
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Hong Kong International Construction Investment Management Group Co., Limited, you should hand this circular together with the accompanying proxy form at once to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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

(Incorporated in Bermuda with limited liability)

(Stock code: 687)

**MAJOR TRANSACTION
IN RELATION TO
THE DISPOSAL OF THE ENTIRE EQUITY INTEREST
IN A SUBSIDIARY**

A letter from the Board is set out on pages 7 to 17 of this circular.

The Company has obtained written approval for the SPA and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules from the Controlling Shareholder which holds more than 50% of the issued share capital of the Company giving the right to attend and vote at a general meeting. Accordingly, no Shareholders' meeting will be convened to approve the SPA and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules. This circular is being despatched to the Shareholders for information only.

25 February 2019

CONTENTS

		<i>Page</i>
Definitions	1
Letter from the Board	7
Appendix I	— Financial Information of the Group	I-1
Appendix II	— Valuation Report on the Property	II-1
Appendix III	— General Information	III-1

DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context otherwise requires:

“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
“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
“Adjusted NAV”	the adjusted consolidated net assets value of the Target Group as of the Closing Date, being the total consolidated assets less total consolidated liabilities of the Target Group as adjusted in accordance with the terms of the SPA
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Closing”	the closing of the Transaction, which took place on the Closing Date
“Closing Accounts”	the unaudited closing accounts of the Target Group as of the Closing Date, which shall reflect the financial position of the Target Group immediately before Closing on a consolidated basis and in accordance with all applicable HKFRSs
“Closing Date”	15 February 2019
“Company”	Hong Kong International Construction Investment Management Group Co., Limited, a company incorporated under the laws of Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 687)
“Conditions Precedent”	the conditions precedent to Closing as set out in the SPA
“Controlling Shareholder” or “HNA Finance I”	means HNA Finance I Co., Ltd., a company incorporated in Anguilla with limited liability and a subsidiary of HNA Group Co., Ltd., which, as at the Latest Practicable Date, held 2,340,904,131 Shares, representing approximately 69.54% of the issued Shares

DEFINITIONS

“Development”	the development under construction on the 6563 Land Parcel
“Director(s)”	the director(s) of the Company
“Escrow Agent”	a third party escrow agent
“Escrow Agreement”	an escrow agreement dated 13 February 2019 entered into between the Purchaser, the Company and the Escrow Agent
“Existing Arrangements”	such contracts, agreements, arrangements, commitments or undertakings entered into or made by the members of the Target Group (including those in relation to the development and/or sales and marketing and/or management of the 6563 Land Parcel), as more particularly set out in the SPA
“Existing Bank Loan”	the term loan facilities under the Existing Finance Documents with an aggregate outstanding principal amount of HK\$2,977,000,000 as at the date of the SPA
“Existing Bank Security”	all mortgages, assignments, pledges, guarantees and all other securities required under the terms of the Existing Finance Documents
“Existing Finance Documents”	the Facility Agreement together with all other finance and security documents relating to or in connection with the Existing Bank Loan, as the same may be amended or supplemented from time to time
“Facility Agreement”	the facility agreement entered into between the Target Subsidiary (as borrower) and certain banking institutions
“Final Statement of Adjusted NAV”	a statement of Adjusted NAV of the Target Group as adjusted in accordance with the SPA
“Fortunate Pool”	Fortunate Pool Limited, a company incorporated in Hong Kong with limited liability which is wholly-owned by Mr. Fung
“Foundation Contract”	the contract documents between, among others, the Target Subsidiary as employer and TFGL as contractor for the foundation, excavation, lateral support, pile cap and basement slab works of the Development
“Group”	the Company and its subsidiaries

DEFINITIONS

“HIBOR”	Hong Kong Interbank Offered Rate
“HKFRSs”	the Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	22 February 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	28 May 2019
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“Mr. Fung”	Mr. Fung Chiu Chak, Victor, a vice chairman of the Board and an executive Director
“MTN Programme”	the USD1,000,000,000 guaranteed medium term note programme established by Silverbell
“NAV”	the amount of the net asset value of the Target Group
“Other Documents”	documents referred to in the SPA to which the Vendor is a party, apart from the SPA
“Other Purchaser Documents”	documents referred to in the SPA to which the Purchaser is a party, apart from the SPA
“Parties”	the Vendor, the Purchaser, the Company and the Purchaser Guarantor
“PBOC”	The People’s Bank of China
“percentage ratios”	has the meaning ascribed to it under Chapter 14 of the Listing Rules

DEFINITIONS

“Pro Forma Closing Accounts”	the pro forma closing accounts of the Target Group as of the Closing Date, which shall reflect the financial position of the Target Group immediately before Closing, on a consolidated basis, prepared by the Vendor in accordance with all applicable HKFRSs and consisting a statement of the Adjusted NAV of the Target Group with the projections made on information available as at the date of its preparation
“PRC”	the People’s Republic of China
“Property”	the 6563 Land Parcel and the Development, collectively
“Purchase Price”	the consideration for the purchase of the Sale Shares and the assignment of the Shareholder Loans under the SPA
“Purchaser”	Fabulous New Limited, a company incorporated in the British Virgin Islands
“Purchaser Guarantor”	Wheelock Properties Limited, a company incorporated in Hong Kong with limited liability, being the indirect sole shareholder of the Purchaser
“Remaining Group”	the Group (excluding the Target Group) immediately after Closing
“Requisite Shareholder Approval”	the approval by the Shareholders of the SPA and the consummation of the transactions contemplated under the SPA in accordance with the requirements of the Listing Rules pursuant to a special general meeting of the Company or the written approval by the Controlling Shareholder pursuant to Rule 14.44 of the Listing Rules
“Rights Issue”	the issue by way of rights on the terms set out in the Company’s prospectus dated 29 May 2017
“Sale Shares”	the entire issued share capital of the Target
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

DEFINITIONS

“Shareholder Loans”	any loan (whether principal, interest or otherwise) owing by the Target to the Vendor at Closing
“Silverbell”	Silverbell Asia Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“SPA”	the agreement dated 1 February 2019 entered into between the Vendor, the Purchaser, the Company and the Purchaser Guarantor for the sale and purchase of the Sale Shares and the Shareholder Loans
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Target”	Twinpeak Assets Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Vendor
“Target Group”	the Target and the Target Subsidiary
“Target Subsidiary”	Milway Development Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target
“Tenancy Agreement”	a tenancy agreement entered into between the Target Subsidiary and a third party landlord
“Termination Agreement”	the termination agreement(s) or the letter of confirmation, as the case may be, to be entered into by the Vendor, the Company, the Target Subsidiary with each of the parties to the Existing Arrangements (other than the Tenancy Agreement) evidencing the due termination or confirmation (as the case may be) of the relevant Existing Arrangements
“TFGL”	Tysan Foundation Geotechnical Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“TFHK”	Tysan Foundation (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company

DEFINITIONS

“Transaction”	the sale and purchase of the Sale Shares and the Shareholder Loans pursuant to the terms of the SPA
“Vendor”	Omnilink Assets Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent
“*”	the English names of the PRC entities referred to in this circular are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail

LETTER FROM THE BOARD



HONG KONG INTERNATIONAL CONSTRUCTION INVESTMENT MANAGEMENT GROUP CO., LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 687)

Executive Directors:

Mr. CHEN Chao (*Co-Chairman*)
Mr. SUN Kin Ho Steven (*Co-Chairman*)
Mr. HE Jiafu (*Vice Chairman and Chief Executive Officer*)
Mr. FUNG Chiu Chak, Victor (*Vice Chairman*)
Mr. LIU Junchun (*Vice Chairman*)
Mr. HUANG Qijun
Mr. GUO Ke
Mr. ZHANG Peihua

Non-executive Directors:

Mr. TANG King Shing
Mr. YANG Han Hsiang

Independent non-executive Directors:

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

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
business in Hong Kong:*

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

25 February 2019

To the Shareholders

Dear Sir/Madam

MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE EQUITY INTEREST IN A SUBSIDIARY

INTRODUCTION

On 1 February 2019, the Vendor (a wholly-owned subsidiary of the Company), the Purchaser, the Company as guarantor of the Vendor, and the Purchaser Guarantor, entered into the SPA, pursuant to which, among other things, the Purchaser agreed to purchase, and the Vendor agreed to (i) sell the Sale Shares and (ii) assign the Shareholder Loans, for a total consideration of HK\$3,912,225,000. The Target Group owns the Property, namely the 6563 Land Parcel and the Development, collectively.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the SPA; (ii) the Transaction and the transactions contemplated under it; and (iii) other information as required under the Listing Rules.

THE SPA

Date

1 February 2019

Parties

- (a) Omnilink Assets Limited, as Vendor;
- (b) Fabulous New Limited, as Purchaser;
- (c) the Company, as guarantor of the Vendor; and
- (d) Wheelock Properties Limited, as Purchaser Guarantor.

Transaction

The Purchaser agreed to purchase, and the Vendor agreed to (i) sell the Sale Share and (ii) assign the Shareholder Loans.

Purchase price

HK\$3,912,225,000, subject to adjustment (if any).

The Purchase Price was arrived at after arm's length commercial negotiations among the Parties primarily taking into account: (i) the price for the Property as commercially agreed among the Parties to be HK\$6,889,225,000 (the "**Agreed Price**"); and (ii) the Existing Bank Loan (the outstanding principal amount of which is HK\$2,977,000,000 as at the date of the SPA).

Based on the valuation report prepared by Vigers Appraisal & Consulting Limited as set out in Appendix II of this circular (the "**Valuation Report**"), the Property was valued at HK\$7,476,000,000 as at 31 December 2018 (the "**Valuation**"), which is higher than the Agreed Price by HK\$586,775,000. The Valuation represents the market value of the existing state of the Property taking into account the incurred construction cost on the Property up to 31 December 2018 of approximately HK\$596,000,000 as set out in note 6 to the Valuation Report. Without taking into account such incurred construction costs, the market value of the Property in bare-site condition as at 31 December 2018 would be approximately HK\$6,880,000,000 (as set out in note 6 in the Valuation Report), which is generally on par with the Agreed Price.

LETTER FROM THE BOARD

The Company considered that the Agreed Price (which is lower than the Valuation) and hence the Purchase Price were commercially reasonable primarily because, as set out in the section headed “Reasons for and benefits of the Transaction” in this circular, the Board considers that the recent volatile market conditions globally and generally weakening property prices and the transaction volume in Hong Kong have led to increasing uncertainties in the future prospects of the property development business in Hong Kong. Having assessed the prospects of developing the Property, the market competition and the associated costs, efforts and risks involved in the development of the Property, the Board considers that the Transaction provides an opportunity for the Group to realise its investment and re-deploy its resources in a more prudent matter. In particular, the Company estimates that it would need to further expend substantial construction cost if it proceeds to complete the construction of the Development. In view of the above including the substantial construction cost required to complete the construction of the Development, the Company considered that it would be more beneficial to the Company to dispose the Property at this stage.

Terms of payment

The terms of payment of the Purchase Price by the Purchaser are set out below:

(a) *Payment of Deposit*

HK\$1,377,845,000 (the “**Deposit**”) was paid by the Purchaser to the Vendor immediately upon execution of the SPA.

(b) *Completion payment*

At Closing, HK\$3,259,698,721.52 was paid by the Purchaser to the Vendor, being an amount equal to the Purchase Price:

- (i) less the Deposit and the Escrow Amount (as defined below); and
- (ii) added the amount of the Adjusted NAV, being HK\$1,285,318,721.52, as set forth in the Pro Forma Closing Accounts.

(c) *Escrow arrangement*

The remaining balance of HK\$560,000,000 (the “**Escrow Amount**”) was paid by the Purchaser to the Escrow Agent at Closing in favour of the Company (as nominee of the Vendor) subject to the terms and conditions of the Escrow Agreement and the release of which to the Company (as nominee of the Vendor) shall be subject to the terms of the SPA. The Escrow Amount shall be treated as retention money as security for the performance by the Vendor of its obligations as specified in the SPA. The Escrow Amount (or such part thereof, if any) shall be released and paid to the Vendor on the earlier of:

- (i) within ten (10) business days after the expiry of the six-month period after Closing; or
- (ii) within ten (10) business days after receipt by the Purchaser of (i) the duly executed Termination Agreements in respect of all Existing Arrangements (other than the Tenancy Agreement); and (ii) a notice in writing of the Vendor confirming that final

LETTER FROM THE BOARD

accounts or settlement amount (as the case may be) for all Existing Arrangement (other than the Tenancy Agreement) have been issued and agreed by the Target Subsidiary and all contractors and/or consultants and/or service providers thereof (or deemed to be conclusive under the relevant Termination Agreements) (the “**Agreed Contractor Final Account**”),

after deducting (i) all amounts payable by any member of the Target Group under the Termination Agreements and the Agreed Contractor Final Account; and (ii) the Contractor Accounts Payment (as defined below) (if any) (the balance thereof, the “**Remaining Balance**”), provided always that:

- (A) if the amount of the Remaining Balance is positive, payment of the Remaining Balance shall only be made after deducting therefrom certain Vendor’s outstanding obligations as specified in the SPA but have neither been fully paid nor accounted for; or
- (B) if the amount of the Remaining Balance is zero or negative, without prejudice to the generality of certain Vendor’s obligations as specified in the SPA, the Vendor shall cease to have any liability in respect of the relevant Existing Arrangement(s) with no Agreed Contractor Final Account.

Within five (5) business days after the expiry of the six-month period after Closing or within five (5) business days after receipt by the Purchaser of all the documents as referred to in (c)(ii) above, whichever is earlier, the Company and the Purchaser shall give joint instructions to the Escrow Agent by each delivering a signed notice of release in accordance with the terms of the Escrow Agreement to instruct the Escrow Agent to release the Escrow Amount (or such part thereof after deducting therefrom) to the Company (as nominee of the Vendor).

Where there is no Agreed Contractor Final Account in respect of any one or more of the Existing Arrangements (other than the Tenancy Agreement) on or before the expiry of the six-month period after Closing, a sum representing 20% of the aggregate contract sum of all such Existing Arrangements with no Agreed Contractor Final Account (the “**Contractor Accounts Payment**”) shall be absolutely forfeited to and kept by the Purchaser, pursuant to which the Vendor shall cease to have any liability in respect of such Existing Arrangements.

NAV payment

(a) Pro Forma Closing Accounts

The Vendor is required to prepare the Pro Forma Closing Accounts, which shall reflect the financial position of the Target Group immediately before Closing.

(b) Closing Accounts

The Vendor is required to prepare the Closing Accounts to be audited by auditors and a Final Statement of Adjusted NAV. The Vendor and the Purchaser shall use their reasonable endeavours to agree on the Adjusted NAV as set out in the Final Statement of Adjusted NAV after having reviewed and taken into account the information provided by the audited Closing Accounts (the Final Statement of Adjusted NAV so agreed is referred to as the “**Agreed Statement**”).

LETTER FROM THE BOARD

In the event that the Adjusted NAV as set forth in the Agreed Statement differs from the Adjusted NAV as set forth in the Pro Forma Closing Accounts, payment by the Vendor or (as the case may be) the Purchaser shall be adjusted accordingly and shall be made within five (5) business days from the date of the Agreed Statement.

Termination and default by either Parties

If Closing shall not occur in accordance with the SPA by reason of the Vendor failing to perform or comply with the Conditions Precedent (otherwise than by reason of the default of the Purchaser), or if for any reason the Vendor does not materially perform or comply with its obligations as specified in the SPA, then the Purchaser shall be entitled, in its sole and absolute discretion, to:

- (a) proceed to Closing or seek specific performance to complete the Transaction so far as practicable (without prejudice to its rights or remedies under the SPA or otherwise at law or in equity); or
- (b) defer the Closing to a later date; or
- (c) terminate the SPA by giving to the Vendor a written notice of termination and if the Purchaser shall do so, the SPA shall forthwith be terminated and of no further force and effect and in which event the Deposit (together with any interest accrued thereon) shall be returned to the Purchaser.

If Closing shall not occur in accordance with the SPA by reason of the Purchaser failing to perform or comply with its obligations as specified in the SPA (otherwise than by reason of the default of the Vendor or the Company), the Vendor shall be entitled, in its sole and absolute discretion, to:

- (a) proceed to Closing or seek specific performance to complete the Transaction, including enforcing Purchaser's obligation to deliver all deliverables under the SPA so far as practicable (without prejudice to its rights or remedies under the SPA or otherwise at law or in equity); or
- (b) defer the Closing to a later date; or
- (c) if the Purchaser has failed to perform or comply with its obligations in the SPA, terminate the SPA by giving to the Purchaser a written notice of termination and if the Vendor shall do so, the SPA shall forthwith be terminated and of no further force and effect and the Deposit (together with any interest accrued thereon) shall be retained by the Vendor.

Without prejudice to the other rights and remedies of the Purchaser, if Closing does not take place as a result of default by the Vendor on the ground that any of the relevant warranties under the SPA is not true or accurate or is misleading in any respect as at Closing, the Deposit (together with any interest accrued thereon) shall be returned to the Purchaser. In addition, the Vendor shall pay to the Purchaser an additional amount equal to the Deposit as liquidated damages.

Without prejudice to the other rights and remedies of the Vendor, if Closing does not take place as a result of default by the Purchaser not complying with its payment obligations in accordance with the SPA, the Vendor shall be entitled to retain the Deposit as liquidated damages.

LETTER FROM THE BOARD

Guarantee of the Vendor

The Company irrevocably and unconditionally guarantees and undertakes to the Purchaser due, proper and punctual performance by the Vendor of all the Vendor's obligations, covenants, indemnities and other undertakings and the terms and provisions of the SPA and Other Documents.

Guarantee of the Purchaser

The Purchaser Guarantor irrevocably and unconditionally guarantees and undertakes to the Vendor due, proper and punctual performance by the Purchaser of all the Purchaser's obligations, covenants, indemnities and other undertakings and the terms and provisions of the SPA and Other Purchaser Documents.

Conditions Precedent

Closing was conditional upon the Conditions Precedent being satisfied (or waived by the Purchaser in accordance with the SPA) on or before the Long Stop Date (or such other date to be agreed by the Vendor and the Purchaser in writing) except that in the case of the Conditions Precedent set out in (e) and (f) below which can be satisfied (or waived by the Purchaser in accordance with the SPA on or before Closing):

- (a) compliance with all applicable notification, announcement, Shareholders' approval and other requirements under the Listing Rules relating to the SPA and the transactions contemplated thereunder by the Company (where applicable), including the Requisite shareholder Approval, save and except for the requirements under the Listing Rules in relation to the issue and despatch of a circular by the Company to the Shareholders in case where the Requisite Shareholder Approval is sought under Rule 14.44 of the Listing Rules;
- (b) compliance with all applicable notification, announcement, and other requirements under the Listing Rules relating to the SPA and the transactions contemplated thereunder by the holding company of the Purchaser (where applicable);
- (c) the Foundation Contract having been terminated to the Purchaser's reasonable satisfaction and the relevant Termination Agreement for such termination having been duly executed by the parties thereto and delivered to the Purchaser;
- (d) (i) the substantial completion certificate having been issued by the architect under the Foundation Contract for the whole of the works under the Foundation Contract and a certified copy of which having been delivered to the Purchaser; and (ii) the Form BA14 (Certificate on Completion of Building Works Not Resulting in a New Building or of Street Works) having been signed by TFGL for reporting completion or (as the case may be) partial completion of the works for pile cap, tie beam, screen wall and basement slab and a certified copy of which having been delivered to the Purchaser;
- (e) there being no encumbrances over the Sale Shares, the Shareholder Loans or the Property (or any part thereof) at Closing save and except the Existing Bank Security;
- (f) all consents, approvals and/or authorisations of the existing mortgagee, any other banks, financial institutions and relevant third parties which are required under the Existing

LETTER FROM THE BOARD

Finance Documents in connection with the transactions contemplated under the SPA having been obtained, and if subject to conditions, on such conditions having been satisfied to the satisfaction of the existing mortgagee (as agent) prior to the Long Stop Date, and such consents, approvals and authorisations remaining in full force and effect and not being revoked as at Closing; and

- (g) the Tenancy Agreement having been duly assigned by the Target Subsidiary to the Company or any of its subsidiaries (other than any member of the Target Group) as the replacement tenant; and such replacement tenant and the Target Subsidiary as the outgoing tenant having duly executed the deed of assignment of tenancy and the notice of assignment as duly signed by the Target Subsidiary having been duly served on the landlord.

The Vendor shall use its best endeavours to procure the satisfaction of all the Conditions Precedent set out in (a), (c) to (g) above on or before the Long Stop Date and the Conditions Precedent set out in (e) and (f) above at Closing. The Purchaser shall use its best endeavours to procure the satisfaction of the Condition Precedent set out in (b) above on or before the Long Stop Date.

If (i) any of the Conditions Precedent are not satisfied or, in the case of the Conditions Precedent set out in (c) to (g) above (or any part thereof), waived by the Purchaser on or before the Long Stop Date or the Conditions Precedent set out in (e) and (f) above are not satisfied or waived by the Purchaser on or before Closing; or (ii) it is demonstrated by the Purchaser that any of the relevant warranties under the SPA is not true or accurate or is misleading in any respect as at Closing, the Purchaser may by a written notice to the Vendor terminate the SPA, whereupon the Deposit, with interest, shall be returned to the Purchaser.

If any of the Conditions Precedent set out in (a) and (b) above is not satisfied on or before the Long Stop Date, the Vendor or (as the case may be) the Purchaser may by a written notice to the other terminate the SPA, whereupon the Deposit, with interest, shall be returned to the Purchaser.

Closing

As disclosed in the announcement of the Company dated 15 February 2019, Closing has taken place on 15 February 2019, and as at Closing, all of the Conditions Precedent set out above had been fulfilled or waived.

INFORMATION ABOUT THE TARGET GROUP AND THE PROPERTY

The Target

The Target is a company incorporated in the British Virgin Islands with limited liability and as at the Latest Practicable Date was a direct wholly-owned subsidiary of the Vendor. The Target is the sole shareholder of the Target Subsidiary, which is the sole legal and beneficial owner of the Property. Upon Closing, the Target had ceased to be a subsidiary of the Company.

LETTER FROM THE BOARD

A summary of the financial information of the Target (on a consolidated basis) for the period from 8 February 2017 (being the date of incorporation) to 31 December 2017 and the year ended 31 December 2018 is set out below:

	For the year ended 31 December 2018 (unaudited) <i>HK\$'000</i>	For the period from 8 February 2017 (being the date of incorporation) to 31 December 2017 (unaudited) <i>HK\$'000</i>
Net loss before taxation and extraordinary items	566,315	102
Net loss after taxation and extraordinary items	566,315	102

As at 31 December 2018, the unaudited net liabilities of the Target (on a consolidated basis) amounted to approximately HK\$566,417,000.

The Target Subsidiary

The Target Subsidiary is a company incorporated in Hong Kong with limited liability whose principal business activity is property development and is a wholly-owned subsidiary of the Target. The Target Subsidiary is the registered and the sole legal and beneficial owner of the Property. Upon Closing, the Target Subsidiary had ceased to be a subsidiary of the Company.

The Property

The Property is the development under construction on New Kowloon Inland Lot No. 6563. The Property has a total site area of approximately 9,482 square metres and is valued at HK\$7,476,000,000 as at 31 December 2018 based on the valuation report prepared by Vigers Appraisal & Consulting Limited as set out in Appendix II of this circular. The unaudited net book value of the Property as at 31 December 2018 is HK\$7,476,000,000.

INFORMATION ABOUT THE GROUP AND THE PARTIES TO THE SPA

The Company, the Group and the Vendor

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

The Vendor is a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company. The Vendor's principal business activity is investment holding.

LETTER FROM THE BOARD

The Purchaser and the Purchaser Guarantor

The Purchaser is a company incorporated in the British Virgin Islands whose principal business activity is investment holding. The Purchaser Guarantor is a company incorporated in Hong Kong with limited liability whose principal business activity is investment holding. Each of the Purchaser and the Purchaser Guarantor is a wholly-owned subsidiary of Wheelock and Company Limited.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser, the Purchaser Guarantor and their respective ultimate beneficial owners are third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Board considers that the recent volatile market conditions globally and generally weakening property prices and the transaction volume in Hong Kong have led to increasing uncertainties in the future prospects of the property development business in Hong Kong. Having assessed the prospects of developing the Property, the market competition and the associated costs, efforts and risks involved in the development of the Property, the Board considers that the Transaction provides an opportunity for the Group to realise its investment and re-deploy its resources in a more prudent matter. The Board will continue to monitor the market sentiment and evaluate the development strategy of the Group, while for the time being focus on the Group's other principal business of foundation piling and site investigation and continue to explore business opportunities in the Group's other principal business and other investment opportunities, with a view to achieving sustainable growth and development of the Group as a whole.

Taking into account the abovementioned factors, the Directors consider that the terms of the SPA (and the transactions contemplated under it) are made on normal commercial terms and are fair and reasonable, and that the entering into the SPA and the Transaction are in the interests of the Company and the Shareholders as a whole.

The Company estimates that the net proceeds from the Transaction will be approximately HK\$3.6 billion (subject to finalisation). As of the Latest Practicable Date, the Company had applied part of such proceeds to repay HK\$229 million of the Group's bank borrowing. While the Board had not made any definitive decision as of the Latest Practicable Date, the Board may apply the remaining proceeds to appropriate investment opportunities as and when they arise and/or to general working capital of the Group. In particular, as of the Latest Practicable Date, the Company was in consideration of acquiring certain commercial real estate property in Hong Kong for investment purpose, which may or may not materialise as contemplated or at all. As of the Latest Practicable Date, the Company had not entered into any definitive sale and purchase agreement with respect to such real estate property. The Company will make further announcement(s) as and when required under the Listing Rules.

In addition, the Board will review the financial position of the Group in conjunction with the annual results for the year ended 31 December 2018 (which is expected to be published by the end of March 2019) and will consider if any dividends will be recommended for distribution to the Shareholders. Any such recommendation and declaration of dividends will be subject to compliance with all applicable laws and regulations and the requirements under the Company's bye-laws. In addition to the potential cash dividend, the Company may consider further repaying existing debts with a view to lowering the

LETTER FROM THE BOARD

gearing ratio and maintaining a more prudent financial position as a whole. The actual use of the net proceeds from the Transaction is subject to the then circumstances and decision of the Board.

FINANCIAL EFFECTS OF THE TRANSACTION

The Company currently expects to record a loss from the Transaction (before tax) of approximately HK\$740 million (subject to finalisation and adjustments), estimated based on (i) the unaudited consolidated financial information of the Target as at 31 December 2018; (ii) estimated costs to be incurred for the development of the Property up to Closing; and (iii) other estimated related transaction costs and expenses. Any such loss from the Transaction will be recognised in the financial information of the Company for the year ending 31 December 2019, the actual amount of which is subject to finalisation and adjustments. Moreover, the Company expects that the write-down of the properties under development of the Target Group will also impact the net profit of the Company for the year ended 31 December 2018. As disclosed in the interim results announcement of the Company dated 27 August 2018, the Company recorded an unaudited profit attributable to ordinary equity holders of the Company of HK\$1,054 million. However, it is expected that the corresponding figure for the year ended 31 December 2018 will be substantially lower, primarily due to the aforesaid write-down of approximately HK\$450 million (subject to finalisation) and also the share option expenses of approximately HK\$160 million (subject to finalisation) arising from the grant of share options by the Company in the second half of 2018.

Based on the Company's current estimation, the completion of the Transaction is not expected to result in any change in the total non-current assets of the Group, while it is expected to decrease the total current assets of the Group by approximately HK\$3,800 million and decrease the total liabilities of the Group by approximately HK\$3,060 million.

Taking into account the write-down of the properties under development of the Target Group of approximately HK\$450 million (subject to finalisation) and also the share option expenses of approximately HK\$160 million (subject to finalisation) arising from the grant of share options by the Company in the second half of 2018 as disclosed in the announcement of the Company dated 1 February 2019, based on the unaudited consolidated management accounts of the Company, as at 31 December 2018, the Group had total cash on hand of approximately HK\$4.90 billion (including fixed deposits and non-pledged bank balances of approximately HK\$3.43 billion, pledged bank balances of approximately HK\$0.04 billion and restricted cash of approximately HK\$1.43 billion), as well as total borrowings of approximately HK\$3.83 billion, and the unaudited net asset value of the Group as at 31 December 2018 was approximately HK\$12.19 billion.

The above figures are only based on the preliminary assessment by the Company, with reference to its management accounts and the information currently available, which are subject to finalisation and adjustments where necessary, and have not been reviewed or audited by the auditors or audit committees of the Company. Also, the final figures may be affected by certain items that are still being ascertained and finalised. The Company is still in the process of finalising its annual results for the year ended 31 December 2018. Financial information and other details of the Company for the year ended 31 December 2018 will be disclosed in its annual results announcements in accordance with the requirements of the Listing Rules.

Shareholders and other investors should read carefully the annual results announcement of the Company for the year ended 31 December 2018, which is expected to be published by the end of March 2019 pursuant to the requirements of the Listing Rules.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As one or more of the relevant applicable percentage ratios set forth under Rule 14.07 of the Listing Rules in respect of the Transaction exceed 25% but all the applicable percentage ratios are below 75%, the Transaction constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no Shareholder has an interest in the SPA and the transactions contemplated thereunder which is materially different from the other Shareholders. Accordingly, no Shareholder is required to abstain from voting if the Company were to convene a special general meeting for the approval of the SPA and the transactions contemplated under the SPA.

Since no Shareholder is required to abstain from voting if the Company were to convene a special general meeting for approval by the Shareholders of the SPA and the transactions contemplated under the SPA, and the Company has obtained a written approval for the SPA and the transactions contemplated under the SPA from HNA Finance I (the Controlling Shareholder holding 2,340,904,131 Shares, representing approximately 69.54% of the issued share capital of the Company as at the Latest Practicable Date), a special general meeting of the Company to approve the SPA and the transactions contemplated under the SPA is not required pursuant to Rule 14.44 of the Listing Rules and will not be convened.

None of the Directors has a material interest in the SPA and the transactions contemplated thereunder. Accordingly, no Director was required to abstain from voting on and/or passing the relevant Board resolutions.

RECOMMENDATION

Although no special general meeting will be convened for approving the Transaction, the Directors (including the independent non-executive Directors) consider that the terms of the SPA and the transactions contemplated thereunder are fair and reasonable and on normal commercial terms, and in the interest of the Group and the Shareholders as a whole. Accordingly, if a special general meeting of the Company were convened for approving the Transaction, the Directors (including the independent non-executive Directors) would have recommended the Shareholders to vote in favour of the Transaction.

FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By order of the Board
**HONG KONG INTERNATIONAL CONSTRUCTION
INVESTMENT MANAGEMENT GROUP CO., LIMITED**
Sun Kin Ho Steven
Co-Chairman

1. STATEMENT OF INDEBTEDNESS

As at 31 December 2018, being the latest practicable date for the purpose of preparation of this statement prior to the publication of this circular, the Group had unaudited bank borrowings and other borrowings amounting to approximately HK\$3,234,292,000 and HK\$933,605,000, respectively, details of which are as follows:

	<i>HK\$'000</i>
Bank borrowings	
<i>Current</i>	
Bank loan, secured	229,000
Instalment loan, secured	3,952
	<u>232,952</u>
<i>Non-current</i>	
Bank loan, secured	2,934,628
Instalment loan, secured	66,712
	<u>3,001,340</u>
Total	<u><u>3,234,292</u></u>
Other borrowings	
<i>Current</i>	
Loan from a related company	163,958
	<u>163,958</u>
<i>Non-current</i>	
Loan from a related company	170,790
Guaranteed notes	298,857
Other loan	300,000
	<u>769,647</u>
Total	<u><u>933,605</u></u>

As at 31 December 2018, the Group's non-current secured bank loan of approximately HK\$2,934,628,000 was secured by the Group's properties under development located at the 6563 Land Parcel with a carrying amount of HK\$7,476,000,000 and all the issued shares of Milway Development Limited, fixed charge on bank balances of approximately HK\$37,469,000, floating charge on bank balances of approximately HK\$1,437,492,000 and other assets of approximately HK\$4,840,000, and were supported by corporate guarantee from the Company.

As at 31 December 2018, the Group's current secured bank loan of HK\$229,000,000 and a secured instalment loan of HK\$70,664,000 were secured by the Group's office premises with a gross floor area of 29,526 sq.ft located at 20th floor, One Island South, Wong Chuk Hang, Hong Kong with a carrying amount of approximately HK\$153,505,000 and were supported by corporate guarantee from the Company.

As at 31 December 2018, the current loan from Tysan Property Development (Tianjin) Co., Ltd., a related company, was unsecured, bore interest at interest rate published by PBOC and repayable on 21 December 2019, and the non-current loan from Tysan Land (Shanghai) Limited, a related company, was unsecured, bore interest at interest rate published by PBOC and repayable on 29 September 2020. Both loans from related companies are classified as "liabilities directly associated with the assets classified as held for sale" under current liabilities in the Group's consolidated statement of financial position.

As at 31 December 2018, the Group's guaranteed notes and other loan were supported by corporate guarantees from the Company.

The current secured bank loan of HK\$229,000,000 was early repaid on 21 February 2019. As at 31 December 2018, the interest payable relating to such bank loan was approximately HK\$296,000.

Interest rates of bank borrowings range from HIBOR plus 1.3% to HIBOR plus 2.75% per annum. Interest rates of guaranteed notes and other loan are 7% per annum and HIBOR plus 4.75% per annum, respectively.

2. CONTINGENT LIABILITIES

As at 31 December 2018:

- (a) the Group provided guarantees to certain banks in respect of performance bonds granted to certain subsidiaries of approximately HK\$325,219,000;
- (b) 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 approximately HK\$4,645,000;
- (c) the Company provided guarantees to holders of the guaranteed medium term notes issued by a subsidiary of the Company in an aggregate amount of HK\$305,000,000;
- (d) the Company provided guarantees to an independent third party in connection with the other loan granted to a subsidiary of the Company in an amount of HK\$300,000,000; and
- (e) the Company provided guarantees to certain banks in connection with bank loans and general credit facilities granted to its certain subsidiaries in an aggregate amount of approximately HK\$3,585,246,000.

3. DISCLAIMER

Save as disclosed above and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, the Group did not have any loan capital issued and outstanding or agreed to be issued, any loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, debt securities, charges or loans or hire purchase commitments, guarantees or other contingent liabilities as at the close of business on 31 December 2018.

4. WORKING CAPITAL

The Directors are of the opinion that, in the absence of unforeseeable circumstances and after taking into account (i) the proceeds from the Transaction; (ii) the Group's internal resources; and (iii) the loan facilities presently available to the Group, the Group has sufficient working capital for its present requirements, which is for at least the next 12 months from the date of this circular.

5. MATERIAL ADVERSE CHANGE

Save for the profit warning as set out in the Company's announcement dated 1 February 2019 or as disclosed in the section headed "Financial effects of the Transaction" in the Letter from the Board, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position or outlook of the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

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, the Company will continue to explore suitable investment opportunities, with a view to striking a balance between risk and revenue to achieve the long-term development objective of the Company.

Foundation Piling

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.

As at the Latest Practicable Date, the Group had 21 foundation piling projects on hand. The Company will continue to reinforce development in the foundation piling business. While constantly maintaining the Company's industry leading position in the Hong Kong and Macau markets, the Company will further enhance its influence in the industry and contribute to the long-term development of the Company.

Property Development and Investment

In relation to the current property development and investment business, the Board will continue to review its business strategy while continue to explore suitable investment opportunities.

Investment business

The Board will continue to monitor the market sentiment and evaluate the investment strategy of the Group with a view to achieving sustainable growth and development and creating an investment portfolio with stable cash flow and value appreciation.

The following is the valuation report prepared for the purpose of incorporation in this circular received from Vigers Appraisal & Consulting Limited, an independent valuer, in connection with its valuation of 6563 Land Parcel as at 31 December 2018.

Vigers Appraisal & Consulting Limited
International Assets Appraisal Consultants
27/F, Standard Chartered Tower
Millennium City 1
388 Kwun Tong Road
Kowloon, Hong Kong



25 February 2019

The Board of Directors
Hong Kong International Construction Investment Management Group Co., Limited
20/F One Island South
No 2 Heung Yip Road
Wong Chuk Hang
Hong Kong

Dear Sirs,

In accordance with your instructions of Hong Kong International Construction Investment Management Group Co., Limited (the “**Company**”) and its subsidiaries (hereinafter referred to as the “**Group**”) to value the property interest in the Hong Kong Special Administrative Region of the People’s Republic of China (“**Hong Kong**”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interest as at 31 December 2018 (“**valuation date**”) for the purpose of incorporation in the circular.

Our valuation is our opinion of the market value of the property interest which we would define market value as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

In valuing property interest, we have valued the property on the basis that the property will be developed and completed in accordance with latest development proposal available to us as at the Valuation Date. We have assumed that approvals for the proposal have been obtained. In arriving at our opinion of the market value, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the incurred construction costs and the estimated construction costs remaining outstanding for completing the development.

Our valuation has been made on the assumption that the owner sells the property interest on the market without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to increase the value of the property interest. In addition, no forced sale situation in any manner is assumed in our valuation.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any neither of the property interest valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interest is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have caused searches to be made on the title of the property at the Land Registry in Hong Kong, however, we have not scrutinized the original title documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us.

In valuing the property interest which is situated in Hong Kong and held under the government leases which will be expired before 30 June 2047, we have taken into account of the statement contained in the Annex III of the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance 1988 that such leases would have been extended without payment of premium until 30 June 2047 and that an annual rent of three percent of the rateable value of the property would be charged from the date of extension.

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us by the Company on matters such as statutory notices, easements, tenure, occupancy, floor areas, identification of the property and all other relevant matters. We have no reason to doubt the truth and accuracy of the information provided to us by the Company. We have relied on the Company's confirmation that no material fact has been omitted from the information so supplied. All documents have been used as reference only. All dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property in respect of which we have been provided with such information as we have required for the purpose of our valuation. However, no structural survey has been carried out and it was not possible to inspect the wood work and other parts of the structures which were covered, unexposed or inaccessible. We are therefore, unable to report that the property are free of rot, infestation or any structural defect. No tests have been carried out on any of the building services.

In valuing the property interest, we have complied with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2017 published by the Hong Kong Institute of Surveyors (“HKIS”).

Unless otherwise stated, all sums in our valuation are in Hong Kong Dollars.

We enclose herewith a valuation certificate.

Yours faithfully,
For and on behalf of
Vigers Appraisal & Consulting Limited
Raymond Ho Kai Kwong
Registered Professional Surveyor (GP)
MRICS MHKIS MSc(e-com)
China Real Estate Appraiser
Managing Director

Note: Mr. Raymond Ho Kai Kwong, Chartered Surveyor, MRICS MHKIS MSc (e-com), has over thirty two years’ experiences in undertaking valuations of properties in Hong Kong and has over twenty five years’ experiences in valuations of properties in the PRC.

VALUATION CERTIFICATE

The property held by the Group for Development

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2018
Kai Tak Area 1L Site 2 Kai Tak Kowloon	The property comprises a parcel of land with a site area of 9,482 sq m (102,064 sq ft) or thereabouts.	Upon our inspection, the property was a construction site undergoing foundation works.	HK\$7,476,000,000
New Kowloon Inland Lot No 6563 ("NKIL 6563")	The property is a development site located on the southwestern side of Kai Tak River and in the southeastern side of the proposed Kai Tak Station.	As informed by the Group, the construction of the property is scheduled to be completed by the end of July in 2021.	
	The property is planned to be developed into a residential development with carparking facilities. The maximum gross floor area of the property is approximately 51,202 sq m (551,138 sq ft) or thereabouts. NKIL 6563 is held under the Conditions of Sale No 20300 for a term of 50 years from 12 April 2017 at an annual rent equivalent to 3% of the rateable value from time to time of the property subject to a minimum rent of HK\$1 per annum (if demanded).		

Notes:

1. Pursuant to the Conditions of Sale No 20300, the property was awarded in a tender at a premium of HK\$7,440,500,000 on 15 March 2017.
2. According to the record obtained from the land registry, the registered owner of the property was Milway Development Limited, a wholly-owned subsidiary of the Company.
3. As at the Valuation Date, the property was subject to the Building Mortgage in favour of DBS Bank Ltd. vide a memorial no 18061302450257 dated 7 June 2018.
4. Pursuant to the latest Outline Zoning Plan, the property lay within an area zoned for "Residential (Group B) 2" uses under the Approved Kai Tak Outline Zoning Plan No S/K22/6.

A planning permission by the Town Planning Board under section 16 of the Town Planning Ordinance (Application No A/K22/16) for the minor relaxation of maximum plot ratio and building height restrictions for the property and other sites in Kai Tak was granted on 17 April 2015. The planning permission is subject to certain conditions and shall be valid until 17 April 2021.

5. Uses and development of the property were governed by the Conditions of Sale No 20300. While the entire Conditions of Sale shall be noted, the salient conditions for the restrictions on the use and development are summarized below:
 - (I) Any part thereof or any building(s) erected or to be erected thereon shall not be used for any purpose other than for private residential purposes.
 - (II) The total gross floor area of any building(s) erected or to be erected on the property shall not be less than 30,722 sq m (330,692 sq ft) and shall not exceed 51,202 sq m (551,138 sq ft).
 - (III) The total site coverage of any building(s) erected or to be erected shall not exceed 40% of the area of the lot.
6. Based on the information available to the Company, the construction cost expended in the property as at the valuation date was approximately HK\$3,052,000,000 and the incurred construction cost in the property up to 31 December 2018 was approximately HK\$596,000,000. In determining the market value of the property, we have taken into account such estimated construction cost to complete. We are of the opinion that the Market Value of the property in bare-site condition as at 31 December 2018 was HK\$6,880,000,000.
7. The estimated capital value of the property after completion is approximately HK\$13,432,000,000.
8. As advised by the Group, as at the valuation date, a set of general building plans was approved by the Building Authority on 16 August 2018.
9. The property was inspected by Mr. Lai Kar Yin, Chartered Surveyor, on 8 February 2019.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporations

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code:

Long position in the Shares and underlying Shares:

Name of Director	Capacity	Number of Shares	Number of underlying Shares	Approximate percentage of the Company's issued share capital (Note 1)
Mr. SUN Kin Ho Steven	Beneficial owner	—	33,630,000 (L) (Note 3)	1.00
Mr. HE Jiafu	Beneficial owner	—	15,000,000 (L) (Note 3)	0.45
Mr. FUNG Chiu Chak, Victor	Beneficial owner	—	20,000,000 (L) (Note 2)	0.59
Mr. LIU Junchun	Beneficial owner	—	20,000,000 (L) (Note 2)	0.59
Mr. HUANG Qijun	Beneficial owner	—	34,000,000 (L) (Note 2)	1.01
Mr. GUO Ke	Beneficial owner	—	15,000,000 (L) (Note 3)	0.45
Mr. TANG King Shing	Beneficial owner	—	8,000,000 (L) (Note 2)	0.24
Mr. YANG Han Hsiang	Beneficial owner	—	8,000,000 (L) (Note 3)	0.24

Name of Director	Capacity	Number of Shares	Number of underlying Shares	Approximate percentage of the Company's issued share capital (Note 1)
Mr. FAN Chor Ho	Beneficial owner	—	3,400,000 (L) (Note 2)	0.10
Mr. TSE Man Bun	Beneficial owner	—	3,400,000 (L) (Note 2)	0.10
Mr. LUNG Chee Ming, George	Beneficial owner	—	3,400,000 (L) (Note 2)	0.10
Mr. LI Kit Chee	Beneficial owner	—	3,400,000 (L) (Note 2)	0.10

L: Long position

Notes:

- Based on 3,366,035,709 Shares issued as at the Latest Practicable Date.
- All underlying Shares are share options granted by the Company on 20 July 2018 under the share option scheme of the Company at the exercise price of HK\$1.75 per Share.
- All underlying Shares are share options granted by the Company on 18 October 2018 under the share option scheme of the Company at the exercise price of HK\$1.90 per Share.

Save as disclosed below, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

Director	Company	Position
Mr. Chen Chao	HNA Group Co., Ltd.	Vice president
Mr. Sun Kin Ho Steven	HNA Finance I	Director
Mr. He Jiafu	HNA Group Co., Ltd. HNA Holding Group Co., Ltd. Hainan HNA Holding Co., Ltd.	Non-executive director Director and chairman of the board Director and chairman of the board
Mr. Huang Qijun	HNA Group Co., Ltd. HNA Holding Group Co., Ltd. HNA Investment Holding Co., Ltd.	Director Chairman of the board Director
Mr. Zhang Peihua	HNA Finance I	Director

3. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS AND COMPETING INTERESTS

Save for the interest of the master agreement dated 6 July 2017 entered into between the Company (for itself and for and on behalf of other members of the Group) and Mr. Fung (for himself and on behalf of companies owned or controlled by him) in respect of the subcontracting of certain categories of works, since 31 December 2017, being the date to which the latest published audited accounts of the Company were made up, no Director was materially interested in any subsisting contract or arrangement which was significant in relation to the business of the Group, and no Director or expert (as named in this circular) was interested in any assets which had been acquired or disposed of by or leased to (or are proposed to be acquired or disposed of by or leased to) any member of the Group since the date of the latest published audited accounts of the Company.

As at the Latest Practicable Date, save as disclosed above, none of the Directors and his respective close associates (as defined in the Listing Rules) had any interests in a business, which competes or is likely to compete either directly or indirectly with the business of the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

5. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, no litigation or claim of material importance was pending or threatened against any member of the Group.

6. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business carried on by the Group) have been entered into by members of the Group within the two years immediately preceding the date of this circular:

- (a) the underwriting agreement dated 28 March 2017 (as amended and supplemented by side letters dated 20 April 2017 and 25 April 2017) and entered into between the Company and CCB International Capital Limited and HNA Finance I (as underwriters) in relation to the Rights Issue;
- (b) an irrevocable undertaking dated 28 March 2017 given by HNA Finance I in favour of the Company and CCB International Capital Limited in relation to the Rights Issue;
- (c) the shareholder's loan agreement dated 5 April 2017 entered into between the Company (as borrower) and HNA Finance I (as lender) in relation to an interest-free unsecured loan of HK\$2,700 million for financing the acquisition of the 6563 Land Parcel by the Target Subsidiary;

- (d) the shareholder's loan agreement dated 7 April 2017 entered into between the Company (as borrower) and HNA Finance I (as lender) in relation to an interest-free unsecured loan of HK\$3,700 million for financing the acquisition of the 6563 Land Parcel by Target Subsidiary;
- (e) the programme agreement dated 7 April 2017 entered into between Silverbell (as issuer), the Company (as guarantor) and the dealers named therein in relation to the basis on which Silverbell may from time to time agree to issue, and on which any of dealers may from time to time agree to subscribe, notes under the MTN Programme unconditionally and irrevocably guaranteed by the Company;
- (f) the trust deed dated 7 April 2017 entered into between the Company, Silverbell and The Bank of New York Mellon, London Branch (the "Trustee") in relation to the rights and duties of the Trustee in respect of any notes issued under the MTN Programme and by which any notes to be issued under the MTN Programme shall be constituted;
- (g) the agency agreement dated 7 April 2017 entered into between the Company, Silverbell, the Trustee, The Bank of New York Mellon, London Branch as principal paying agent, and the other agents named in it in relation to the rights and duties of such agents in respect of any notes to be issued under the MTN Programme;
- (h) an irrevocable undertaking dated 10 April 2017 given by an existing Shareholder, Shenzhen Terart Decoration Design Engineering Co., Ltd.* (深圳市特藝達裝飾設計工程有限公司), pursuant to which Shenzhen Terart Decoration Design Engineering Co., Ltd.* (深圳市特藝達裝飾設計工程有限公司) undertook that it will take up and pay for 21,000,000 rights Shares, which constitute its provisional allotment of the rights Shares under the Rights Issue in respect of the Shares beneficially owned by it as at the time of the giving of the undertaking;
- (i) an irrevocable undertaking dated 10 April 2017 given by an existing Shareholder, Hainan Shengda Industrial Co., Ltd.* (海南生達實業有限公司), pursuant to which Hainan Shengda Industrial Co., Ltd.* (海南生達實業有限公司) undertook that it will take up and pay for 21,000,000 rights Shares, which constitute its provisional allotment of the rights Shares under the Rights Issue in respect of the Shares beneficially owned by it as at the time of the giving of the undertaking;
- (j) an irrevocable undertaking dated 18 April 2017 given by an existing Shareholder, Hong Kong Marine Construction Limited, pursuant to which Hong Kong Marine Construction Limited undertook that it will take up and pay for 114,000,000 rights Shares under the Rights Issue, which constitute its provisional allotment of the rights Shares under the Rights Issue in respect of the Shares beneficially owned by it as at the time of the giving of the undertaking;

- (k) the deed of release dated 27 April 2017 entered into between the Company, TFHK and Fortunate Pool in relation to the release of each party to the shareholders' agreement of TFHK dated 17 January 2014 of their obligations and/or liabilities thereunder, upon completion of the sale and purchase agreement dated 19 April 2016 entered into among the Company as purchaser, Fortunate Pool as vendor and Mr. Fung as a guarantor in relation to the obligations, commitments and undertakings of Fortunate Pool under such agreement for an aggregate consideration of HK\$836,790,400;
- (l) the master agreement dated 6 July 2017 entered into between the Company and Mr. Fung in respect of the subcontracting of foundation works, building and construction works, electrical and mechanical engineering works and/or rental of tower cranes and provision of engineering services;
- (m) the pricing supplemental agreement dated 21 July 2017 entered into between Silverbell (as issuer) and the Company (as guarantor) in relation to the pricing details of certain guaranteed notes due 2020 with a nominal value of HK\$130,000,000 and a coupon of 7.0% under the MTN Programme;
- (n) the confirmation letter dated 21 July 2017 entered into between Silverbell (as issuer) and the Company (as guarantor) in relation to the confirmation of the appointment of Guotai Junan Securities (Hong Kong) Limited as a dealer for the guaranteed notes referred to in item (m);
- (o) the pricing supplement agreement dated 10 August 2017 entered into between Silverbell (as issuer) and the Company (as guarantor) in relation to the pricing details of certain guaranteed notes due 2020 with a nominal value of HK\$90,000,000 under the MTN Programme (to be consolidated and form a single series with the guaranteed notes referred to in item (m));
- (p) the confirmation letter dated 10 August 2017 entered into between Silverbell (as issuer) and the Company (as guarantor) in relation to the confirmation of the appointment of Guotai Junan Securities (Hong Kong) Limited as a dealer for the guaranteed notes referred to in item (o);
- (q) the subscription agreement dated 4 September 2017 entered into between Uni-Genius Investments Limited (as subscriber) and Right Time Global Investment SPC (as issuer) in relation to the subscription of shares of Right Time Global Investment SPC in an aggregate amount of US\$200 million;
- (r) the master agreement dated 22 September 2017 entered into between TFHK with Denco Properties Limited and Hongkong Island Construction Properties Co., Limited in relation to the provision of foundation works by members of the Group to members of HNA Group Co., Ltd.;

- (s) the master agreement dated 22 September 2017 entered into between the Company and Hainan Marine Construction Project Management Contracting Company Limited* (海南海建工程管理總承包有限公司), in relation to the provision of BIM (building information modelling) modelling services and BIM platform by members of HNA Group Co., Ltd. to members of the Group;
- (t) the amended and restated exempted limited partnership agreement dated 13 October 2017 entered into between Benefit Developments Limited (“**BDL**”, a wholly-owned subsidiary of the Company) and Hisea International Co., Ltd. (as limited partners) and HKICIM (GP) II Limited (as general partner, an indirect wholly-owned subsidiary of the Company), in relation to the transactions contemplated under the subscription agreement referred to in item (u);
- (u) the subscription agreement dated 13 October 2017 entered into by BDL pursuant to which BDL has agreed to commit a cash contribution of approximately HK\$667.7 million to HKICIM Fund II, L.P., an exempted limited partnership established in the Cayman Islands (“**Fund II**”);
- (v) the conditional sale and purchase agreement (the “**Best Feast SPA**”) entered into among the Company, Forestar Assets Limited (a wholly-owned subsidiary of the Company) (“**Forestar Assets**”), Best Feast Limited, Mr. Cheung Wai Suen and Ms. Wang Heng dated 18 October 2017 for the sale and purchase of approximately 10.63% of the issued share capital of Sapphire Corporation Limited, a company incorporated in Singapore with limited liability and the issued shares of which are listed on the Main Board of Singapore Exchange Securities Trading Limited, to be settled by the issue and allotment of a maximum of 24,871,074 consideration Shares at an issue price of HK\$4.08 per Share by the Company to Best Feast Limited;
- (w) the conditional sale and purchase agreement (the “**Ou Rui SPA**”) entered into among the Company, Forestar Assets and Ou Rui Limited dated 18 October 2017 for the sale and purchase of approximately 17.33% of the issued share capital of Sapphire Corporation Limited, to be settled by the issue and allotment of a maximum of 40,547,103 consideration Shares at an issue price of HK\$4.08 per Share by the Company to On Rui Limited;
- (x) (i) the termination agreement entered into among the Company, Forestar Assets, Best Feast Limited, Mr. Cheung Wai Suen and Ms. Wang Heng dated 29 January 2018 for the termination of the Best Feast SPA and; (ii) the termination agreement entered into among the Company, Forestar Assets and Ou Rui Limited dated 29 January 2018 for the termination of the Ou Rui SPA;
- (y) the equity transfer agreement dated 13 November 2017 entered into between Great Regent Investments Limited, Shanghai Changning Duncan Property Consulting Co., Ltd.* (上海長寧頓肯房地產經紀有限公司), Red Shine Investment Limited and Carriway Limited (the “**Shanghai Sellers**”), Hainan HNA Shou Fu Investment Co., Ltd.* (海南海航首府投資有限公司) (“**HNA Shou Fu Investment**”) and Tysan Land (Shanghai) Limited* (泰昇房地產(上海)有限公司) (“**Tysan Shanghai**”) in relation to the disposal of the entire equity

interest in Tysan Shanghai by the Shanghai Sellers to HNA Shou Fu Investment at a cash consideration of RMB585.8 million;

- (z) the equity transfer agreement dated 13 November 2017 entered into between Sparkle Key Limited (“**Sparkle Key**”), Hainan HNA Infrastructure Investment Group Co., Ltd.* (海南海航基礎設施投資集團股份有限公司) (“**HNA Infrastructure Investment**”, now known as HNA Infrastructure Investment Group Co., Ltd. (海航基礎設施投資集團股份有限公司)) and Tysan Land (Shenyang) Limited* (泰昇房地產(瀋陽)有限公司) (“**Tysan Shenyang**”) in relation to the disposal of the entire equity interest in Tysan Shenyang by the Sparkle Key to HNA Infrastructure Investment at a cash consideration of RMB762 million;
- (aa) the equity transfer agreement dated 13 November 2017 entered into between Great Prosper Limited (“**Great Prosper**”), HNA Shou Fu Investment and Tysan Property Development (Tianjin) Co. Ltd.* (泰昇房地產開發(天津)有限公司) (“**Tysan Tianjin**”) in relation to the disposal of the entire equity interest in Tysan Tianjin by Great Prosper to HNA Shou Fu Investment at a cash consideration of RMB435.8 million;
- (bb) the amended and restated exempted limited partnership agreement dated 30 November 2017 entered into between Benefit Developments III Limited (“**BDL III**”, a wholly-owned subsidiary of the Company) and Hisea International Co., Ltd. (as limited partners) and HKICIM (GP) III Limited (as general partner, an indirect wholly-owned subsidiary of the Company) in relation to the transactions contemplated under the subscription agreement referred to in item (cc);
- (cc) the subscription agreement dated 30 November 2017 entered into by BDL III pursuant to which BDL III has agreed to commit a cash contribution of approximately HK\$594.95 million to HKICIM Fund III L.P., an exempted limited partnership established in the Cayman Islands (“**Fund III**”);
- (dd) the pricing supplement agreement dated 1 December 2017 entered into between Silverbell (as issuer) and the Company (as guarantor) in relation to the pricing details of certain guaranteed notes due 2020 with a nominal value of HK\$85,000,000 and a coupon of 7.0% under the MTN Programme;
- (ee) the confirmation letter dated 1 December 2017 entered into between Silverbell (as issuer) and the Company (as guarantor) in relation to the confirmation of the appointment of Guotai Junan Securities (Hong Kong) Limited as a dealer for the guaranteed notes referred to in item (dd);
- (ff) the term sheet dated 19 January 2018 entered into between the Company and Shinhan Creative Finance 3rd Co. with respect to the issue of convertible bonds in the principal amount of not less than US\$50,000,000 (equivalent to approximately HK\$390,000,000) and not more than US\$85,000,000 (equivalent to approximately HK\$663,000,000) by the Company to Shinhan Creative Finance 3rd Co. (a special purpose company established in the Republic of Korea solely for the purpose of such issue of convertible bonds);

- (gg) the sale and purchase agreements dated 12 February 2018 entered into among (among others) (i) Fund II and Shibo Investment Limited and (ii) Fund III and Easco Investment Limited in relation to the disposal of Fund II and Fund III's interest in Total Thrive Holdings Limited and Sky Hero Developments Limited;
- (hh) the amended and restated exempted limited partnership agreement dated 6 March 2018 entered into between HKICIM (GP) V Limited (as general partner, an indirect wholly-owned subsidiary of the Company) and Mr. MU Xianyi and Hong Kong International Investment Group Co., Limited ("**HKIIG**") (as limited partners) in relation to the formation of HKICIM Fund V, L.P. ("**Fund V**");
- (ii) the subscription agreement dated 6 March 2018 entered into by HKIIG pursuant to which HKIIG has agreed, in the capacity as a limited partner of Fund V, to commit a non-cash contribution of HK\$1.5 billion to Fund V;
- (jj) the binding offer dated 8 March 2018 entered into between, among others, (i) Vendor, (ii) the Company as guarantor of the Vendor and (iii) Purchaser in relation to, among other things, (x) the sale and purchase of the entire issued share capital of Onwards Asia Limited ("**Onwards Asia**"), a company incorporated in the British Virgin Islands and (y) the assignment to the Purchaser of the shareholder loans owing by Onwards Asia to the Vendor at the time of the closing of the sale and purchase agreement referred to in item (kk) ("**Onwards Asia Shareholder Loan**") for a total consideration of HK\$6,359,155,000;
- (kk) the sale and purchase agreement dated 21 March 2018 entered into between, among others, the Company, the Vendor and the Purchaser in relation to, among other things, (i) the sale and purchase of the entire issued share capital of Onwards Asia and (ii) the assignment to the Purchaser of the Onwards Asia Shareholder Loan for a total consideration of HK\$6,359,155,000;
- (ll) the deed of assignment dated 16 May 2018 entered into between the Vendor (as assignor), the Purchaser (as assignee) and Onwards Asia in relation to the assignment of the loan of approximately HK\$5,820 million owing by Onwards Asia to the Vendor;
- (mm) the deed of tax covenant dated 16 May 2018 entered into between the Vendor, the Company and the Purchaser in relation to certain tax matters relating to Onwards Asia and Top Genius Holdings Limited;
- (nn) the partnership agreement dated 6 June 2018 entered into between Haikou Xincheng District Equity Investment Fund Management Co., Ltd.* (海口新城區股權投資基金管理有限公司) (as general partner) and Shanghai Changning Duncan Property Consulting Co., Ltd* (上海長寧頓肯房地產經紀有限公司) (as limited partner, an indirect wholly-owned subsidiary of the Company, "**Shanghai Changning Duncan**") in relation to the formation of Hengqin Zhonghang Equity Investment Fund Partnership (Limited Partnership)* (橫琴眾航股權投資基金合夥企業(有限合夥)), that Shanghai Changning Duncan would commit a cash consideration of RMB300 million;

- (oo) the subscription agreement dated 13 June 2018 and entered into between Holistic Capital Investment Limited and HKICIM Fund VI, L.P. (an indirect wholly-owned subsidiary) in relation to the subscription and issue of the eight percent (8%) convertible bonds in the aggregate principal amount of HK\$800,000,000, due 2021;
- (pp) the agreement to terminate the term sheet referred to in item (ff) dated 29 June 2018 entered into between the Company and Shinhan Creative Finance 3rd Co.;
- (qq) the SPA;
- (rr) the deed of assignment dated 15 February 2019 entered into between the Vendor (as assignor), the Purchaser (as assignee) and the Target in relation to the Shareholder Loans; and
- (ss) the deed of tax covenant dated 15 February 2019 entered into between the Vendor, the Company and the Purchaser in relation to certain tax matters relating to the Target Group.

7. QUALIFICATION AND CONSENT OF EXPERT

The qualifications of the expert who has been named in this circular or has given opinions or advice which are contained herein are set out below:

Name	Qualification
Vigers Appraisal & Consulting Limited	Professional valuer

- (a) As at the Latest Practicable Date, Vigers Appraisal & Consulting Limited did not have any interest, direct or indirect, in any member of the Group or any right (whether legally enforceable or not), to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (b) As at the Latest Practicable Date, Vigers Appraisal & Consulting Limited did not have any interest, direct or indirect, in any assets which have been since 31 December 2017, the date up to which the latest published audited financial statements of Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (c) Vigers Appraisal & Consulting Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion in this circular of its report and/or references to its name in the form and context in which it appears.

8. MISCELLANEOUS

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is at 20th Floor, One Island South, No. 2 Heung Yip Road, Wong Chuk Hang, Hong Kong.
- (c) The Company Secretary of the Company is Ms. Wong Suk Han, Kitty. She is a solicitor qualified to practice in Hong Kong and a member of The Law Society of Hong Kong.
- (d) The branch share register and transfer office of the Company in Hong Kong is Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The English text of this circular shall prevail over its Chinese text in the case of inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during the normal business hours from 9:00 a.m. to 5:30 p.m. (save for Saturdays and public holidays) at the head office and principal place of business of the Company in Hong Kong at 20th Floor, One Island South, No. 2 Heung Yip Road, Wong Chuk Hang, Hong Kong on any business days for a period of 14 days from the date of this circular:

- (a) the memorandum of association and Bye-laws of the Company;
- (b) the material contracts referred to in paragraph headed "Material Contracts" of this Appendix III;
- (c) the written consent from Vigers Appraisal & Consulting Limited referred to in paragraph headed "Qualification and Consent of Expert" of this Appendix III;
- (d) the valuation report, the text of which is set out in Appendix II to this circular;
- (e) the annual report of the Company for the year ended 31 March 2016;
- (f) the annual report of the Company for the nine months period ended 31 December 2016;
- (g) the annual report of the Company for the year ended 31 December 2017;
- (h) the interim report of the Company for the six months ended 30 June 2018;
- (i) the circular of the Company dated 19 April 2018;
- (j) the circular of the Company dated 24 July 2018; and
- (k) this circular.