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HONG KONG INTERNATIONAL CONSTRUCTION INVESTMENT MANAGEMENT GROUP CO., LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code : 687)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board of directors of Hong Kong International Construction Investment Management Group Co., Limited (the “Company”) (“Board of Directors”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2018. During the period under review, the Group recorded a turnover of HK\$1,543 million (period ended 30 June 2017: HK\$1,835 million) and achieved a profit attributable to ordinary equity holders of the Company of HK\$1,054 million (period ended 30 June 2017: HK\$54 million), representing HK\$0.31 per ordinary share of the Company (“Share”) (period ended 30 June 2017: HK\$0.04 per Share).

Business Review

Foundation Piling

For the period under review, turnover from external customers of the Group’s Foundation Division decreased to HK\$1,290 million (30 June 2017: HK\$1,460 million) while contribution to net profit decreased to HK\$38 million as compared to the corresponding period last year (30 June 2017: HK\$121 million). Contribution to net profit decreased as profits arisen from the Foundation Division’s work performed for the Group’s own property development projects were inter-division profits and not accounted for in the Group’s net profit. EBITDA of the Division decreased to HK\$61 million compared to the same period last year (30 June 2017: HK\$146 million). Major contracts that we handled include, among others, public housing projects at Pak Tin Estate Phase 10, Queen’s Hill in Fanling and Tung Chung Area 54; private residential development projects at Fan Garden Police Married Quarters in Fanling, Lots No. 6563 and No. 6564 in Kai Tak, Tin Shui Wai Area 33 and Area 54, Siu Hong, Tuen Mun; and commercial development projects at Kai Tak twin towers and Taikoo Place Phase 2B.

Property Development and Investment

PRC Market

Updates on Shanghai Disposal, Tianjin Disposal and Shenyang Disposal:

Both Shanghai Disposal and Tianjin Disposal were completed in April 2018. Details of the Disposals have been set out in the announcements of the Company dated 13 November 2017, 4 December 2017 and 27 December 2017, respectively and the circular of the Company dated 7 December 2017.

Hong Kong Market

The Hong Kong residential market remained robust with a stable increase in property prices. The development and construction of the Group's residential project in the Kai Tak area, New Kowloon Inland Lot No. 6563, progressed as scheduled. The Group remains confident with the development and construction projects in the Kai Tak Area and believes it would bring steady return in the coming years.

In March 2018, Omnilink Assets Limited ("Omnilink"), a wholly-owned subsidiary of the Company, disposed of the entire issued capital of Onwards Asia Limited and all amounts which Onwards Asia Limited owes to Omnilink as at the date of completion, at a total cash consideration of HK\$6,348 million. The principal assets of Onwards Asia Limited comprise the entire issued capital of Top Genius Holdings Limited, the owner of the development under construction on New Kowloon Inland Lot No. 6564 on Kai Tak Area 1L Site 1, Kai Tak, Kowloon, Hong Kong. The completion of this disposal took place on 16 May 2018. Details of the said disposal have been set out in the announcements of the Company dated 12 March 2018, 21 March 2018 and 11 May 2018 and the circular of the Company dated 19 April 2018.

EBITDA for the property development segment increased from about HK\$43 million to about HK\$1,055 million for the period under review.

Investment Activities

Investment in Hainan Railway

The Group entered into a partnership agreement with 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) on 6 June 2018 to prepay the capital contribution of RMB300 million to 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 will participate in a tender to acquire 38.73% interest in Hainan Railway Company Limited* (海南鐵路有限公司) (“Hainan Railway”) which mainly engages in the operation and management of Roundabout High Speed Railway in Hainan province* (海南省環島高鐵). The investment in Hainan Railway will enable the Group to participate in Hainan province’s development in the future.

Convertible Bonds

On 13 June 2018, the Group agreed to subscribe for the convertible bonds to be issued by Holistic Capital Investment Limited (the “Subscription”) in the principal amount of HK\$800 million (the “Convertible Bonds”). The coupon rate of the Convertible Bonds is 8% and the term of the Convertible Bonds is 3 years. Holistic Capital Investment Limited is a wholly-owned subsidiary of Hong Kong Air Cargo Carrier Limited, which in turn is wholly-owned by Hong Kong Airlines Limited. The Group has been actively looking for other business opportunities that will enhance its income stream. The Board of Directors believes that the fixed interest income generated from the Subscription will bring a stable source of income to the Group.

Internal Restructuring of HNA Group

On 22 March 2018, the Company was informed by HNA Group Co., Ltd. (“HNA Group”) that the subsidiaries of HNA Group had entered into equity transfer agreements (“Equity Transfer Agreements”) in relation to the disposal of about 74.68% of the shares in the Company held by HNA Finance I Co., Ltd. (“HNA Finance I”) to HNA Infrastructure Investment Group Co., Ltd* (海航基礎設施投資集團股份有限公司) (“HNA Infrastructure”, a company listed on the Shanghai Stock Exchange, stock code: 600515), another subsidiary of HNA Group, on a conditional basis, as part of an internal restructuring.

On 8 August 2018, each of (i) Hong Kong HNA Holding Group Co. Limited and Beijing HNA Financial Holdings Co., Ltd.* (北京海航金融控股有限公司) (“Beijing HNA Financial”) and (ii) Beijing HNA Financial and HNA Infrastructure entered into a termination agreement in respect of the Equity Transfer Agreements respectively.

For details, please refer to the announcements of the Company dated 22 March 2018, 26 June 2018 and 8 August 2018 and the monthly update announcements of the Company dated 20 April 2018, 18 May 2018, 15 June 2018 and 25 July 2018.

Financing Activities

Facility Agreement

Milway Development Limited (the “Borrower”), an indirect wholly-owned subsidiary of the Company, entered into a facility agreement with a syndicate of banks in respect of term loan facilities of up to HK\$5,047 million for a term of 48 months. The purpose of the loan is to refinance part of the premium paid by the Borrower in respect of its acquisition of a piece of land and the construction costs for the development of the land on New Kowloon Inland Lot No. 6563. For details of the facility agreement, please refer to the announcement of the Company dated 6 June 2018.

Prospects

The Group will continue to pursue the core objective of creating maximized value for shareholders. While continuing to consolidate the development of existing principal businesses, we will dedicate strong efforts to businesses including, inter alia, logistics, real estate investment and management, and other investment opportunities, in order to balance between risk and revenue for achieving the long-term development objective of the Company. The development strategies of the Group are set out below:

Foundation piling and construction

Regarding the foundation piling and construction business, competition is expected to remain keen in the near future due to the growing number of market players and reduced available foundation projects. Profit margins as a whole have been negatively affected given market factors such as labour shortages, rising operating costs and intensified competition. This trend is expected to affect the Group’s performance for the financial year ending 31 December 2018.

The Group will continue to reinforce development in the foundation piling business. While constantly maintaining our industry leading position in the Hong Kong and Macau markets, we will further enhance the influence of the Group in the industry by actively pursuing more projects and contribute to the long-term development of the Group.

Property Development

In relation to property development business, the Group will continue to enhance its efficiency level, explore different mix of our property development portfolio, explore the property development opportunities in the Guangdong-Hong Kong-Macau Greater Bay Area and channel our efforts to explore the development of Engineering Procurement Construction business, and adopt the light asset and strong branding model to attract capital from qualified investors for joint participation in the property development business.

The development of New Kowloon Inland Lot No. 6563 commenced in mid-October 2017 and is scheduled to be completed in mid-2022. This development is expected to provide about 637 residential units and pre-sale is expected to commence by the end of 2019.

The Group believes that its development project in New Kowloon Inland Lot No. 6563 is promising due to the future transportation network, its surrounding areas and location, its proximity to the proposed Kai Tak MTR station, the future business prospects and the potential set up of sports and leisure infrastructure in the area.

Investment Business

The Group will continue to explore various investment opportunities in the areas of, inter alia, logistics, real estate investment and management, with a view to create an investment portfolio with stable cash flow and value appreciation. The Group will also consider other investment opportunities which have synergy with the business of the Company.

Financial Review

The Group continues to adopt a prudent financial policy and sustain a sound capital structure with healthy cashflow. As at 30 June 2018, the Group's cash on hand was about HK\$5,431 million (31 December 2017: HK\$2,369 million) while total assets and net assets (after deducting non-controlling interests) were about HK\$18,280 million (31 December 2017: HK\$19,769 million) and HK\$12,783 million (31 December 2017: HK\$12,218 million), respectively. As at 30 June 2018, the Group's net current assets amounted to HK\$16,159 million (31 December 2017: HK\$12,432 million). As at 30 June 2018, the Group's interest-bearing borrowings (excluding those interest-bearing borrowings of a subsidiary to be disposed of) were about HK\$3,840 million (31 December 2017: HK\$6,175 million), out of which about HK\$297 million (31 December 2017: HK\$295 million) were borrowings of fixed interest rate. The Group's gearing ratio, calculated on the basis of total interest-bearing borrowings (excluding those interest-bearing borrowings of a subsidiary to be disposed of) divided by

shareholders' equity, was 30% as at 30 June 2018 (31 December 2017: 51%). Contingent liabilities in relation to guarantees of performance bonds increased from HK\$256 million as at 31 December 2017 to HK\$292 million as at 30 June 2018 while guarantees for end user mortgage loans amounted to HK\$17 million (31 December 2017: HK\$22 million). Certain of the Group's assets with an aggregate carrying amount of about HK\$7,922 million have been pledged to secure certain banking facilities of the Group. The Group's bank borrowings are primarily denominated in Hong Kong dollars. Currency exposure has been monitored and forward contracts will be considered as required.

Employment and Remuneration Policies

The Group employed about 808 employees in Hong Kong as at 30 June 2018. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Fringe benefits include mandatory provident fund, medical insurance and training. In addition, share options may also be granted in accordance with the terms of the Group's approved share option scheme.

Interim Dividend

The Board of Directors has resolved not to declare an interim dividend (period ended 30 June 2017: Nil) for the six months ended 30 June 2018.

Consolidated Statement of Profit or Loss

	Notes	Six months ended 30 June	
		2018 HK\$'000 Unaudited	2017 HK\$'000 Unaudited
REVENUE	3	1,543,435	1,834,973
Cost of sales		<u>(1,443,293)</u>	<u>(1,692,454)</u>
Gross profit		100,142	142,519
Other income and gains	4	155,731	19,768
Gain on disposal of subsidiaries	17	1,026,615	—
Selling expenses		(12,157)	(18,066)
Administrative expenses		(69,910)	(40,150)
Changes in fair value of investment properties		—	19,685
Other expenses, net		(23,024)	(20,615)
Finance costs		<u>(25,463)</u>	<u>(10,162)</u>
PROFIT BEFORE TAX	5	1,151,934	92,979
Income tax expense	6	<u>(98,417)</u>	<u>(39,106)</u>
PROFIT FOR THE PERIOD		<u>1,053,517</u>	<u>53,873</u>
Attributable to:			
Ordinary equity holders of the Company		1,053,522	54,440
Non-controlling interests		<u>(5)</u>	<u>(567)</u>
		<u>1,053,517</u>	<u>53,873</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		<u>HK30.96 cents</u>	<u>HK4.06 cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>

Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Unaudited</i>	<i>Unaudited</i>
PROFIT FOR THE PERIOD	<u>1,053,517</u>	<u>53,873</u>
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
Other comprehensive income/(expenses) to be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange difference on translation of foreign operations	(25,807)	53,693
Release of exchange difference upon disposal of subsidiaries	(72,962)	—
Release of exchange difference upon deregistration of a subsidiary	<u>(561)</u>	<u>—</u>
OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD, NET OF TAX	<u>(99,330)</u>	<u>53,693</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>954,187</u>	<u>107,566</u>
Attributable to:		
Ordinary equity holders of the Company	954,192	108,133
Non-controlling interests	<u>(5)</u>	<u>(567)</u>
	<u>954,187</u>	<u>107,566</u>

Consolidated Statement of Financial Position

	<i>Notes</i>	As at 30 June 2018 HK\$'000 Unaudited	As at 31 December 2017 HK\$'000 Audited
NON-CURRENT ASSETS			
Property, plant and equipment	9	242,324	244,120
Prepayments, deposits and other receivables		2,929	899
Interests in an associate		—	—
Other assets		1,080	1,080
Deferred tax assets		101	1,128
Total non-current assets		<u>246,434</u>	<u>247,227</u>
CURRENT ASSETS			
Properties under development		7,733,637	13,214,929
Inventories		95,364	28,369
Contract assets		724,723	—
Amounts due from customers for contract works		—	279,411
Trade and retention receivables	10	354,671	638,810
Prepayments, deposits and other receivables	11	1,010,419	39,448
Financial assets at fair value through profit or loss	12	1,283,152	738,865
Tax prepaid		28,270	29,302
Pledged bank balances		31,408	41,414
Restricted cash		2,516,645	—
Cash and cash equivalents		2,882,905	2,327,460
Assets of disposal groups classified as held for sale	18	<u>16,661,194</u> <u>1,372,329</u>	<u>17,338,008</u> <u>2,183,957</u>
Total current assets		<u>18,033,523</u>	<u>19,521,965</u>
CURRENT LIABILITIES			
Trade and retention payables and accruals	13	700,865	581,468
Other payables, deposits received and receipts in advance		17,216	34,395
Contract liabilities		220,580	—
Amounts due to customers for contract works		—	247,027
Interest-bearing bank borrowings		232,990	5,809,375
Tax payable		99,481	1,954
Liabilities directly associated with the assets classified as held for sale	18	<u>1,271,132</u> <u>603,409</u>	<u>6,674,219</u> <u>416,209</u>
Total current liabilities		<u>1,874,541</u>	<u>7,090,428</u>
NET CURRENT ASSETS		<u>16,158,982</u>	<u>12,431,537</u>

Consolidated Statement of Financial Position (continued)

		As at 30 June 2018 HK\$'000 Unaudited	As at 31 December 2017 HK\$'000 Audited
TOTAL ASSETS LESS CURRENT LIABILITIES		16,405,416	12,678,764
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		3,010,152	70,642
Other borrowing		300,000	—
Guaranteed notes		297,049	295,343
Deferred tax liabilities		15,026	94,778
Total non-current liabilities		3,622,227	460,763
Net assets		12,783,189	12,218,001
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	14	340,249	340,249
Reserves		12,442,935	11,877,742
Non-controlling interests		12,783,184	12,217,991
		5	10
Total equity		12,783,189	12,218,001

1. Corporate information

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

The holding company of the Company is HNA Finance I Co., Ltd. (“HNA Finance I”), a company incorporated in Anguilla with limited liability and ultimately controlled by Hainan Province Cihang Foundation.

2. Basis of preparation and accounting policies

2.1 Basis of preparation

The unaudited condensed interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and should be read in conjunction with the financial statements for the year ended 31 December 2017.

The unaudited condensed interim financial statements have been prepared under historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. The accounting policies used in the preparation of the unaudited condensed interim financial statements are consistent with those adopted in the financial statements for the year ended 31 December 2017, except for the changes in accounting policies made after the adoption of the revised HKFRSs as further detailed in note 2.2 below.

2.2 New standards, interpretation and amendments adopted by the Group

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations issued by the HKICPA which are effective for the Group’s financial year beginning on 1 January 2018:

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transaction</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i>
HKFRS 9	<i>Financial Instruments</i>
HKFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i>
Amendments to HKAS 40	<i>Transfer of Investment Property</i>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i>
<i>Annual Improvements 2014-2016 Cycle</i>	Amendments to HKFRS 1 and HKAS 28

Saved as further explained below, the adoption of the other new and revised HKFRSs has had no significant financial effect on the unaudited condensed interim financial statements of the Group.

2. Basis of preparation and accounting policies (cont'd)

2.2 New standards, interpretation and amendments adopted by the Group (cont'd)

Impact and changes in accounting policies of application on HKFRS 15 Revenue for contracts from customers

Under HKFRS 15, the Group recognises construction contract revenue over time, as performance obligations are satisfied, due to the continuous transfer of control to the customer. Construction contracts are generally accounted for as a single unit of account (a single performance obligation) and are not segmented between types of services. The Group recognises revenue using the cost-to-cost method, based primarily on contract cost incurred to date compared with total estimated contract cost. The cost-to-cost method (an input method) is the most faithful depiction of the Group's performance because it directly measures the value of the services transferred to the customer.

Changes to total estimated contract cost or losses, if any, are recognised in the period in which they are determined as assessed at the contract level.

Contract assets represent revenue recognised in excess of amounts billed and include unbilled receivables. Unbilled receivables, which represent an unconditional right to payment, are reclassified to trade receivables when they are billed under the terms of the contract and subject only to the passage of time. Advances that are payments on account of contract assets have been deducted from contract assets. Contract liabilities represent amounts billed to clients in excess of revenue recognised to date.

The amount by each financial statements line items affected by the application of HKFRS 15 as compared to HKAS 18 and HKAS 11 that were previously in effect before the adoption of HKFRS 15 is as follows:

	Impact of changes in accounting policies		
	Balances		
	without	Effects of the	Balances as
	the adoption of	adoption of	reported
	HKFRS 15	HKFRS 15	
As at 30 June 2018	HK\$'000	HK\$'000	HK\$'000
Assets			
Contract assets	—	724,723	724,723
Amounts due from customers			
for contract works	341,562	(341,562)	—
Trade and retention receivables	753,408	(398,737)	354,671
Liabilities			
Contract liabilities	—	220,580	220,580
Amounts due to customers for contract works	236,166	(236,166)	—
Trade and retention payables and accruals	698,065	10	698,075

Except as described above, the application of HKFRS 15 has had no material impact on the amounts reported set out in these unaudited consolidated financial statements.

The unaudited condensed interim financial statements were approved and authorised for issue by the Board of Directors on 27 August 2018.

3. Segment information

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

For the six months ended 30 June 2018

	Foundation piling <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	Investment <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue:						
Sales to external customers	1,290,363	210,402	24,494	18,176	—	1,543,435
Intersegment sales	217,087	—	—	1,000	(218,087)	—
Other income and gains	1,030	1,287	135,298	5,064	—	142,679
Total	1,508,480	211,689	159,792	24,240	(218,087)	1,686,114
Segment results	37,615	1,041,020	150,255	(64,545)		1,164,345
Interest income						13,052
Finance costs						(25,463)
Profit before tax						1,151,934
Income tax expense						(98,417)
Profit for the period						1,053,517

3. Segment information (cont'd)

For the six months ended 30 June 2017

	Foundation piling <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	Investment <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue:						
Sales to external customers	1,460,168	349,921	—	24,884	—	1,834,973
Intersegment sales	—	—	—	1,815	(1,815)	—
Other income and gains	5,192	6,002	—	953	—	12,147
Total	<u>1,465,360</u>	<u>355,923</u>	<u>—</u>	<u>27,652</u>	<u>(1,815)</u>	<u>1,847,120</u>
Segment results	<u>120,973</u>	<u>35,637</u>	<u>—</u>	<u>(41,083)</u>		115,527
Interest income						7,621
Fair value loss on derivative instrument – transaction not qualifying as hedge						(20,007)
Finance costs						<u>(10,162)</u>
Profit before tax						92,979
Income tax expense						<u>(39,106)</u>
Profit for the period						<u>53,873</u>

During the year ended 31 December 2017, the Group started to involve in investment business. The financial results of investment business were reported as a separate segment under “investment” in the current period’s unaudited condensed interim financial statements. Also, the financial results of the property development segment and property investment and management segment of the Group, which were reported as separate segment in prior years’ financial statements are reported in aggregate under the “property development and investment” segment during the period for management’s purpose of better resources allocation and performance assessment. Comparative figures of the segment information have been reclassified to conform with the current period’s presentation.

4. Other income and gains

	<i>Notes</i>	Six months ended 30 June	
		2018	2017
		<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income		13,052	7,621
Gain on disposal of items of property, plant and equipment		2	3,279
Management service income		—	206
Fair value gains on financial assets at fair value through profit or loss	12(a), (b)	139,952	—
Subsidy income*		216	—
Foreign exchange gains, net		—	4,989
Write-back of impairment of other receivables		573	—
Write-back of impairment of an amount due from an associate		13	—
Others		1,923	3,673
		<u>155,731</u>	<u>19,768</u>

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

5. Profit before tax

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

	Six months ended 30 June	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation	24,026	33,721
Fair value gains on financial assets at fair value through profit or loss*	(139,952)	—
Fair value loss, net on a derivative instrument - transaction not qualifying as hedge*	—	20,007
Gain on disposal of items of property, plant and equipment*	(2)	(3,279)
Write-back of impairment of other receivables*	(573)	—
Foreign exchange losses/(gains), net*	21,933	(4,989)
Finance costs	25,463	10,162
	<u>25,463</u>	<u>10,162</u>

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

6. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere in the People's Republic of China ("PRC") have been calculated at the applicable tax rates prevailing in the areas in which the Group operates.

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
Current:		
Provision for tax in respect of profit for the period:		
PRC:		
Hong Kong	6,875	24,585
Elsewhere	159,864	10,678
	166,739	35,263
Overprovision in the prior years:		
PRC:		
Hong Kong	—	(20)
Elsewhere	(415)	(52,542)
	(415)	(52,562)
Deferred tax	(67,907)	56,405
Total tax charge for the period	98,417	39,106

7. Dividends

A final dividend of HK10.0 cents per ordinary share, totally approximately HK\$340,249,000 for the year ended 31 December 2017 was approved in the Company's Annual General Meeting on 16 May 2018 and paid on 15 June 2018.

The Board of Directors has resolved not to declare an interim dividend for six months ended 30 June 2018 (period ended 30 June 2017: Nil).

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$1,053,522,000 (2017: HK\$54,440,000), and the weighted average number of ordinary shares of 3,402,497,709 (2017: 1,341,071,368) in issue during the period. The weighted average number of shares in issued for six months ended 30 June 2017 used in the basic earnings per share calculation have been adjusted to reflect the effect of the rights issue completed in June 2017.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2018 and 2017.

9. Property, plant and equipment

During the period, the Group acquired property, plant and equipment with a cost of HK\$22,253,000 (2017: HK\$4,589,000). Property, plant and equipment with a net carrying amount of HK\$5,000 were disposed of by the Group during the six months ended 30 June 2018 (2017: HK\$813,000) resulting in a net gain on disposal of HK\$2,000 (2017: net gain of HK\$3,279,000).

10. Trade and retention receivables

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

	As at 30 June 2018 HK\$'000	As at 31 December 2017 HK\$'000
Trade and retention receivables	354,700	638,839
Impairment	(29)	(29)
	<u>354,671</u>	<u>638,810</u>

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

	As at 30 June 2018 HK\$'000	As at 31 December 2017 HK\$'000
Trade receivables:		
Within 90 days	79,846	401,869
91 to 180 days	19,699	12,637
181 to 360 days	512	2,154
Over 360 days	599	333
	<u>100,656</u>	<u>416,993</u>
Retention receivables	254,015	221,817
	<u>354,671</u>	<u>638,810</u>

Included in the trade and retention receivables are amounts due from related companies of HK\$26,806,000 (31 December 2017: HK\$111,454,000), which are repayable on credit terms similar to those offered to the major customers of the Group. Retention receivables, amounting to HK\$188,721,000 as at 30 June 2018 (31 December 2017: HK\$178,063,000), are expected to be recovered within twelve months after the end of the reporting period.

11. Prepayments, deposits and other receivables

As at 30 June 2018, included in prepayments, deposits and other receivables are (i) advance payment for capital injection to a fund, of which the general partner and the initial limited partner are subsidiaries of HNA Group Co., Ltd. (“HNA Group”), which in turn is the holding company of HNA Finance I, classified as financial asset at fair value through profit or loss of HK\$354,990,000 and (ii) remaining consideration receivables from Hainan HNA Shou Fu Investment Co., Ltd. (“HNA Shou Fu”), a subsidiary of HNA Group, for disposal of subsidiaries of RMB510,800,000 (equivalent to approximately HK\$604,430,000), details of the disposal are set out in note 17(a).

12. Financial assets at fair value through profit or loss

		As at 30 June 2018 <i>HK\$'000</i>	As at 31 December 2017 <i>HK\$'000</i>
Unlisted investments, at fair value	(a)	135,298	738,865
Unlisted investment fund, at fair value	(b)	347,854	—
Convertible bonds, at fair value	(c)	800,000	—
		<u>1,283,152</u>	<u>738,865</u>

Notes:

- (a) During the year ended 31 December 2017, the Group entered into an amended and restated exempted limited partnership agreement with Hisea International Co., Ltd (“Hisea”) in relation to the formation of HKICIM Fund II, L.P. (“Fund II”) and subscribed 12.07% of the committed fund size amounting to HK\$728,000,000. Hisea was a then wholly-owned subsidiary of HNA Holding Group Co., Ltd. (“HNA Holding Group”), which in turn is the holding company of HNA Finance I, the controlling shareholder of the Company.

During the period ended 30 June 2018, the Group entered into an amended and restated exempted limited partnership agreement with Hisea in relation to the formation of HKICIM Fund III, L.P. (“Fund III”) and subscribed 16.57% of the committed fund size amounting to HK\$633,160,000.

Fund II and Fund III (collectively, the “Funds”) primarily invested in Total Thrive Holdings Limited (“Total Thrive”) and Sky Hero Developments Limited (“Sky Hero”), which through intermediate holding companies, held two property development projects at Kai Tak, Kowloon and were designated by the Group as financial assets at fair value through profit or loss because the performance of the Funds were managed and evaluated by management on a fair value basis in accordance with the Group’s strategy. On 12 February 2018, the Funds entered into separate sale and purchase agreements in relation to the disposal of their entire equity interests in Total Thrive and Sky Hero with Shibo Investment Limited and Easco Investment Limited, wholly-owned subsidiaries of Henderson Land Development Company Limited. This disposal was completed on 14 February 2018. Further details of this disposal were set out in the Company’s announcement dated 12 February 2018.

12. Financial assets at fair value through profit or loss (cont'd)

Notes: (cont'd)

(a) (cont'd)

During the period, the Funds have returned the initial committed capital of HK\$1,361,160,000 to the Group. The fair values of the Funds as at 30 June 2018 were HK\$135,298,000 which were estimated with reference to the fair values of the underlying assets held by the Funds and aggregate fair value gains of HK\$135,298,000 were resulted and credited to the consolidated statement of profit or loss during the period.

(b) During the period, the Group purchased an unlisted investment fund from a financial institution at a cost of HK\$343,200,000 and was classified as held for trading. As at 30 June 2018, the fair value of the unlisted investment fund was HK\$347,854,000 and a fair value gain of HK\$4,654,000 was resulted and credited to the consolidated statement of profit or loss during the period.

(c) On 30 June 2018, the Group subscribed for 3-year unsecured convertible bonds of an aggregate principal amount of HK\$800,000,000, which bear interest at 8% per annum and carry a conversion option to convert the bonds into 95% of the issued and outstanding share capital of Holistic Capital Investment Limited, an indirectly wholly-owned subsidiary of Hong Kong Airlines Limited (“HKA”). The convertible bonds are irrevocably and unconditionally guaranteed by HKA and Hong Kong Air Cargo Carrier Limited, a subsidiary of HKA and the sole shareholder of the convertible bonds issuer. The fair value of the convertible bonds as at 30 June 2018 was HK\$800 million, based on an external valuation report prepared by an independent professional valuer.

13. Trade and retention payables and accruals

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

	As at 30 June 2018 <i>HK\$'000</i>	As at 31 December 2017 <i>HK\$'000</i>
Trade payables:		
Within 90 days	337,476	243,992
91 to 180 days	1,570	359
Over 180 days	36	204
	<hr/>	<hr/>
	339,082	244,555
Retention payables	63,883	75,197
Accruals	297,900	261,716
	<hr/>	<hr/>
	700,865	581,468

14. Share capital

	As at 30 June 2018 HK\$'000	As at 31 December 2017 HK\$'000
Authorised:		
6,000,000,000 ordinary shares of HK\$0.10 each	<u>600,000</u>	<u>600,000</u>
Issued and fully paid:		
3,402,497,709 ordinary shares of HK\$0.10 each	<u>340,249</u>	<u>340,249</u>

Pursuant to an ordinary resolution passed at the special general meeting of the Company on 18 May 2017, the authorised share capital of the Company was increased from HK\$200,000,000 divided into 2,000,000,000 of HK\$0.10 each to HK\$600,000,000 divided into 6,000,000,000 of HK\$0.10 each by creation of 4,000,000,000 additional ordinary shares of HK\$0.10 each, ranking pari passu in all respects with the existing shares of the Company.

In June 2017, the Company completed the rights issue of 2,268,331,806 ordinary shares of HK\$0.10 each on the basis of two rights shares for every one share held of the Company at a subscription price of HK\$4.08 per rights share (the "Rights Issue"). The net proceeds before share issue expenses from the Rights Issue was approximately HK\$2,323,624,000, after setting off an amount of HK\$6,931,170,000 (being the subscription price receivable for rights shares subscribed by the Company's immediate holding company) against the amount owed by the Company to the immediate holding company.

15. Contingent liabilities

(a)

	As at 30 June 2018 HK\$'000	As at 31 December 2017 HK\$'000
Guarantees in respect of performance bonds in relation to subsidiaries	<u>292,219</u>	<u>255,782</u>

(b) As at 30 June 2018, the Group provided guarantees in respect of mortgage facilities granted by Shenyang Housing Fund Management Center relating to the mortgage loans arranged for purchases of certain properties developed by a subsidiary of the Company and the outstanding mortgage loans under these guarantees amounted to HK\$17,170,000 (31 December 2017: HK\$21,908,000).

16. Commitments

	As at 30 June 2018 <i>HK\$'000</i>	As at 31 December 2017 <i>HK\$'000</i>
(a) Property, plant and equipment: - contracted, but not provided for	<u>26,178</u>	<u>23,041</u>
(b) Commitments in respect of construction works relating to properties under development: - contracted, but not provided for	<u>23,511</u>	<u>68,022</u>
(c) Capital contributions to an investment fund: - contracted, but not provided for	<u>—</u>	<u>633,160</u>
(d) Commitments under non-cancellable operating leases for land and buildings and machinery to make payments: - Within one year	<u>21,347</u>	28,491
- In the second to fifth years, inclusive	<u>4,784</u>	<u>14,073</u>
	<u>26,131</u>	<u>42,564</u>

17. Disposal of subsidiaries

(a) Disposal of Tysan Shanghai and Tysan Tianjin

On 13 November 2017, Great Regent Investments Limited, Shanghai Changning Duncan Property Consulting Company Limited, Red Shine Investment Limited and Carriway Limited (collectively, the “Shanghai Sellers”), each being a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with HNA Shou Fu for disposal of the Shanghai Sellers’ entire equity interests in Tysan Land (Shanghai) Limited (“Tysan Shanghai”) at a cash consideration of RMB585.8 million (the “Shanghai Disposal”). Tysan Shanghai is a single project company established in the PRC engaging in the operation of a residential and commercial property development project, namely The Waterfront, in Shanghai. It primarily derives its revenue from the sales of residential property and to a relatively minor extent, leasing of property. The Shanghai Disposal was completed on 30 April 2018.

On 13 November 2017, Great Prosper Limited (the “Tianjin Seller”), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with HNA Shou Fu for disposal of Tianjin Seller’s entire equity interest in Tysan Property Development (Tianjin) Limited (“Tysan Tianjin”) at a cash consideration of RMB435.8 million (the “Tianjin Disposal”). Tysan Tianjin is a single project company established in the PRC engaging in the operation of a residential and commercial property development project, namely The Riverside, in Tianjin. It primarily derives its revenue from the sales of residential property. The Tianjin Disposal was completed on 30 April 2018.

17. Disposal of subsidiaries (cont'd)

(a) Disposal of Tysan Shanghai and Tysan Tianjin (cont'd)

	<i>HK\$'000</i>
Net assets disposed of:	
Property, plant and equipment	2,291
Investment properties	235,810
Available-for-sale investment	1,239
Deferred tax assets	1,035
Loans to the Group	364,119
Property held for sale	35,462
Properties under development	15,137
Amounts due from the Group	21,777
Trade receivables	421
Prepayment, deposits and other receivables	4,991
Cash and cash equivalents	321,209
Trade payables and accruals	(5,279)
Deposits received and other payables	(3,104)
Tax payable	(5,498)
Deferred tax liabilities	(42,856)
	<hr/>
	946,754
Release of exchange fluctuation reserve	(72,962)
Release of statutory reserve	(48,750)
Gain on disposal of subsidiaries	440,209
	<hr/>
	1,265,251
	<hr/> <hr/>
Satisfied by:	
Cash consideration	632,625
Other receivables	632,626
	<hr/>
Total consideration	1,265,251
	<hr/> <hr/>

17. Disposal of subsidiaries (cont'd)

(a) Disposal of Tysan Shanghai and Tysan Tianjin (cont'd)

An analysis of the net inflow of cash and cash equivalents in respect of the Shanghai Disposal and Tianjin Disposal during the period was as follows:

	<i>HK\$'000</i>
Cash consideration	632,625
Cash and cash equivalents disposed of	<u>(321,209)</u>
Net inflow of cash and cash equivalents in respect of the Shanghai Disposal and Tianjin Disposal	<u><u>311,416</u></u>

(b) Disposal of Onwards Asia Limited

On 16 May 2018, Omnilink Assets Limited (“Omnilink”), a wholly-owned subsidiary of the Company, disposed of its entire equity interest in Onwards Asia Limited and assigned all amounts which Onwards Asia Limited owing to Omnilink as at that date to Fabulous New Limited, an independent third party, at a cash consideration of HK\$6,348,343,000 (the “Onwards Asia Disposal”). The principal assets of Onwards Asia Limited comprise all the issued share capital of Top Genius Holdings Limited, which engages in a property development project at Kai Tak, Kowloon.

	<i>HK\$'000</i>
Net assets disposed of:	
Properties under development	5,772,749
Cash and cash equivalents	4,081
Trade and retention payables and accruals	(14,893)
Loan from the Group	<u>(5,820,366)</u>
	(58,429)
Loan from the Group assigned	5,820,366
Gain on disposal of subsidiaries	<u>586,406</u>
	<u><u>6,348,343</u></u>
Satisfied by:	
Cash consideration	<u><u>6,348,343</u></u>

An analysis of the net inflow of cash and cash equivalents in respect of the Onwards Asia Disposal during the period was as follows:

Cash consideration	6,348,343
Cash and cash equivalents disposed of	<u>(4,081)</u>
Net inflow of cash and cash equivalents in respect of the Onwards Asia Disposal	<u><u>6,344,262</u></u>

18. Disposal groups classified as held for sale

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

On 15 June 2018, Fund House Limited, a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with an independent third party for disposal of its entire equity interest in Duncan Property Management (Shanghai) Co., Limited (“Duncan Property”) at a cash consideration of approximately RMB2,431,000 (the “Duncan Property Disposal”). 50% of the cash consideration has been received by the Group during the period. Duncan Property is engaged in the provision of property management services in the PRC.

Upon completion of the Shenyang Disposal and the Duncan Property Disposal, Tysan Shenyang and Duncan Property will cease to be subsidiaries of the Company. The directors of the Company expect the Shenyang Disposal and Duncan Property Disposal to be completed by end of 2018. Accordingly, the assets and liabilities of Tysan Shenyang and Duncan Property as at 30 June 2018 were classified as disposal groups classified as held for sale.

The major classes of assets and liabilities classified as held for sale as at the end of reporting period are as follows:

<i>Notes</i>	As at 30 June 2018 HK\$'000	As at 31 December 2017 HK\$'000
<i>Assets</i>		
Property, plant and equipment	2,051	4,278
Investment properties	—	227,814
Available-for-sale investment	—	1,196
Deferred tax assets	—	960
Properties under development	—	14,864
Properties held for sale	1,288,004	1,460,278
Trade receivables	337	496
Prepayments, deposits and other receivables	5,743	10,085
Tax prepaid	17,876	15,649
Cash and cash equivalents	58,318	448,337
Assets classified as held for sale	1,372,329	2,183,957

18. Disposal groups classified as held for sale (cont'd)

The major classes of assets and liabilities classified as held for sale as at the end of the reporting period are as follows: (cont'd)

	<i>Notes</i>	As at 30 June 2018 HK\$'000	As at 31 December 2017 HK\$'000
<i>Liabilities</i>			
Trade and retention payables and accruals		197,817	280,400
Other payables, deposits received and receipts in advance		7,023	34,824
Deposits received		39,010	54,428
Amounts due to related companies	(a)	11,669	—
Loans from related companies	(b)	347,890	—
Tax payable		—	5,428
Deferred tax liabilities		—	41,129
		<hr/>	<hr/>
Liabilities directly associated with the assets classified as held for sale		603,409	416,209
		<hr/>	<hr/>
Net assets directly associated with the disposal groups		768,920	1,767,748
		<hr/> <hr/>	<hr/> <hr/>
Statutory reserve of the disposal groups		364	48,750
Asset revaluation reserve of the disposal groups		—	4,129
Exchange fluctuation reserve of the disposal groups		1,899	55,862
		<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) The balances are unsecured, interest-free and have no fixed terms of repayment.
- (b) The balances include loan from Tysan Shanghai of HK\$177,495,000 which is unsecured, bears interest at interest rate published by The People's Bank of China ("PBOC") and is repayable on 29 September 2020, and loan from Tysan Tianjin of HK\$170,395,000 which is unsecured, bears interest at 110% of interest rate published by PBOC and is repayable on 21 December 2018.

As at 31 December 2017, the disposal groups classified as held for sale included the assets and liabilities of Tysan Shanghai, Tysan Tianjin and Tysan Shenyang. The disposals of Tysan Shanghai and Tysan Tianjin were completed on 30 April 2018.

19. Related party transactions

Save as disclosed elsewhere in this announcement, the Group had the following transactions with related parties during the period ended 30 June 2018:

- (a) For the period ended 30 June 2018, compensation to key management personnel of the Group amounted to HK\$28,949,000 (period ended 30 June 2017: HK\$36,962,000).
- (b) Details of the Group's balances with related companies as at the end of the reporting period are included in notes 10, 11 and 18 to this announcement.
- (c) During the period ended 30 June 2018, the Group recorded a management fee income of HK\$9,747,000 (period ended 30 June 2017: Nil) from Fund II, HK\$5,130,000 (period ended 30 June 2017: Nil) from Fund III and HK\$9,617,000 (period ended 30 June 2018: Nil) from HKICIM Fund V, L.P. ("Fund V"), respectively.

Fund II, Fund III and Fund V are non-wholly-owned subsidiaries of HNA Holding Group, which in turn is the holding company of HNA Finance I, the controlling shareholder of the Company.

- (d) During the period from 1 January 2018 to 14 February 2018, the Group recorded project development income of HK\$5,518,000 (period ended 30 June 2017: Nil) and HK\$4,910,000 (period ended 30 June 2017: Nil) from Denco Properties Limited ("Denco") and Hongkong Island Construction Properties Co., Limited ("HIC"), respectively.

Prior to the disposal of Total Thrive and Sky Hero, holding companies of Denco and HIC, by Fund II and Fund III respectively on 14 February 2018 as detailed in note 12(a) to this announcement, Denco and HIC were non-wholly-owned subsidiaries of HNA Holding Group, which in turn is the holding company of HNA Finance I.

- (e) During the period ended 30 June 2018, the Group was charged HK\$58,000 (period ended 30 June 2017: Nil) and HK\$150,000 (period ended 30 June 2017: Nil) by Hainan Marine Construction Project Management Contracting Co., Limited in relation to the provision of the preparation of building information model ("BIM"), running of the conflict tests and consultation on BIM related matters ("BIM modeling services"), and a platform for managing, editing and searching BIM documents and BIM models ("BIM platform"), respectively.

Hainan Marine Construction Project Management Contracting Co., Limited is a non-wholly-owned subsidiary of HNA Group, which in turn is the holding company of HNA Finance I, the controlling shareholder of the Company.

- (f) During the period from 1 May 2018 to 30 June 2018, interest expenses of HK\$1,489,000 and HK\$1,571,000 were charged by Tysan Shanghai and Tysan Tianjin, respectively, according to the terms detailed in note 18(b).

Upon completion of Shanghai Disposal and Tianjin Disposal to HNA Shou Fu on 30 April 2018, Tysan Shanghai and Tysan Tianjin became related companies of the Group. HNA Shou Fu is a subsidiary of HNA Group, which in turn is the holding company of HNA Finance I, the controlling shareholder of the Company.

19. Related party transactions (cont'd)

(g) Contracted and subcontracted works with related companies

During the period ended 30 June 2018, the Group contracted the supply and installation work of temporary mock up shed of approximately HK\$5,288,000 and subcontracted rental and engineering works related to tower cranes of approximately HK\$32,000 to Tysan Building Construction Company Limited ("TBC").

During the period ended 30 June 2017, TBC subcontracted foundation works of approximately HK\$1,092,000 to the Group, and the Group subcontracted electrical and mechanical engineering works of approximately HK\$300,000 and the renovation works of its office premise of approximately HK\$2,529,000 to Tysan Project Management Limited, a subsidiary of TBC.

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

(h) Rental charges and management fees received from related companies

During the period ended 30 June 2017, the Group charged TBC, Tysan Engineering (H.K.) Company Limited ("TEHK") and Cando Trading Limited ("Cando"), related companies of the Group, rental charge of HK\$375,000, HK\$109,000 and HK\$91,000, respectively, and management fee of HK\$134,000, HK\$39,000 and HK\$33,000, respectively. TBC, TEHK and Cando are ultimately controlled by Mr. Fung Chiu Chak, Victor, who is an executive director of the Company. These transactions were entered into by the Group and its related companies in accordance with the terms of the respective agreements.

(i) During the period ended 30 June 2017, Mr. Fung Chiu Chak, Victor, who was a then beneficial shareholder of certain subsidiaries of the Company through Fortunate Pool Limited, provided personal guarantees to financial institutions in connection with general credit facilities and performance bonds granted to certain subsidiaries of the Company.

Corporate Governance

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

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term subject to re-election.

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

Code Provision A.7.1 stipulates that for regular board meetings, an agenda and accompanying board papers should be sent, in full, to all directors in a timely manner and at least 3 days before the intended date of a board or board committee meeting.

Board papers for an ad-hoc board meeting held on 8 March 2018 were sent to the directors of the Company less than 3 days before the intended date of a board meeting.

Code Provision E.1.2 (first part) stipulates that the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting.

Mr. Huang Qijun, the then chairman of the Board of Directors and the nomination committee, was not able to attend the annual general meeting of the Company held on 23 May 2018 (the “2018 AGM”) due to other business engagement. Mr. Mu Xianyi, the chief executive officer of the Company took the chair of the 2018 AGM, and other members of the Board of Directors together with the respective chairman of the audit and remuneration committees and all other members of each of the audit, remuneration and nomination committees attended the 2018 AGM. The Company considers that the members of the Board of Directors and the audit, remuneration and nomination committees who attended the 2018 AGM were of sufficient knowledge and expertise to answer questions at the 2018 AGM.

Audit Committee

The Group's audit committee ("Audit Committee") comprises five members, Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George, Mr. Li Kit Chee and Mr. Leung Kai Cheung who are Independent Non-executive Directors. The Chairman of the Audit Committee is Mr. Fan Chor Ho.

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

The unaudited condensed interim financial statements of the Group for the six months ended 30 June 2018 have been reviewed by the Audit Committee.

Model Code

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

Purchase, Sale or Redemption of Listed Securities of the Company

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

By Order of the Board
**Hong Kong International Construction
Investment Management Group Co., Limited**
Sun Kin Ho Steven
Chairman

Hong Kong, 27 August 2018

As at the date of this announcement, the executive directors of the Company are Mr. Sun Kin Ho Steven, Mr. Mu Xianyi, Mr. Fung Chiu Chak, Victor, Mr. Liu Junchun, Mr. Huang Qijun, Mr. Wong Tai Lun Kenneth, Mr. He Jiafu and Mr. Guo Ke; the non-executive directors of the Company are Mr. Tang King Shing and Mr. Yang Han Hsiang; and the independent non-executive directors of the Company are Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George, Mr. Li Kit Chee and Mr. Leung Kai Cheung.

Company website: www.hkicimgroup.com.

* *English translations of the company names from the Chinese language are marked with "*" and are provided for identification purpose only.*