated reserves of HK\$2,594,357,000 (31 March 2016: HK\$2,600,937,000) in the consolidated statement of financial position.

Note: Pursuant to a special resolution passed at the annual general meeting of the Company held on 7 August 2015, the entire amount standing to the credit of the share premium account of the Company as at 7 August 2015 be cancelled, and the corresponding balance arising therefrom was credited to the contributed surplus account of the Company.

## Unaudited Condensed Interim Financial Statements

### Consolidated Statement of Cash Flows

	Six months ended 30 September	
	2016 <i>HK\$'000</i> <i>Unaudited</i>	2015 <i>HK\$'000</i> <i>Unaudited</i>
<b>Cash flows from operating activities</b>		
Profit before tax	210,688	441,514
Adjustments for:		
Finance costs	4,778	5,121
Gain on disposal of a subsidiary	(126)	—
Interest income	(4,576)	(8,664)
Loss/(gain) on disposal and write-off of items of property, plant and equipment	(5,977)	3,498
Depreciation	38,305	41,095
Fair value gains on derivative financial instrument	(6,205)	—
Changes in fair value of investment properties	(20,170)	(32,952)
Impairment of trade receivables	—	756
Write-off of trade receivables	—	88
Write-back of impairment of other receivables	(51)	(43)
Impairment of an amount due from an associate	2	—
	<b>216,668</b>	450,413
Increase in properties under development and properties held for sale, net	(104,726)	(32,673)
Decrease/(increase) in inventories	5,090	(10,216)
Decrease/(increase) in amounts due from customers for contract works	(123,366)	897
Decrease in trade and retention receivables	61,366	245,792
Increase in prepayments, deposits and other receivables	(3,730)	(35,711)
Increase/(decrease) in trade and retention payables and accruals	407,189	(111,647)
Decrease in other payables, deposits received and receipts in advance	(20,406)	(22,547)
Decrease in amounts due to customers for contract works	(194,748)	(58,228)
Increase/(decrease) in deposits received	(65,851)	53,038
Cash generated from operations	177,486	479,118
Taxes paid in the People's Republic of China (the "PRC"):		
Hong Kong	(174)	—
Elsewhere	(169,071)	(236,333)
Taxes refunded in the PRC:		
Hong Kong	84	2,111
Effect of foreign exchange rate changes, net	2,281	4,301
Net cash flows from operating activities	<b>10,606</b>	249,197

## Unaudited Condensed Interim Financial Statements

### Consolidated Statement of Cash Flows (Cont'd)

	Six months ended 30 September	
	2016 HK\$'000 Unaudited	2015 HK\$'000 Unaudited
<b>Cash flows from investing activities</b>		
Interest received	4,576	8,664
Purchase of items of property, plant and equipment	(12,089)	(13,793)
Deposits paid for acquisition of items of property, plant and equipment	(3,398)	(862)
Proceeds from disposal of items of property, plant and equipment	6,637	246
Acquisition of additional interests in a subsidiary	(732,192)	—
Disposal of subsidiary in current period	396	—
Proceeds from disposal of subsidiaries in prior period	215,379	—
Increase in an amount due from an associate	(2)	—
Decrease in non-pledged time deposits with original maturity of more than three months when acquired	42,603	—
Decrease in restricted cash	—	24,000
Net cash flows from/(used in) investing activities	(478,090)	18,255
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	826,200	—
Increase in receipts in advance for issue of shares	232,560	—
Share issue expenses	(662)	—
Interest paid	(14,950)	(5,082)
New bank borrowings	30,000	301,625
Repayment of bank borrowings	(321,541)	(133,365)
Repayment of loan to a non-controlling shareholder of a subsidiary	—	(32,000)
Dividend paid to a non-controlling shareholder of a subsidiary	(30,317)	(116,000)
Final dividend paid	—	(131,200)
Net cash flows from/(used in) financing activities	721,290	(116,022)
Net increase in cash and cash equivalents	253,806	151,430
Cash and cash equivalents at beginning of period	1,763,816	1,287,496
Effect of foreign exchange rate changes, net	(9,403)	(11,710)
Cash and cash equivalents at end of period	2,008,219	1,427,216
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances	589,003	297,336
Non-pledged time deposits with original maturity of less than three months when acquired	1,419,216	1,120,390
Add: Cash and cash equivalents attributable to the disposal group	—	9,490
Cash and cash equivalents as stated in the consolidated statement of cash flows	2,008,219	1,427,216

# Unaudited Condensed Interim Financial Statements

## Notes to Unaudited Condensed Interim Financial Statements

### 1. Corporate information

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

Upon the completion of the acquisition of 577,279,496 shares of the Company by HNA Finance I Co., Ltd. from Tides Holdings II Ltd. on 30 June 2016, the Company becomes a subsidiary of HNA Finance I Co., Ltd.. Pursuant to a special resolution passed at the annual general meeting of the Company on 23 August 2016 and approved by the Registrar of Companies in Bermuda on 13 September 2016 and Registrar of Companies in Hong Kong on 29 September 2016, the name of the Company was changed from Tysan Holdings Limited to Hong Kong International Construction Investment Management Group Co., Limited. In order to align the financial year end date of the Company with that of HNA Group Co., Ltd., the holding company of the Company’s controlling shareholder, HNA Finance I Co., Ltd., the financial year end date of the Company was changed from 31 March to 31 December with effective from 20 September 2016.

As at 30 September 2016, the holding company of the Company is HNA Finance I Co., Ltd., a company incorporated in Anguilla with limited liability and ultimately controlled by Hainan Province Cihang Foundation.

### 2. Basis of preparation and accounting policies

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

The accounting policies used in the preparation of the unaudited condensed interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 March 2016, except for adoption of the following revised standards, amendments and interpretations issued by the HKICPA which are effective for the Group’s financial year beginning on 1 April 2016.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidated Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs

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

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

The unaudited condensed interim financial statements were approved and authorised for issue by the Board of Directors on 25 November 2016.

## Unaudited Condensed Interim Financial Statements

### Notes to Unaudited Condensed Interim Financial Statements (Cont'd)

#### 3. Segment information

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

#### For the six months ended 30 September

	Foundation piling		Property development		Property investment and management		Corporate and others		Eliminations		Consolidated	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
<b>Segment revenue:</b>												
Sales to external customers	1,289,424	1,752,349	660,081	512,305	1,469	15,849	15,988	32,767	—	—	1,966,962	2,313,270
Intersegment sales	—	—	—	169	—	—	—	622	(791)	—	—	—
Other income and gains	295	707	6,547	624	272	1,477	896	1,191	—	—	8,010	3,999
<b>Total</b>	<b>1,289,719</b>	<b>1,753,056</b>	<b>666,628</b>	<b>513,098</b>	<b>1,741</b>	<b>17,326</b>	<b>16,884</b>	<b>34,580</b>	<b>(791)</b>	<b>(791)</b>	<b>1,974,972</b>	<b>2,317,269</b>
<b>Segment results</b>	<b>191,616</b>	<b>170,413</b>	<b>258,765</b>	<b>287,604</b>	<b>(7,134)</b>	<b>6,763</b>	<b>(46,154)</b>	<b>(23,342)</b>	<b>—</b>	<b>—</b>	<b>397,093</b>	<b>439,438</b>
Management incentive bonus	(48,797)	(698)	(48,102)	(470)	—	(23)	(95,509)	(276)	—	—	(192,408)	(1,467)
Interest income											4,576	8,664
Fair value gains on derivative instrument – transaction not qualifying as hedge											6,205	—
Finance costs											(4,778)	(5,121)
Profit before tax											210,688	441,514
Income tax expense											(173,380)	(218,498)
<b>Profit for the period</b>											<b>37,308</b>	<b>223,016</b>

## Unaudited Condensed Interim Financial Statements

### Notes to Unaudited Condensed Interim Financial Statements (Cont'd)

#### 4. Other income and gains

	Six months ended 30 September	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest income	4,576	8,664
Gain on disposal and write-off of items of property, plant and equipment	5,977	—
Gain on disposal of a subsidiary	126	—
Management service income	209	206
Fair value gains on derivative instrument – transaction not qualifying as hedge	6,205	—
Subsidy income*	207	219
Others	7,643	3,574
	<b>24,943</b>	<b>12,663</b>

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

#### 5. Profit before tax

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

	Six months ended 30 September	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Depreciation	38,305	41,095
Fair value gains on derivative instrument – transaction not qualifying as hedge*	(6,205)	—
Loss/(gain) on disposal and write-off of items of property, plant and equipment*	(5,977)	3,498
Write-down/(reversal for write-down) of inventories to net realisable value*	40	(328)
Impairment of trade receivables*	—	756
Write back of impairment of other receivables*	(51)	(43)
Write-off of trade receivables*	—	88
Finance costs	4,778	5,121
Management incentive bonus <sup>#</sup>	192,408	1,467

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

<sup>#</sup> The Company has adopted an incentive scheme in favour of its executive directors and the Group's senior management. The incentive bonus is 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 this incentive scheme. The change of the controlling shareholder of the Company, which was completed on 30 June 2016, triggered an aggregate payment of management incentive bonus of approximately HK\$197,981,000 under the incentive scheme, out of which HK\$192,408,000 was recorded as an expense for the period ended 30 September 2016. During the period ended 30 September 2015, total management incentive bonus of HK\$1,467,000 was recorded as an expense, of which HK\$1,191,000 was included in “Cost of sales” in the consolidated statement of profit or loss.

## Unaudited Condensed Interim Financial Statements

### Notes to Unaudited Condensed Interim Financial Statements (Cont'd)

#### 6. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. 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.

	<b>Six months ended 30 September</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
<b>Current:</b>		
Provision for tax in respect of profit for the period:		
PRC:		
Hong Kong	28,175	16,460
Elsewhere	142,037	163,041
	<hr/>	<hr/>
	170,212	179,501
<b>Overprovision in prior periods:</b>		
PRC:		
Hong Kong	—	(3)
Elsewhere	(4,880)	—
	<hr/>	<hr/>
	(4,880)	(3)
Deferred tax	8,048	39,000
	<hr/>	<hr/>
	<b>173,380</b>	<b>218,498</b>
	<hr/> <hr/>	<hr/> <hr/>

## Unaudited Condensed Interim Financial Statements

### Notes to Unaudited Condensed Interim Financial Statements (Cont'd)

#### 7. Dividend

	Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
Interim dividend – Nil (2015: HK20.0 cents per ordinary share)	—	174,933

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$46,018,000 (2015: HK\$167,999,000), and the average number of ordinary shares of 902,542,952 (2015: 874,665,903) in issue during the period.

No adjustment has been made to the basic earnings per share amount presented in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the periods ended 30 September 2016 and 2015.

#### 9. Property, plant and equipment

During the period, the Group acquired property, plant and equipment with a cost of HK\$12,089,000 (30 September 2015: HK\$13,996,000) to expand its business. Property, plant and equipment with a net book value of HK\$660,000 were disposed of and written off by the Group during the six months ended 30 September 2016 (30 September 2015: HK\$3,744,000) resulting in a net gain on disposal/written off of HK\$5,977,000 (30 September 2015: net loss of HK\$3,498,000).

## Unaudited Condensed Interim Financial Statements

### Notes to Unaudited Condensed Interim Financial Statements (Cont'd)

#### 10. Interests in an associate

	As at 30 September 2016 <i>HK\$'000</i>	As at 31 March 2016 <i>HK\$'000</i>
Share of net assets	—	—
Amount due from an associate	386	384
	<b>386</b>	384
Less: Impairment	(386)	(384)
	<b>—</b>	—

The amount due from an associate is unsecured, interest-free and has no fixed terms of repayment.

#### 11. Trade and retention receivables

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

	As at 30 September 2016 <i>HK\$'000</i>	As at 31 March 2016 <i>HK\$'000</i>
Trade and retention receivables	665,881	727,634
Impairment	(4)	(391)
	<b>665,877</b>	727,243

## Unaudited Condensed Interim Financial Statements

### Notes to Unaudited Condensed Interim Financial Statements (Cont'd)

#### 11. Trade and retention receivables (Cont'd)

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

	As at 30 September 2016 HK\$'000	As at 31 March 2016 HK\$'000
Trade receivables:		
Within 90 days	368,520	415,191
91 to 180 days	3,554	5,205
181 to 360 days	531	3,535
Over 360 days	16,077	12,619
	<hr/>	<hr/>
	388,682	436,550
Retention receivables	277,195	290,693
	<hr/>	<hr/>
	<b>665,877</b>	<b>727,243</b>

Included in the trade and retention receivables is an amount due from a related company of HK\$3,686,000 (31 March 2016: HK\$572,000), which is repayable on similar credit terms to those offered to the major customers of the Group.

#### 12. Trade and retention payables and accruals

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

	As at 30 September 2016 HK\$'000	As at 31 March 2016 HK\$'000
Trade payables:		
Within 90 days	201,750	193,460
91 to 180 days	12	273
Over 180 days	428	531
	<hr/>	<hr/>
	202,190	194,264
Retention payables	193,722	190,870
Accruals	650,026	253,987
	<hr/>	<hr/>
	1,045,938	639,121
Less: Accrual classified as non-current liabilities	—	(4,387)
	<hr/>	<hr/>
	<b>1,045,938</b>	<b>634,734</b>

## Unaudited Condensed Interim Financial Statements

### Notes to Unaudited Condensed Interim Financial Statements (Cont'd)

#### 13. Share capital

	As at 30 September 2016 HK\$'000	As at 31 March 2016 HK\$'000
Authorised: 2,000,000,000 ordinary shares of HK\$0.10 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid: 1,077,165,903 (31 March 2016: 874,665,903) ordinary shares of HK\$0.10 each	<u>107,716</u>	<u>87,466</u>

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

	Number of shares in issue	Share capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 April 2015	874,665,903	87,466	563,861	651,327
Transfer to contributed surplus	—	—	(563,861)	(563,861)
At 31 March 2016 and 1 April 2016	874,665,903	87,466	—	87,466
<b>Issue of shares (note)</b>	<b>202,500,000</b>	<b>20,250</b>	<b>805,950</b>	<b>826,200</b>
<b>Share issue expenses</b>	<b>—</b>	<b>—</b>	<b>(662)</b>	<b>(662)</b>
<b>At 30 September 2016</b>	<b><u>1,077,165,903</u></b>	<b><u>107,716</u></b>	<b><u>805,288</u></b>	<b><u>913,004</u></b>

Note:

During the period ended 30 September 2016, 202,500,000 shares were issued at a subscription price of HK\$4.08 per share for a total cash consideration, before expenses, of HK\$826,200,000.

Subsequent to the end of the reporting period, 57,000,000 shares were issued at a subscription price of HK\$4.08 per share for a total cash consideration, before expenses, of HK\$232,560,000.

## Unaudited Condensed Interim Financial Statements

### Notes to Unaudited Condensed Interim Financial Statements (Cont'd)

#### 14. Contingent liabilities

(a)

	As at 30 September 2016 HK\$'000	As at 31 March 2016 HK\$'000
Guarantees in respect of performance bonds in relation to subsidiaries	<u>357,166</u>	<u>195,469</u>

- (b) As at 30 September 2016, the Group provided guarantees in respect of mortgages 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\$26,649,000 (31 March 2016: HK\$14,277,000).

#### 15. Commitments

	As at 30 September 2016 HK\$'000	As at 31 March 2016 HK\$'000
(a) Capital expenditure for property, plant and equipment: – contracted, but not provided for	<u>1,092</u>	<u>—</u>
(b) Commitments in respect of construction works relating to properties under development and properties held for sale: – contracted, but not provided for	<u>—</u>	<u>393,734</u>
(c) Commitments under non-cancellable operating leases for land and buildings to make payments:		
Within one year	16,859	17,597
In the second to fifth years, inclusive	11,520	13,602
	<u>28,379</u>	<u>31,199</u>

## Unaudited Condensed Interim Financial Statements

### Notes to Unaudited Condensed Interim Financial Statements (Cont'd)

#### 16. Acquisition of additional interests in a subsidiary

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

The Foundation Transaction takes place in two phases. Phase 1 of the Foundation Transaction was completed on 4 July 2016 when the Company paid cash of approximately 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. Phase 2 of the Foundation Transaction, in which the Company will pay cash of HK\$104,598,000 to acquire the remaining 5% equity interest in TFHKL, shall take place on or before 30 June 2017. 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 approximately HK\$104,598,000 was recognised as other payable and the corresponding debit was made to forward equity contract in the equity.

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

#### 17. Related party transactions

Save as disclosed elsewhere in the unaudited condensed interim financial statements, the Group had the following transactions with related parties during the period ended 30 September 2016:

- a) For the six months ended 30 September 2016, compensation to key management personnel of the Group amounted to HK\$164,238,000 (2015: HK\$9,585,000).
- b) Details of the Group’s balance with a related company as at the end of the reporting period are included in note 11 to the unaudited condensed interim financial statements.

During the period ended 30 September 2016, Tysan Building Construction Company Limited (“TBC”), Tysan Engineering (H.K.) Company Limited (“TEHK”) and Cando Trading Limited, related companies of the Group, paid rental charge of HK\$347,000 (2015: HK\$347,000), HK\$101,000 (2015: HK\$101,000) and HK\$84,000 (2015: HK\$84,000), respectively, and management fee of HK\$137,000 (2015: HK\$134,000), HK\$39,000 (2015: HK\$39,000) and HK\$33,000 (2015: HK\$33,000), respectively, to the Group. TBC, TEHK and Cando Trading Limited are ultimately controlled by Mr. Fung, who is an executive director of the Company.

These transactions were entered into by the Group and its related companies in accordance with the terms of the agreements.

## Unaudited Condensed Interim Financial Statements

### Notes to Unaudited Condensed Interim Financial Statements (Cont'd)

#### 17. Related party transactions (Cont'd)

Save as disclosed elsewhere in the unaudited condensed interim financial statements, the Group had the following transactions with related parties during the period ended 30 September 2016: (Cont'd)

- c) During the period ended 30 September 2016, TBC subcontracted rental and engineering works relating to tower cranes of approximately HK\$4,031,000 (2015: HK\$993,000) and foundation works of approximately HK\$24,409,000 (2015: Nil) to the Group.

During the period ended 30 September 2015, the Group subcontracted engineering and mechanical works of approximately HK\$150,000 to TEHK.

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

- d) During the period ended 30 September 2016, the Group sold property held for sale to a close family member of a key management personnel for a consideration of HK\$1,012,000. This property was sold according to prices and conditions similar to those offered to other non-related customers of the Group.
- e) During the periods ended 30 September 2016 and 2015, Mr. Fung, who is a beneficial shareholder of certain subsidiaries of the Company through Fortunate Pool Limited, provided personal guarantees to financial institutions in connection with general credit facilities and performance bonds granted to certain subsidiaries of the Group.

## Corporate Information

### Board of Directors

#### Executive Directors

Mr LI Tongshuang (*Chairman*)  
Mr FUNG Chiu Chak, Victor  
(*Vice Chairman, Chief Executive Officer  
and Managing Director*)  
Mr CHIU Chin Hung  
Mr LAU Kin Fai  
Mr FAN Ning  
Mr MENG Yongtao

#### Non-executive Director

Mr LIU Junchun

#### Independent Non-executive Directors

Mr FAN Chor Ho  
Mr TSE Man Bun  
Mr LUNG Chee Ming, George  
Mr LI Kit Chee

### Audit Committee

Mr FAN Chor Ho (*Chairman*)  
Mr TSE Man Bun  
Mr LUNG Chee Ming, George  
Mr LI Kit Chee

### Remuneration Committee

Mr TSE Man Bun (*Chairman*)  
Mr LI Tongshuang  
Mr FUNG Chiu Chak, Victor  
Mr FAN Chor Ho  
Mr LI Kit Chee

### Nomination Committee

Mr LI Tongshuang (*Chairman*)  
Mr FAN Chor Ho  
Mr TSE Man Bun  
Mr LUNG Chee Ming, George  
Mr LI Kit Chee

### Qualified Accountant

Miss MO Wai Ling

### Company Secretary

Miss WONG Suk Han, Kitty

### Auditors

Ernst & Young

### Legal Advisers

Conyers, Dill & Pearman  
Reed Smith Richards Butler  
Szeto & Yeung

### Principal Bankers

Bank of China (Hong Kong) Limited  
BNP Paribas Hong Kong Branch  
Hang Seng Bank Limited  
Shanghai Commercial Bank Limited  
The Hongkong & Shanghai Banking Corporation Limited

### Registered Office

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

### Head Office and Principal Place of Business

20th Floor One Island South  
No. 2 Heung Yip Road  
Wong Chuk Hang  
Hong Kong

### Branch Registrar in Hong Kong

Tricor Tengis Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### HKSE Stock Code

687

### Website

[www.hkicimgroup.com](http://www.hkicimgroup.com)