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

(Incorporated in Bermuda with limited liability)

(Stock code: 687)

**VERY SUBSTANTIAL ACQUISITION
IN RELATION TO THE ACQUISITION OF LAND USE RIGHT
IN HONG KONG**

Financial Advisor to the Company



HONG KONG INTERNATIONAL CAPITAL MANAGEMENT LIMITED

THE MEMORANDUM OF AGREEMENT

On 28 March 2017, Milway signed the Memorandum of Agreement and delivered the same to the HK Government, pursuant to which Milway will acquire the land use right over the 6563 Land Parcel from the HK Government at the Consideration of HK\$7,440,500,000.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios in respect of the obtaining of the land use right over the 6563 Land Parcel is 100% or more, the Acquisition constitutes a very substantial acquisition for the Company pursuant to Chapter 14 of the Listing Rules. The Acquisition is a qualified property acquisition under Rule 14.04(10C) of the Listing Rules as it involves an acquisition of land in Hong Kong from the HK Government through a public tender. The Acquisition is undertaken on a sole basis by the Company in its ordinary and usual course of business. Accordingly, the Acquisition is subject to reporting and announcement requirements but is exempt from Shareholders' approval requirements pursuant to Rule 14.33A(1) of the Listing Rules.

GENERAL

A circular containing, among other things, (i) further details of the Acquisition and (ii) financial information of the Group, is expected to be despatched to the Shareholders on or before 21 April 2017.

INTRODUCTION

Reference is made to the announcement of the Company dated 15 March 2017 in relation to the acceptance by the HK Government of the Tender for the 6563 Land Parcel submitted by Milway.

On 28 March 2017, Milway signed the Memorandum of Agreement and delivered the same to the HK Government for the acquisition of land use right over the 6563 Land Parcel.

DETAILS OF THE MEMORANDUM OF AGREEMENT AND ACQUISITION

Parties

- (1) The HK Government, as the vendor of the 6563 Land Parcel and a third party independent of the Company and its connected persons; and
- (2) Milway, an indirectly wholly-owned subsidiary of the Company, as the tenderer of the 6563 Land Parcel

Information of the 6563 Land Parcel

Location:	New Kowloon Inland Lot No. 6563, Kai Tak Area 1L Site 2, Kai Tak, Kowloon, Hong Kong
Term of lease:	50 years commencing from the date of the Memorandum of Agreement
Site area:	Approximately 9,482 square metres
Minimum and maximum permissible developable gross floor area:	Approximately 30,722 square metres and 51,202 square metres, respectively
Maximum site coverage:	Not exceeding 40% of the area of the 6563 Land Parcel
Permitted use:	Private residential purposes

Completion Date: The 6563 Land Parcel should be developed into building or buildings which shall be completed and made fit for occupation on or before 30 June 2022.

Assignment restriction: The 6563 Land Parcel and the buildings erected thereon may only be assigned after compliance with the conditions of the conditions of sale of the 6563 Land Parcel to the satisfaction of the Director of Lands, unless prior written consent of the Director of Lands is obtained and any conditions imposed on the grant of consent have been satisfied.

Consideration and payment terms

The Consideration of HK\$7,440,500,000 for the acquisition of land use right of the 6563 Land Parcel shall be settled as follows:

- (a) the non-refundable deposit of HK\$25,000,000 paid together with the submission of the Tender by Milway has been treated as a deposit towards and applied in partial payment of the Consideration; and
- (b) the remaining balance of HK\$7,415,500,000 shall be paid in one lump sum to the HK Government within twenty eight days from the date of the Acceptance Letter, i.e. on or before 11 April 2017.

As at the date of this announcement, Milway has not yet paid the remaining balance of HK\$7,415,500,000 to the HK Government.

The Consideration, being the bid price submitted under the Tender was determined by the Directors with reference to the future business prospects and development potential in the region in which the 6563 Land Parcel is situated and the overall prospects of the property market in Hong Kong. Pursuant to the Memorandum of Agreement, an annual rent of an amount equal to 3% (as determined by the HK Government) of the rateable value from time to time of the 6563 Land Parcel will be charged to Milway for a term of fifty years commencing from the date of the Memorandum of Agreement. Subject to the payment of the remaining balance of the Consideration in accordance with the terms of the Memorandum of Agreement, Milway shall obtain possession of the 6563 Land Parcel from the HK Government and such possession is deemed to have been given to Milway from the date of the Memorandum of Agreement. There are no other conditions to be satisfied before Milway can obtain possession of the 6563 Land Parcel.

The Consideration payable by Milway is intended to be financed by a combination of the Group's internal resources, an interest free unsecured loan from the controlling Shareholder, HNA Finance I Co., Ltd. and/or bank financing. As the shareholder loan is not secured by any assets of the Group and, being interest free, is on normal commercial terms or better, the grant of the loan from HNA Finance I Co., Ltd., although a connected transaction, is fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group's principal business includes property development, foundation piling and site investigation in Hong Kong and property investment and management in the PRC.

The Acquisition of the 6563 Land Parcel is a continuation to include more substantive property development projects in Hong Kong, and given it is close to the 6564 Land Parcel for which the Group signed a memorandum of agreement on 7 February 2017, this will enhance the overall development potential of both land parcels. The aggregate site area for the 6563 Land Parcel and the 6564 Land Parcel is approximately 16,800 square metres and the total maximum permissible developable gross floor area is 90,719 square metres. The synchronized design of the two parcels of land will provide more flexibility for the Group's development projects in Kai Tak going forward. The Acquisition represents another significant step taken by the Group to strengthen its market position in the property development industry in Hong Kong and enhance its competitiveness in this sector. The Group intends to develop the 6563 Land Parcel and the 6564 Land Parcel into private residential properties.

The Directors consider that the terms of the Memorandum of Agreement are normal commercial terms, and the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the obtaining of the land use right over the 6563 Land Parcel is 100% or more, the Acquisition constitutes a very substantial acquisition for the Company pursuant to Chapter 14 of the Listing Rules. The Acquisition is a qualified property acquisition under Rule 14.04(10C) of the Listing Rules as it involves an acquisition of land in Hong Kong from the HK Government through a public tender. The Acquisition is undertaken on a sole basis by the Company in its ordinary and usual course of business. Accordingly, the Acquisition is subject to reporting and announcement requirements but is exempt from Shareholders' approval requirements pursuant to Rule 14.33A(1) of the Listing Rules.

GENERAL

A circular containing, among other things, (i) further details of the Acquisition and (ii) financial information of the Group, is expected to be despatched to the Shareholders in accordance with the Listing Rules on or before 21 April 2017.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“6563 Land Parcel”	the piece of land parcel known as New Kowloon Inland Lot No. 6563, on Kai Tak Area 1L Site 2, Kai Tak, Kowloon, Hong Kong with a total site area of approximately 9,482 square metres
“6564 Land Parcel”	the piece of land parcel known as New Kowloon Inland Lot No. 6564, on Kai Tak Area 1L Site 1, Kai Tak, Kowloon, Hong Kong with a total site area of approximately 7,318 square metres
“Acceptance Letter”	the letter of acceptance dated 15 March 2017 issued by the Lands Department of the HK Government to Milway, confirming the acceptance of the Tender
“Acquisition”	the acquisition of the land use right over the 6563 Land Parcel as contemplated under the Memorandum of Agreement
“Board”	the board of Directors
“Company”	Hong Kong International Construction Investment Management Group Co., Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Consideration”	the land premium payable for the 6563 Land Parcel of HK\$7,440,500,000
“Director(s)”	the director(s) of the Company
“Director of Lands”	the Director of Lands of the Lands Department of the HK Government

“Group”	the Company and its subsidiaries
“HK Government”	the government of Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Agreement”	the memorandum of agreement entered into between Milway and the HK Government for the acquisition of land use right over the 6563 Land Parcel
“Milway”	Milway Development Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of the Company
“PRC”	The People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tender”	the tender bid for the acquisition of the 6563 Land Parcel submitted by Milway
“%”	per cent

By order of the board of
**HONG KONG INTERNATIONAL
CONSTRUCTION INVESTMENT
MANAGEMENT GROUP CO., LIMITED**
Zhao Quan
Chairman

Hong Kong, 28 March 2017

As at the date of this announcement, the executive Directors are Mr. Zhao Quan, Mr. Fung Chiu Chak, Victor, Mr. Liu Junchun, Mr. Chiu Chin Hung, Mr. Lau Kin Fai, Mr. Fan Ning, Mr. Meng Yongtao and Mr. Wong Tai Lun Kenneth; and the independent non-executive Directors are Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George and Mr. Li Kit Chee.

Company website: www.hkicimgroup.com