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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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 stockbroker or other registered dealer 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 (the "Company"), you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

This circular appears for information purposes only and does not constitute an invitation or offer to the shareholders of the Company or any other person to acquire, purchase or subscribe for Shares or other securities of the Company.

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

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 687)

**(1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**  
**(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES  
FOR EVERY ONE SHARE HELD ON THE RECORD DATE AT HK\$4.08  
PER RIGHTS SHARE**  
**AND**  
**(3) NOTICE OF SPECIAL GENERAL MEETING**

Financial Adviser to the Company



### HONG KONG INTERNATIONAL CAPITAL MANAGEMENT LIMITED

Underwriters of the Rights Issue



**建银国际**  
CCB International

**CCB INTERNATIONAL CAPITAL  
LIMITED**

**HNA FINANCE I CO., LTD.**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**

ANGLO CHINESE **英高**

**ANGLO CHINESE CORPORATE FINANCE, LIMITED**

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A letter from the Board is set out on pages 11 to 33 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 34 to 35 of this circular. A letter from Anglo Chinese Corporate Finance, Limited, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 36 to 63 of this circular.

The Shares will be dealt in on an ex-rights basis from Monday, 22 May 2017. Any Shareholder or other person dealing in the Shares from the Latest Practicable Date up to the date on which all conditions of the Rights Issue are fulfilled (which is expected to be at 4:00 p.m. on Wednesday, 14 June 2017), and any dealings in the Rights Shares in their nil-paid form from Thursday, 1 June 2017 to Thursday, 8 June 2017 (both days inclusive), will accordingly bear the risk that the Rights Issue will not become unconditional and may not proceed. Any Shareholders or other persons contemplating dealings in the securities of the Company are recommended to consult their own professional advisers.

The Underwriting Agreement contains provisions granting the Underwriters the right to terminate the obligations of the Underwriters thereunder on the occurrence of certain events including force majeure. These certain events are set out in the section headed "Termination of the Underwriting Agreement" on pages 8 to 10 of this circular. If the Underwriting Agreement is terminated by the Underwriters or does not become unconditional, the Rights Issue will not proceed.

A notice convening the SGM to be held at 10 a.m. on Thursday, 18 May 2017 at 20th Floor, One Island South, No. 2 Heung Yip Road, Wong Chuk Hang, Hong Kong is set out on pages SGM-1 to SGM-3 of this circular. A proxy form for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case maybe). Completion and return of the proxy form shall not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case maybe) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

29 April 2017

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## EXPECTED TIMETABLE

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*The expected timetable for the Authorised Share Capital Increase, the Rights Issue and the associated trading arrangement are set out below.*

*All times and dates in this circular refer to Hong Kong local times and dates. The expected timetable set out below is for indicative purposes only assuming that the Authorised Share Capital Increase will be approved by the Shareholders, and the Rights Issue will be approved by the Independent Shareholders at the SGM. The expected timetable may be subject to change, and any such change will be further announced by the Company as and when appropriate.*

<b>Event</b>	<b>2017 (Hong Kong time)</b>
Despatch date of this circular, proxy form and notice of the SGM . . . . .	Saturday, 29 April
Latest time for lodging transfers of Shares to attend and vote at the SGM . . . . .	4:30 p.m. on Monday, 15 May
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the SGM (both dates inclusive) . . . . .	From Tuesday, 16 May to Thursday, 18 May
Latest time for lodging proxy forms to qualify for attendance and voting at the SGM . . . . .	10:00 a.m. on Tuesday, 16 May
Record date for attendance and voting at the SGM . . . . .	Thursday, 18 May
Expected date and time of the SGM . . . . .	10:00 a.m. on Thursday, 18 May
Announcement of results of the SGM . . . . .	Thursday, 18 May
Effective date of the Authorised Share Capital Increase . . . . .	Thursday, 18 May
Last day of dealings in Shares on cum-rights basis . . . . .	Friday, 19 May
First day of dealings in Shares on ex-rights basis . . . . .	Monday, 22 May
Latest time for the Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue . . . . .	4:30 p.m. on Tuesday, 23 May
Closure of register of members of the Company for determining entitlements under the Rights Issue (both dates inclusive) . . . . .	From Wednesday, 24 May to Friday, 26 May

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## EXPECTED TIMETABLE

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Record Date for determining entitlements to the Rights Issue . . . . .	Friday, 26 May
Register of members of the Company re-opens . . . . .	Monday, 29 May
Despatch of Prospectus Documents (in the case of the Excluded Shareholders, the Prospectus only for their information) . . . . .	Monday, 29 May
First day of dealings in nil-paid Rights Shares . . . . .	Thursday, 1 June
Latest time for splitting nil-paid Rights Shares . . . . .	4:30 p.m. on Monday, 5 June
Last day of dealings in nil-paid Rights Shares . . . . .	Thursday, 8 June
Latest time for acceptance of, and payment for, the Rights Shares and the applications for excess Rights Shares . . . . .	4:00 p.m. on Tuesday, 13 June
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional . . . . .	4:00 p.m. on Wednesday, 14 June
Announcement of results of the Rights Issue . . . . .	Monday, 19 June
Refund cheques to be despatched in relation to wholly or partially unsuccessful applications for excess Rights Shares on or before . . . . .	Tuesday, 20 June
Certificates for fully paid Rights Shares to be despatched on or before . . . . .	Tuesday, 20 June
Commencement of dealings in the fully-paid Rights Shares . . . . .	9:00 a.m. on Wednesday, 21 June

### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES**

The Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Last Acceptance Date. Instead the Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day;

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## **EXPECTED TIMETABLE**

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- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Last Acceptance Date. Instead the Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance and application and payment for excess Rights Shares does not take place on the Last Acceptance Date, the dates mentioned in the expected timetable above may be affected. The Company will notify Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“2015 General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting held on 7 August 2015 to issue and allot up to 174,933,180 new Shares, representing 20% of the number of Shares in issue as at the date of passing of the relevant resolution
“2016 General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting held on 23 August 2016 to issue and allot up to 174,933,180 new Shares, representing 20% of the number of Shares in issue as at the date of passing of the relevant resolution
“6563 Land Parcel”	the piece of land parcel known as New Kowloon Inland Lot No. 6563, on Kai Tak Area 1L Site 2, Kai Tak, Kowloon, Hong Kong with a total site area of approximately 9,482 square metres
“6564 Land Parcel”	the piece of land parcel known as New Kowloon Inland Lot No. 6564, on Kai Tak Area 1L Site 1, Kai Tak, Kowloon, Hong Kong with a total site area of approximately 7,318 square metres
“Anglo Chinese” or “Independent Financial Adviser”	Anglo Chinese Corporate Finance, Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, the independent financial adviser appointed by the Company with the approval of the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders on the terms of the Rights Issue and the Underwriting Agreement
“Announcement”	the announcement of the Company dated 28 March 2017 in relation to, among other things, the proposed Authorised Share Capital Increase and the Rights Issue
“associate”	has the same meaning ascribed to it under the Listing Rules
“Authorised Share Capital Increase”	the proposed increase in the authorised share capital of the Company from HK\$200 million divided into 2,000,000,000 Shares to HK\$600 million divided into 6,000,000,000 Shares by the creation of an additional 4,000,000,000 unissued Shares

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## DEFINITIONS

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“Board”	the board of Directors
“Business Day(s)”	any day(s) (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong
“BVI”	the British Virgin Islands
“Bye-laws”	the Bye-laws of the Company
“CCASS”	Central Clearing and Settlement System established and operated by HKSCC
“CCBI”	CCB International Capital Limited, a company incorporated in Hong Kong with limited liability
“CCBI Portion”	such number of Untaken Shares to be subscribed or procured to be subscribed by CCBI as notified by CCBI to the Company in writing pursuant to the terms of the Underwriting Agreement
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Companies Miscellaneous Provisions Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Hong Kong International Construction Investment Management Group Co., Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Rights Issue
“Concert Party(ies)”	party(ies) acting in concert as is defined in the Takeovers Code
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for the excess Rights Shares

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## DEFINITIONS

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“Excluded Shareholder(s)”	the Overseas Shareholder(s) whose registered addresses in the Company’s register of members as at the Record Date are in places where the Directors, after making enquiries, consider it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Rights Shares to such Shareholder(s)
“Fortunate Pool”	Fortunate Pool Limited, a company incorporated in Hong Kong with limited liability which is wholly-owned by Mr. Fung
“Foundation Sale Shares”	in aggregate, 40 issued shares of TFHK, representing in aggregate 40% of the issued shares of TFHK
“Foundation SPA”	the sale and purchase agreement dated 19 April 2016 entered into among the Company as purchaser, Fortunate Pool as vendor and Mr. Fung as guarantor in relation to the sale by Fortunate Pool and purchase by the Company of the Foundation Sale Shares, which had been already completed as at the Latest Practicable Date
“Group”	the Company and its subsidiaries
“HK Government”	the government of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HNA Finance I”	HNA Finance I Co., Ltd., a company incorporated in Anguilla with limited liability and an indirect subsidiary of HNA Group Co., Ltd.
“HNA Finance I Portion”	the Untaken Shares in excess of the CCBI Portion, which HNA Finance I has agreed to subscribe or procure subscription for
“HNA Irrevocable Undertaking”	an irrevocable undertaking dated 28 March 2017 given by HNA Finance I in favour of the Company and CCBI as described in the section headed “The HNA Irrevocable Undertaking” in the letter from the Board
“Hong Kong”	Hong Kong Special Administrative Region of the PRC



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## DEFINITIONS

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“Independent Board Committee”	the independent committee of the Board, comprising all independent non-executive Directors, namely Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George and Mr. Li Kit Chee, established to give recommendation to the Independent Shareholders in respect of the Rights Issue and the Underwriting Agreement
“Independent Shareholder(s)”	any Shareholder(s) other than those who are required to abstain from voting on the resolution to approve the Rights Issue at the SGM under the Listing Rules
“Last Acceptance Date”	Tuesday, 13 June 2017 being the last day for acceptance and payment of the Rights Shares, or such other date as the Underwriters may agree with the Company in writing
“Last Trading Day”	Tuesday, 28 March 2017, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of the Announcement
“Latest Practicable Date”	Thursday, 27 April 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained herein
“Latest Time for Acceptance ”	4:00 p.m. on the Last Acceptance Date
“Latest Time for Termination”	4:00 p.m. on the Settlement Date or such later time or date as may be agreed between the Underwriters and the Company in writing, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the same meaning ascribed to it under the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Medium Term Note Programme”	the US\$1,000,000,000 guaranteed medium term note programme referred to in the Company’s announcement dated 7 April 2017 and notice of listing dated 10 April 2017
“Milway”	Milway Development Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of the Company
“Milway Acquisition”	the acquisition of the land use right over the 6563 Land Parcel by Milway as referred to in the Company’s announcement dated 28 March 2017 and the Company’s circular dated 28 April 2017

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## DEFINITIONS

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“Milway Shareholder’s Loans”	interest free, unsecured loans from HNA Finance I in the principal amounts of HK\$2,700 million and HK\$3,700 million, respectively, to finance part of the Milway Acquisition and each of which has an initial maturity date of one year with an option available to the Company to extend for another year
“Mr. Fung”	Mr. Fung Chiu Chak, Victor, the vice chairman, chief executive officer, managing Director and executive Director of the Company
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Issue
“Posting Date”	Monday, 29 May 2017 or such other day as may be agreed between the Company and the Underwriters, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Excluded Shareholders (as the case may be)
“PRC”	The People’s Republic of China
“Prospectus”	the prospectus to be despatched to the Qualifying Shareholders (and the Excluded Shareholder(s) for information only) on the Posting Date in connection with the Rights Issue in such form as may be agreed between the Company and the Underwriters
“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s)
“Qualifying Shareholders”	Shareholder(s), whose names appear on the register of members of the Company as at the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Friday, 26 May 2017, being the date by reference to which entitlements to the Rights Issue will be determined
“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, which is Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of two (2) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price on the terms to be set out in the Prospectus Documents and summarised herein

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## DEFINITIONS

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“Rights Share(s)”	the new Share(s) to be allotted and issued under the Rights Issue, being 2,268,331,806 new Shares
“Set Off”	the set off of the outstanding amounts owing by the Company to HNA Finance I, details of which are set out in the section headed “The Set Off” in the letter from the Board
“Settlement Date”	Wednesday, 14 June 2017, being the first Business Day after the Latest Time for Acceptance or such other time or date as the Company and the Underwriters may agree in writing as the day for settlement of the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held at which resolution(s) will be proposed to consider, and, if thought fit, to approve, among other things, the Authorised Share Capital Increase, the Rights Issue and the Underwriting Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price in respect of each Rights Share, being HK\$4.08
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs
“TFHK”	Tysan Foundation (Hong Kong) Limited, a private limited company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Top Genius”	Top Genius Holdings Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of the Company
“Top Genius Acquisition”	the acquisition of the land use right over the 6564 Land Parcel by Top Genius as referred to in the Company’s announcements dated 7 February 2017 and 15 March 2017, and the Company’s circular dated 13 March 2017

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## DEFINITIONS

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“Top Genius Bank Loan”	an interest bearing bank loan in the principal amount of HK\$2,602 million, with security provided by the Group and a maturity date of one year, to finance part of the Top Genius Acquisition
“Top Genius Bank Loan Agreement”	the facility agreement dated 20 February 2017 entered into between, among others, Top Genius as borrower, the Company as guarantor, and a bank as lender in respect of the Top Genius Bank Loan
“Top Genius Shareholder’s Loan”	an interest free, unsecured loan from HNA Finance I in the principal amount of HK\$2,750 million to finance part of the Top Genius Acquisition and which has an initial maturity date of one year with an option available to the Company to extend for another year
“Underwriters”	CCBI and HNA Finance I
“Underwriting Agreement”	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 and amongst the Company and the Underwriters in relation to the Rights Issue
“Underwritten Shares”	a total of 756,607,350 Rights Shares to be underwritten by the Underwriters subject to the terms and conditions of the Underwriting Agreement
“Untaken Shares”	any of the Rights Shares not taken up by the Qualifying Shareholders under the Rights Issue
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent
“*”	the English names of the Chinese companies referred to in this circular are transliterated from the Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese names shall prevail

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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If, at any time prior to the Latest Time for Termination, there occurs:-

- (i) any of the following which, in the absolute opinion of any Underwriter, will or is likely to materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudices the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
  - (b) the occurrence, happening, coming into effect or becoming public knowledge of (x) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; (y) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (z) a suspension or a material limitation in trading in the Company's securities on the Stock Exchange and/or any other stock exchange on which the Company's securities are traded for more than five Business Days (other than pending publication of the Announcement or any other document relating to the Rights Issue); (aa) a general moratorium on commercial banking activities in Hong Kong, the People's Republic of China, the United States of America and/or the United Kingdom declared by the relevant authority or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the People's Republic of China, the United States of America and/or the United Kingdom; or (bb) a change or development involving a prospective change in taxation affecting the Company, the Shares or the transfer thereof; or
- (ii) any change in the circumstances of the Company or any member of the Group occurs which in the absolute opinion of any Underwriter will materially and adversely affect the prospects of the Company, including without limiting the generality of the foregoing, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group; or
- (iii) any event of force majeure occurs, including without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, outbreak of an infectious disease, epidemic, terrorism, armed conflict, strike or lock-out; or

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (iv) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole occurs, whether or not ejusdem generis with any of the foregoing,

the Underwriters shall be entitled by notice in writing issued by the Underwriters jointly to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

If, at or prior to the Latest Time for Termination:

- (i) the Company commits any breach of or omits to observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement, where, in the absolute opinion of the Underwriters, such breach or omission will or is likely to have a material and adverse effect on its business, financial or trading position of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or
- (ii) any Underwriter shall receive notification from the Company, or shall otherwise become aware of, the fact that any of the representations, warranties or undertakings was, when given, untrue or inaccurate in any material respects or would be untrue or inaccurate in any material respects if repeated on the Posting Date or on the Latest Time for Acceptance in each case, with reference to the facts and circumstances then subsisting, and the Underwriters shall, in their absolute discretion, determine that any such untrue representation, warranty or undertaking represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or
- (iii) the Company's application to the Listing Committee of the Stock Exchange for the permission for the listing of, and permission to in, the Rights Shares (in their nil-paid and fully-paid forms) on the Stock Exchange is withdrawn by the Company and/or refused or revoked by the Stock Exchange; or
- (iv) any condition to enable the Rights Shares (in their nil-paid and fully-paid forms) to be admitted as eligible securities for deposit, clearance and settlement in CCASS is not satisfied or notification is received by the Company from HKSCC that such admission or facility for holding and settlement has been or is to be refused; or
- (v) any statement contained in the Announcement or any Prospectus Document has been shown to be untrue, inaccurate or incomplete in any material respect or misleading with reference to the date on which such statement was made; or

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (vi) after the occurrence of any matter or event prior to the despatch of the Prospectus Documents or on or prior to the Latest Time for Acceptance as a result of which, any representation or warranty given by the Company in the Underwriting Agreement, if repeated immediately after the occurrence thereof, would be untrue or inaccurate in any material respect or which would or might render untrue, inaccurate in any material respect or misleading any statement, whether of fact or opinion, contained in the Prospectus Documents if the same were issued immediately after such occurrence, the Company fails to promptly to send out any announcement or circular (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents) as any Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company,

the Underwriters shall be entitled (but not bound) by notice in writing issued by the Underwriters jointly to the Company to elect to treat such matter or event as releasing and discharging the Underwriters from their obligations under the Underwriting Agreement and rescind the Underwriting Agreement.

Upon giving the joint notice of termination in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriters shall cease and determine and none of the parties to the Underwriting Agreement shall have any claim against the other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement, but without prejudice to all rights to claim against the Company for all losses and damages suffered by any of the Underwriters, and, provided that the Company shall remain liable to pay to the Underwriters such fees and expenses (but not the underwriting commission) according to the terms of the Underwriting Agreement. Indemnities given by the Company in the Underwriting Agreement shall survive notwithstanding termination of the Underwriting Agreement.

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LETTER FROM THE BOARD

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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 687)**

*Executive Directors*

Mr. ZHAO Quan (Chairman)  
Mr. FUNG Chiu Chak, Victor  
(Vice Chairman, Chief Executive Officer  
and Managing Director)  
Mr. LIU Junchun (Co-Vice Chairman)  
Mr. CHIU Chin Hung  
Mr. LAU Kin Fai  
Mr. FAN Ning  
Mr. MENG Yongtao  
Mr. WONG Tai Lun Kenneth

*Independent Non-executive Directors*

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

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Principal place of business  
in Hong Kong:*

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

29 April 2017

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL  
AND  
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES  
FOR EVERY ONE SHARE HELD ON THE RECORD DATE AT HK\$4.08  
PER RIGHTS SHARE  
AND  
NOTICE OF SGM**

**1. INTRODUCTION**

Reference is made to the Announcement in relation to, among others, the Authorised Share Capital Increase and the Rights Issue.



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## LETTER FROM THE BOARD

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The Board proposes to increase the Company's authorised share capital from HK\$200 million divided into 2,000,000,000 Shares to HK\$600 million divided into 6,000,000,000 Shares by the creation of an additional 4,000,000,000 unissued Shares.

Subject to, among others, the Authorised Share Capital Increase becoming effective, the Company further proposes to implement the Rights Issue on the basis of two (2) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price of HK\$4.08 per Rights Share. The Company will raise gross proceeds of approximately HK\$9,255 million before expenses (assuming that there is no change in the number of issued Shares on or before the Record Date) by way of the issue of 2,268,331,806 Rights Shares. Assuming that there is no change in the number of issued Shares on or before the Record Date, the estimated net proceeds from the Rights Issue (after deducting the estimated expenses, but disregarding the Set Off) will be approximately HK\$9,251 million; and the net Subscription Price per Rights Share after deducting the related expenses of the Rights Issue (but disregarding the Set Off) is expected to be approximately HK\$4.08. The Rights Issue (excluding the Rights Shares subject to the HNA Irrevocable Undertaking) will be fully underwritten by the Underwriters on the terms and subject to the conditions as set out in the Underwriting Agreement. The Rights Issue is only available to the Qualifying Shareholders. The Rights Issue is subject to, among other things, the approval from the Independent Shareholders at the SGM.

The purpose of this circular is to provide you with, among other things, (i) further details of the Authorised Share Capital Increase and the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Rights Issue; (iii) a letter of advice from Anglo Chinese to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue; (iv) financial information and other general information of the Group; and (v) the notice of SGM, at which ordinary resolutions will be proposed to consider and, if thought fit, approve, among other things, the Authorised Share Capital Increase and the Rights Issue, together with the transactions contemplated thereunder.

### **2. PROPOSED AUTHORISED SHARE CAPITAL INCREASE**

The Board proposes to increase the Company's authorised share capital from HK\$200 million divided into 2,000,000,000 Shares to HK\$600 million divided into 6,000,000,000 Shares by the creation of an additional 4,000,000,000 unissued Shares. The proposed Authorised Share Capital Increase is subject to the approval of the Shareholders by way of an ordinary resolution at the SGM. As none of the Shareholders has any material interest in the Authorised Share Capital Increase, no Shareholder is required to abstain from voting on this resolution at the SGM.

The Board is of the view that the Authorised Share Capital Increase will provide flexibility to the Company for future expansion in the share capital of the Company, and is therefore in the interest of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Board had no intention to issue any part of the proposed increased authorised share capital of the Company other than the issue of Shares pursuant to the Rights Issue (subject to, among other things, the approval of the Independent Shareholders at the SGM). Further announcement(s) will be made by the Company in accordance with the Listing Rules if it proposes to issue any further Shares in the future.

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## LETTER FROM THE BOARD

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### 3. PROPOSED RIGHTS ISSUE

Subject to the Authorised Share Capital Increase becoming effective and other conditions as detailed in the section headed “Conditions of the Rights Issue” below, the Board proposes to implement the Rights Issue on the following terms:

#### Issue statistics

Basis of the Rights Issue	: Two (2) Rights Shares for every one (1) Share held on the Record Date
Subscription Price	: HK\$4.08 per Rights Share
Net price per Rights Share (disregarding the Set Off)	: Approximately HK\$4.08
Number of Shares in issue as at the Latest Practicable Date	: 1,134,165,903 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	: 2,268,331,806 Rights Shares (assuming no change in the number of issued Shares on or before the Record Date)
Aggregate nominal value of the Rights Shares	: Approximately HK\$226,833,180 (assuming no change in the number of issued Shares on or before the Record Date)
Total number of issued Shares upon Completion	: 3,402,497,709 Shares (assuming no change in the number of issued Shares on or before the Record Date)

As at the Latest Practicable Date, the Company had no outstanding warrants, options, derivatives or securities convertible into or exchangeable for Shares. Assuming no new Shares are issued and no repurchase of the Shares takes place on or before the Record Date, the 2,268,331,806 Rights Shares to be issued pursuant to the terms of the Rights Issue represents 200.00% of the number of issued Shares as at the Latest Practicable Date and approximately 66.67% of the number of issued Shares as enlarged immediately upon Completion.

#### Subscription Price

The Subscription Price of HK\$4.08 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, upon an application of excess Rights Shares, or where a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a premium of approximately 11.78% over the closing price of HK\$3.65 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

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## LETTER FROM THE BOARD

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- (ii) a premium of approximately 0.99% over the closing price of HK\$4.04 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 0.68% to the average closing price of HK\$4.11 per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 3.09% to the average closing price of HK\$4.21 per Share as quoted on the Stock Exchange for the ten previous consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 0.33% over the theoretical ex-entitlement price of approximately HK\$4.067 per Share after the Rights Issue, based on the closing price of HK\$4.04 per Share as quoted on the Stock Exchange and the total number of existing issued Shares on the Last Trading Day; and
- (vi) a premium of approximately 56.32% over the audited net asset value of the Company per Share of approximately HK\$2.61 based on the audited consolidated net asset value of the Company and the number of issued Shares as at 31 December 2016.

The Subscription Price was determined, among others, after arm's length negotiations between the Company and the Underwriters with reference to the market price of the Shares prior to and including the Last Trading Day, the capital needs of the Group as detailed in the sections headed "Reasons for and benefits of the Rights Issue" and "Proposed use of proceeds" below, the financial position of the Group and the prevailing market conditions.

Given (i) each Qualifying Shareholder will be entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to his/her/its shareholding held on the Record Date; (ii) the Subscription Price has been set at a price with a view to encouraging existing Shareholders to participate in the potential growth of the Company; and (iii) the proceeds are to fulfil the funding needs of the Group as referred to in the sections below headed "Reasons for and benefits of the Rights Issue" and "Proposed use of proceeds", the Directors (including the independent non-executive Directors who, having considered the advice of Anglo Chinese, have set out their recommendations in the letter from the Independent Board Committee set out on pages 34 to 35 of this circular) consider the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Each of Mr. Zhao Quan, Mr. Liu Junchun, Mr. Fan Ning, Mr. Meng Yongtao and Mr. Wong Tai Lun Kenneth, being the Directors nominated to the Board by HNA Finance I, were in support of the Rights Issue, but so as to avoid a perception of a conflict of interest, had abstained from voting on the Rights Issue and the Underwriting Agreement.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon (i) the Authorised Share Capital Increase becoming effective on or before the Record Date, and (ii) the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreement. The conditions to the Underwriting Agreement are set out in the section headed "Underwriting Arrangement - Conditions of the Underwriting Agreement" below.

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## LETTER FROM THE BOARD

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### **Basis of provisional allotments**

The basis of the provisional allotment shall be two (2) Rights Shares (in nil-paid form) for every one (1) Share held by the Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Last Acceptance Date.

### **Status of the Rights Shares**

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares. Dealings in the Rights Shares will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

### **Qualifying Shareholders**

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and not be an Excluded Shareholder on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) or indemnities thereof) must be lodged with the Registrar no later than 4:30 p.m. (Hong Kong time) on Tuesday, 23 May 2017, at the following address:

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

It is expected that the last day of dealings in the Shares on a cum-rights basis is Friday, 19 May 2017 and the Shares will be dealt with on an ex-rights basis from Monday, 22 May 2017.

The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Posting Date and will despatch the Prospectus only (but not the PAL and the EAF) to the Excluded Shareholders for their information only.

According to the register of members of the Company as at the Latest Practicable Date, there were 5 Overseas Shareholders whose addresses were located in the PRC, the BVI, Thailand and Canada, holding 31,500,000 Shares, 2,198 Shares, 2,396 Shares and 192 Shares, respectively.

The Company has received preliminary advice from its legal advisers in the PRC, the BVI and Thailand that the Prospectus Documents would not be required to be registered with any regulatory authorities or the stock exchanges of the PRC, the BVI and Thailand. Based on such preliminary advice, the Directors currently intend to extend the Rights Issue to the Overseas Shareholders located in the PRC, the BVI and Thailand, who will accordingly be Qualifying Shareholders.

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## LETTER FROM THE BOARD

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### **Rights of the Overseas Shareholders (if any)**

The Prospectus Documents will not be registered or filed under the applicable securities law of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Company has received preliminary advice from its legal advisers in Canada that the extension of the Rights Issue to Overseas Shareholders in Canada would or might, in the absence of compliance with the registrations requirements or other special formalities under the relevant legislation or regulations of Canada, be unlawful or impracticable, and compliance with the registration or other special formalities in Canada could be both disproportionately costly and time-consuming, particularly in light of the fact that the Overseas Shareholder in Canada holds a very small or nominal amount of Shares. Accordingly, in view of the likely expense and time involved if compliance with the laws of Canada were to be observed and the insignificant shareholding of the Overseas Shareholder located in Canada, the Directors believe that the costs and burden of compliance with such overseas laws would outweigh the benefits which the Company and its Shareholders as a whole would stand to receive by having these Overseas Shareholder included in the Rights Issue. Based on the preliminary advice from its legal advisers in Canada, the Directors currently intend that it would not be necessary or expedient to extend the Rights Issue to the Overseas Shareholder located in Canada and accordingly, such Overseas Shareholder will be the Excluded Shareholder.

Further information in this connection will be set out in the Prospectus to be issued. Prospectus Documents containing, among other things, details of the Rights Issue, are expected to be despatched to the Qualifying Shareholders on Monday, 29 May 2017. The Company will send copies of the Prospectus to the Excluded Shareholder(s) for their information only, but no PALs or EAFs will be sent to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholder(s), to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid pro rata (but rounded down to the nearest cent) to the relevant Excluded Shareholder(s) in Hong Kong dollars, except that the Company will retain individual amounts of less than HK\$100 for its own benefit. Any unsold entitlements of the Excluded Shareholder(s) will be made available for excess application by the Qualifying Shareholders.

**Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares.**

### **Fractional entitlement to the Rights Shares**

On the basis of provisional allotment of two (2) Rights Shares for every one (1) Share held on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

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## LETTER FROM THE BOARD

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### **Application for the excess Rights Shares**

Qualifying Shareholders shall be entitled to apply, by way of excess application, for (i) the Rights Shares representing the entitlement of the Excluded Shareholder(s) and which cannot be sold at a net premium; and (ii) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders. Applications for excess Rights Shares may be made by completing the EAF for the excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Board will allocate the excess Rights Shares at its discretion, but on a fair and equitable basis as far as practicable on the following principles:

- (i) no preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings as the giving of such preference may potentially be abused by certain investors by splitting their Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result; and
- (ii) subject to availability of the excess Rights Shares, the excess Rights Shares will be allocated to the Qualifying Shareholders who have applied for excess application on a pro rata basis based on the number of excess Rights Shares applied for by them. No reference will be made to Rights Shares subscribed through PALs, or the number of Shares held by the Qualifying Shareholders.

Beneficial owners of Shares whose shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the beneficial owners of Shares whose shares are registered in the name of nominee companies should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually and are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

For those beneficial owners of Shares whose Shares are held by their nominee(s) (including HKSCC Nominees Limited) and who would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for completion of the relevant registration not later than 4:30 p.m. on Tuesday, 23 May 2017.

### **Closure of register of members**

The register of members of the Company will be closed from Tuesday, 16 May 2017 to Thursday, 18 May 2017 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM.

The register of members of the Company will be closed from Wednesday, 24 May 2017 to Friday, 26 May 2017 (both days inclusive) for determining the entitlements to the Rights Issue.

No transfer of the Shares will be registered during the above book closure periods.

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## LETTER FROM THE BOARD

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### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

The nil-paid Rights Shares and fully-paid Rights Shares are expected to be traded in board lots of 2,000 (as the Shares are currently traded on the Stock Exchange in board lots of 2,000).

Dealings in the Rights Shares in both nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, investor compensation levy and/or any other applicable fees and charges in Hong Kong.

### **RIGHTS SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in each of their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

All necessary arrangements will be made to enable the Rights Shares (in both their nil-paid and fully-paid forms) to be admitted into CCASS.

### **Certificates of the Rights Shares**

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on or before Tuesday, 20 June 2017, to those entitled thereto by ordinary post, at their own risk, to their registered addresses.

### **Refund cheques for the Rights Issue**

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Tuesday, 20 June 2017, by ordinary post to the applicants, at their own risk, to their registered addresses.

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## LETTER FROM THE BOARD

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### **The HNA Irrevocable Undertaking**

As at the Latest Practicable Date, HNA Finance I, the controlling shareholder of the Company, held 755,862,228 Shares, representing approximately 66.64% of the existing issued Shares.

On 28 March 2017, HNA Finance I entered into the HNA Irrevocable Undertaking in favour of the Company and CCBI. Pursuant to the HNA Irrevocable Undertaking, subject to the Underwriting Agreement becoming unconditional, HNA Finance I irrevocably undertakes, among other things:

- (i) to take up and pay for or procure they are taken up and paid for on the terms of the Prospectus Documents the 1,511,724,456 Rights Shares which will constitute the provisional allotment of Rights Shares in respect of the Shares beneficially owned by HNA Finance I pursuant to the terms of the Rights Issue;
- (ii) that the 755,862,228 Shares will remain registered in the name of HNA Finance I at the close of business on the Record Date; and
- (iii) to lodge, or to procure lodgement of, acceptances in respect of the aforesaid Rights Shares with the Registrar or the Company, with payment in full therefor being satisfied in accordance with the Set Off, or, where HNA Finance I is not the subscriber of the Rights Shares taken up under the HNA Irrevocable Undertaking, in cash (whether by cheque, bank cashier's order or such other form as the Company may approve), by no later than the Latest Time for Acceptance or such later date as the Company may agree.

### **Existing Shareholders' participation in the Rights Issue**

In addition to the HNA Irrevocable Undertaking, as at the Latest Practicable Date, the Company has received irrevocable undertakings from the following existing Shareholders that they will take up and pay for or procure they are taken up and paid for on the terms of the Prospectus Documents the following Rights Shares, which constitute their provisional allotment of the Rights Shares in respect of the Shares beneficially owned by them as at the time of giving of the relevant undertaking:-

- (i) Shenzhen Terart Decoration Design Engineering Co., Ltd.\* (深圳市特藝達裝飾設計工程有限公司) in respect of 21,000,000 Rights Shares;
- (ii) Hainan Shengda Industrial Co., Ltd.\* (海南生達實業有限公司) in respect of 21,000,000 Rights Shares; and
- (iii) Hong Kong Marine Construction Limited (香港海事建設有限公司) in respect of 114,000,000 Rights Shares.



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## LETTER FROM THE BOARD

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### 4. UNDERWRITING ARRANGEMENT

#### Underwriting Agreement

On 28 March 2017 (after trading hours), the Company, CCBI and HNA Finance I entered into the Underwriting Agreement in respect of the underwriting arrangement for the Rights Issue. The principal terms of the Underwriting Agreement are as follows:

- Date** : 28 March 2017 (after trading hours) (as amended and supplemented by side letters dated 20 April 2017 and 25 April 2017)
- Parties** :
- (i) the Company
  - (ii) the Underwriters, namely:-
    - (a) CCBI. As at the Latest Practicable Date, save in respect of 160,000,000 Shares in which the ultimate holding company of CCBI was deemed to have an interest, through the security interest held by its wholly-owned subsidiary by way of a share charge, CCBI and its associates held no other interest in the Shares; and
    - (b) HNA Finance I, the controlling shareholder of the Company and which, as at the Latest Practicable Date, held 755,862,228 Shares, representing approximately 66.64% of the total issued Shares. HNA Finance I does not underwrite securities in its ordinary course of business.
- Number of Underwritten Shares** : Assuming there is no change in the number of issued Shares on or before the Record Date, the Underwriters have conditionally agreed to underwrite up to 756,607,350 Underwritten Shares, being the total number of Rights Shares under the Rights Issue less the 1,511,724,456 Rights Shares undertaken to be subscribed by HNA Finance I (or its nominee) under the section headed “The HNA Irrevocable Undertaking” above. The Rights Issue is therefore fully underwritten.

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## LETTER FROM THE BOARD

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The Underwriters will subscribe or procure subscription for the Untaken Shares on the following basis:

- (i) CCBI conditionally agreed to subscribe or procure subscription for such number of Untaken Shares (which may be zero) as it may notify the Company in writing (being the CCBI Portion) on the terms of the Prospectus Documents (so far as the same are applicable). The Company did not receive the said notice from CCBI in respect of the number of Untaken Shares to be subscribed or procure to be subscribed by CCBI at the relevant time prescribed under the terms of the Underwriting Agreement. Accordingly, pursuant to the terms of the Underwriting Agreement, CCBI Portion is deemed to be zero Untaken Shares; and
- (ii) HNA Finance I has (in addition to its obligations under the HNA Irrevocable Undertaking) conditionally agreed to subscribe or procure subscription for any remaining Untaken Shares in excess of the CCBI Portion, being the HNA Finance I Portion, on the terms of the Prospectus Documents (so far as the same are applicable). As CCBI Portion is deemed to be zero Untaken Shares as explained in the paragraph above, HNA Finance I shall subscribe or procure the subscription for all the Untaken Shares (i.e. up to 756,607,350 Rights Shares) pursuant to the terms of the Underwriting Agreement. Under the Underwriting Agreement, HNA Finance I has undertaken that it will use its best endeavours to procure subscribers to subscribe for any further Rights Shares under the HNA Finance I Portion to such an extent as will cause the Company to remain in compliance with the public float requirements under Rule 8.08 of the Listing Rules.

**Underwriting  
Commission**

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The higher of (i) an underwriting commission of an amount up to 2.5% of the aggregate Subscription Price in respect of the CCBI Portion (if any) and (ii) HK\$100,000 (being the minimum charge of CCBI) is payable to CCBI. As CCBI's commitment in respect of the CCBI Portion is deemed to be zero, the commission payable to CCBI under the Underwriting Agreement will be HK\$100,000 (being the minimum charge of CCBI). HNA Finance I will not receive any commission under the Underwriting Agreement.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, HNA Finance I has entered into the following arrangements with respect to 345,098,040 Shares currently held by HNA Finance I to restore public float as and when required in accordance with Rule 8.08 of the Listing Rules:-

- (a) a conditional sale and purchase agreement with Infini Capital Management (“**Infini**”), pursuant to which Infini shall acquire a certain number of Shares currently held by HNA Finance I, being such number of Shares as HNA Finance I may notify Infini in writing, subject to a maximum of 122,549,020 Shares, from HNA Finance I at a price of HK\$4.08 per Share, if any public float issue arises as a result of the underwriting arrangement;
- (b) a conditional sale and purchase agreement with 中海怡高控股有限公司 (Sino Decco Holding Co., Ltd.\*) (“**Sino Decco**”), pursuant to which Sino Decco shall acquire a certain number of Shares currently held by HNA Finance I, being such number of Shares as HNA Finance I may notify Sino Decco in writing, subject to a maximum of 100,000,000 Shares, from HNA Finance I at a price of HK\$4.08 per Share, if any public float issue arises as a result of the underwriting arrangement; and
- (c) a conditional sale and purchase agreement with Wise Bell Group Limited (“**Wise Bell**”), pursuant to which Wise Bell shall acquire a certain number of Shares currently held by HNA Finance I, being such number of Shares as HNA Finance I may notify Wise Bell in writing, subject to a maximum of 122,549,020 Shares, from HNA Finance I at a price of HK\$4.08 per Share, if any public float issue arises as a result of the underwriting arrangement,

(collectively, the “**Sale and Purchase Agreements**”).

Pursuant to the Underwriting Agreement, HNA Finance I has undertaken that it will use its best endeavours to procure subscribers to subscribe for Rights Shares to such an extent as will cause the Company to remain in compliance with the public float requirements under Rule 8.08 of the Listing Rules. Furthermore, according to the terms of the Sale and Purchase Agreements, it is expected that, if Infini, Sino Decco and/or Wise Bell are called upon to purchase any Shares held by HNA Finance I, the completion of the Sale and Purchase Agreements will take place on or before Completion. The Company therefore believes that the public float requirements under Rule 8.08 can be complied with at all times. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of Infini, Sino Decco and Wise Bell and their respective ultimate beneficial owners are third parties independent of the Company and its connected person (as defined in the Listing Rules).

The terms of the Underwriting Agreement, including the maximum commission rate of 2.5% and the minimum charge payable to CCBI, were determined after arm’s length negotiations between the Company and the Underwriters with reference to, among other things, the size of the Rights Issue, the current market conditions and the prevailing market rate for the underwriting commission of comparable transactions. The Directors (including the independent non-executive Directors who have considered the advice of Anglo Chinese but excluding Mr. Zhao Quan, Mr. Liu Junchun, Mr. Fan Ning, Mr. Meng Yongtao and Mr. Wong Tai Lun Kenneth, being the Directors nominated to the Board by

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## LETTER FROM THE BOARD

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HNA Finance I, who had abstained from voting on the Board approval of, among others, the Underwriting Agreement so as to avoid a perception of a conflict of interest) consider that the terms of the Underwriting Agreement including the underwriting commission rate are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **The Set Off**

As disclosed in the circular of the Company dated 13 March 2017, HNA Finance I has granted to the Company the Top Genius Shareholder's Loan in the amount of HK\$2,750 million to finance part of the Top Genius Acquisition, the details of which are set out in the section headed "Reasons and Benefits of the Rights Issue" below. On 5 April 2017 and 7 April 2017, HNA Finance I also granted to the Company the Milway Shareholder's Loans in the amount of HK\$2,700 million and HK\$3,700 million respectively to finance part of the Milway Acquisition, further details of which are set out in the section headed "Reasons for and benefits of the Rights Issue" below. As at the Latest Practicable Date, the total amount due from the Company to HNA Finance I was HK\$9,150 million.

Subject to a maximum amount of HK\$7,328 million (being the Subscription Price payable for 1,796,011,053 Rights Shares) payable by HNA Finance I, whether under the HNA Irrevocable Undertaking or the underwriting obligations of HNA Finance I contained in the Underwriting Agreement, such amount will be set off, on a dollar-to-dollar basis, against amounts owed by the Company to HNA Finance I at the Latest Time for Acceptance. The total Subscription Price payable by HNA Finance I under the HNA Irrevocable Undertaking is approximately HK\$6,168 million. A further sum of up to HK\$1,160 million which may be payable by HNA Finance I if HNA Finance I is called upon to fulfil its obligations under the Underwriting Agreement will be subject to the Set Off. If there remains any further Subscription Price payable by HNA Finance I after the Set Off, such amount shall be payable by HNA Finance I to the Company in accordance with the terms of the Underwriting Agreement.

Assuming that the Company does not exercise the option to extend for another year, the Top Genius Shareholder's Loan and the Milway Shareholder's Loans will mature on 19 February 2018, and 4 April 2018 and 6 April 2018, respectively. The Company intends to apply the Subscription Price payable by HNA Finance I (subject to a maximum amount of HK\$7,328 million (being the Subscription Price payable for 1,796,011,053 Rights Shares)) to Set Off the Top Genius Shareholder's Loan first, and the remaining Subscription Price payable by HNA Finance I will be used to Set Off part of the Milway Shareholder's Loans. In respect of the remaining balance of the Milway Shareholder's Loans which is not being Set Off (being HK\$1,822 million), the Company intends to repay such amount by way of bank financing or the Company's surplus resources.

### **Underwriters' Undertaking**

Under the Underwriting Agreement, each of CCBI and HNA Finance I has undertaken with the Company that it shall use its best endeavours to ensure that each of the subscribers or purchasers (in each case together with their respective ultimate beneficial owners) of the Untaken Shares procured by it: (i) shall be third party(ies) independent of, not acting in concert (as such term is defined in the Takeovers Code) with and shall not be connected with the Directors, chief executive or substantial shareholders of the Company or their respective associates; (ii) shall not, together with the Concert

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## LETTER FROM THE BOARD

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Party(ies) of each of them, hold 30.0% (or such other percentage which shall trigger a general offer to be made for the Shares under the Takeovers Code) or more of the voting rights of the Company upon Completion; and (iii) will not own 10% or more of the issued share capital of the Company immediately after the Rights Issue and are not otherwise core connected persons (as such term is defined in the Listing Rules) of the Company. The Underwriters have also agreed that they shall procure, and shall ensure that the sub-underwriters (if any) to procure independent places to take up the Rights Shares pursuant to the Listing Rules.

### Conditions of the Underwriting Agreement

The obligations of the Underwriters under the Underwriting Agreement are conditional on, among others:

- (i) the passing of all the necessary resolution(s) by the Shareholders (or where required under applicable laws and regulations (including the Listing Rules), the Independent Shareholders), in each case other than those who are required to abstain from voting or to vote in favour of the relevant resolutions, at the SGM duly approving and confirming:
  - (a) the Authorised Share Capital Increase; and
  - (b) the Rights Issue and the transactions contemplated thereunder and authorising the Directors to allot and issue the Rights Shares (in their nil-paid and fully-paid forms), each in accordance with the Bye-laws and the Listing Rules;
- (ii) the Authorised Share Capital Increase having become effective;
- (iii) the Stock Exchange having authorised the registration of, and the Registrar of Companies in Hong Kong having registered, respectively, not later than one Business Day prior to the Posting Date, each of the Prospectus Documents each duly certified in compliance with section 342C of the Companies Miscellaneous Provisions Ordinance (and all other documents required to be attached thereto or otherwise filed or delivered) and otherwise complying with the requirements of the Companies Miscellaneous Provisions Ordinance and the Listing Rules;
- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Excluded Shareholders, if any, for information purposes only, on or before the Posting Date;
- (v) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) by no later than the Posting Date and such listings and permission to deal not having been withdrawn or revoked on or before 4:00 p.m. on the Settlement Date;

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## LETTER FROM THE BOARD

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- (vi) each condition to enable the Rights Shares in their nil-paid and fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS being satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms, respectively) and no notification having been received by the Company from HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;
- (vii) the Shares remaining listed on the Stock Exchange at all times and the current listing of the Shares not having been withdrawn and no indication being received before the Latest Time for Termination from the Stock Exchange and/or the SFC to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason;
- (viii) the representations, warranties or undertakings referred to in the Underwriting Agreement being true and accurate and not misleading on and as of the date of the Underwriting Agreement and at any time before the Latest Time for Termination, as though they have been given and made at such time by reference to the facts and circumstances then subsisting;
- (ix) the execution and delivery of the HNA Irrevocable Undertaking on the date of the Underwriting Agreement;
- (x) the compliance by HNA Finance I with its obligations under the HNA Irrevocable Undertaking;
- (xi) the delivery to the Underwriters of the documents as required under the Underwriting Agreement in accordance with the timing set out therein;
- (xii) the obligations of the Underwriters under the Underwriting Agreement not being terminated by the Underwriters in accordance with the terms thereof;
- (xiii) the compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement; and
- (xiv) if necessary, the obtaining of the consent or permission from the Bermuda Monetary Authority in respect of the issue of the Rights Shares.

The Underwriters may at any time in writing waive any of the conditions in (vii) to (xiii) above or extend the time or date for fulfilment of any of the conditions set out above and such waiver or extension may be made subject to such terms and conditions as are determined by the Underwriters. If any of the conditions above has not been fulfilled or waived (where appropriate) on or before the relevant time and date specified in that respective condition or, if no such date is so specified or referred to, is not fulfilled or waived (where appropriate) on or prior to the Latest Time for Termination (or such later date(s) as the Underwriters and the Company may agree in writing), all liabilities of the parties to the Underwriting Agreement shall cease and determine. In such event, none

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## LETTER FROM THE BOARD

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of the parties shall have any claim against the other parties (other than for antecedent breaches and claims) provided that, among other things, the Company shall remain liable to pay the Underwriters' reasonable costs, fees and other out-of-pocket expenses in accordance with the Underwriting Agreement.

**If the Underwriters terminate the Underwriting Agreement, the Rights Issue will not proceed.**

Please refer to the section headed "Termination of the Underwriting Agreement" on pages 8 to 10 of this circular for the provisions in the Underwriting Agreement that govern its termination.

### 5. EFFECT OF RIGHTS ISSUE ON SHAREHOLDING IN THE COMPANY

Assuming there is no further change in the number of issued Shares of the Company on or before the Record Date and on the basis that the CCBI Portion is deemed to be zero Untaken Shares, the expected changes in the shareholding structure of the Company arising from the Rights Issue are as follows:

	(i) As at the Latest Practicable Date		(ii) Immediately after Completion, assuming all the Rights Shares are subscribed by the Qualifying Shareholders		(iii) Immediately after Completion, given CCBI Portion is deemed to be zero and assuming no Shareholders (except HNA Finance I and the existing Shareholder who have undertaken to take up their provisional allotments) subscribe for the Rights Shares	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
HNA Finance I and its Concert Parties ( <i>Note 1</i> )	755,862,228	66.64	2,267,586,684	66.64	2,551,873,281	75.00
<b>Sub-total</b>	755,862,228	66.64	2,267,586,684	66.64	2,551,873,281	75.00
CCBI (including subscribers/ sub-underwriters procured by it)	—	—	—	—	—	—
Purchasers of Shares held by HNA Finance I ( <i>Note 2</i> )	—	—	—	—	316,320,753	9.30
Other public Shareholders	378,303,675	33.36	1,134,911,025	33.36	534,303,675	15.70
<b>Sub-total</b>	378,303,675	33.36	1,134,911,025	33.36	850,624,428	25.00
<b>Total</b>	<u>1,134,165,903</u>	<u>100.00</u>	<u>3,402,497,709</u>	<u>100.00</u>	<u>3,402,497,709</u>	<u>100.00</u>

*Notes:*

- As at the Latest Practicable Date, all of the 755,862,228 Shares were directly held by HNA Finance I, which is ultimately owned by Hainan Province Cihang Foundation.

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## LETTER FROM THE BOARD

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2. HNA Finance I, as one of the Underwriters has undertaken that it will use its best endeavours to procure subscribers to subscribe for Untaken Shares to such an extent as will cause the Company to remain in compliance with the public float requirements under Rule 8.08 of the Listing Rules. As at the Latest Practicable Date, HNA Finance I has entered into the arrangements as set out in the section headed “4. Underwriting Arrangement — Underwriting Agreement” with respect to 345,098,040 Shares currently held by HNA Finance I to restore public float as and when required in accordance with Rule 8.08 of the Listing Rules. HNA Finance I has further undertaken with the Company that it shall use its best endeavours to ensure that each of the subscribers or purchasers (in each case together with their respective ultimate beneficial owners) of the Untaken Shares procured by it: (i) shall be third party(ies) independent of, not acting in concert (as such term is defined in the Takeovers Code) with and shall not be connected with the Directors, chief executive or substantial shareholders of the Company or their respective associates; (ii) shall not, together with Concert Party(ies) of each of them, hold 30.0% (or such other percentage which shall trigger a general offer to be made for the Shares under the Takeovers Code) or more of the voting rights of the Company upon Completion; and (iii) will not own 10% or more of the issued share capital of the Company immediately after the Rights Issue and are not otherwise core connected persons (as such term is defined in the Listing Rules) of the Company. For further details of sub-underwriting arrangements entered into by HNA Finance I with respect to the HNA Finance I Portion, please refer to the section above headed “4. Underwriting Arrangement”.

### 6. REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE

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

The Company has diversified its business operations and expanded its business to include more substantive property investment and development in Hong Kong through its acquisition of two parcels of land, the 6563 Land Parcel and 6564 Land Parcel under the Milway Acquisition and the Top Genius Acquisition, respectively, with an aggregate area of approximately 16,800 square metres, which the Group intends to develop into private residential properties. The consideration for the 6564 Land Parcel awarded to Top Genius was HK\$5,529.7 million, which was financed by a combination of (a) the Group’s internal resources, (b) the Top Genius Bank Loan and (c) the Top Genius Shareholder’s Loan from HNA Finance I. The consideration for the 6563 Land Parcel awarded to Milway was HK\$7,440.5 million and is financed by (a) the Group’s internal resources and (b) the Milway Shareholder’s Loans from HNA Finance I.

In the Company’s recent tenders for the abovementioned two parcels of land, the Company was responding to the HK Government’s notices that were issued and had terms which required significant payments within a very short period of time, if a tender was successful. Given the significant amounts involved, the Company sought support from its controlling shareholder, HNA Finance I, to commit to any funding gaps it may have in the event the Company was successful. These arrangements were always intended to be interim funding arrangements, given the Company’s objective of sustainability and financial independence for its own projects. Consequently, a significant portion of the proceeds from the Rights Issue will be applied by way of Set Off against amounts due from the Company to HNA Finance I outstanding at the Latest Time for Acceptance. For further details of the Set Off, please refer to the section above headed “The Set Off”.

As at 28 February 2017, the Group has cash and bank balances of approximately HK\$1.8 billion to support its funding needs. In view of the Group’s financing needs, the Board has considered fund raising options available to the Group such as bank borrowing and other equity methods such as placing. However, given the existing bank loans including the Top Genius Bank Loan, the Company



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## LETTER FROM THE BOARD

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may incur higher interest rate and additional finance costs if the Company continues to increase its indebtedness. Placing of new Shares is also subject to limitation of general mandates. Having considered the market conditions and the benefits of the Rights Issue as mentioned below, the Company has decided to proceed with the Rights Issue for the time being and will consider such other fund raising options when appropriate.

Given rising interest rates worldwide and the general sentiment in the capital markets, the Company is considering raising of funds through equity financing and the issue of bonds to meet the funding requirements of the Group. In respect of the issue of bonds, as disclosed in the Company's announcement dated 7 April 2017 and the notice of listing dated 10 April 2017, Silverbell Asia Limited, being a wholly-owned subsidiary of the Company, has established the Medium Term Note Programme under which notes of an aggregate principal amount of up to US\$1,000,000,000 are expected to be issued in tranches from time to time, with a view to obtaining flexible and efficient funding and/or capital management in the future. As mentioned in the Company's announcement dated 7 April 2017, Silverbell Asia Limited may or may not proceed with drawdowns under the Medium Term Note Programme and the timing of drawdown(s) (if any) is uncertain as it depends on, amongst other things, market conditions. The issue of the notes will also be subject to compliance with relevant laws, regulations and directives, depending on the identity of the relevant professional investor subscriber of the note. As at the Latest Practicable Date, no notes have yet been issued under the Medium Term Note Programme.

The Rights Issue allows Qualifying Shareholders an opportunity to participate in the growth of the Company should they wish to do so, and the Directors consider that the Subscription Price would encourage existing Shareholders to take up their entitlements. Qualifying Shareholders who want to increase their shareholding may do so by acquiring nil-paid Rights Shares in the open market (subject to availability), and/or apply for excess Rights Shares. It allows the Qualifying Shareholders who decide not to take up their entitlements under the Rights Issue to sell the nil-paid Rights Shares in the market for economic benefit.

Accordingly, the Directors consider that it will be in the interests of the Company and the Shareholders as a whole to conduct an equity fundraising by way of the Rights Issue.

### **7. PROPOSED USE OF PROCEEDS**

The Rights Issue is proposed with a view to providing funding for the Group's business development and expansion and assisting with the Company's repayment of financial indebtedness. The gross proceeds from the Rights Issue are expected to be approximately HK\$9,255 million (assuming that there will be no change in the number of issued Shares on or before the Record Date). After deducting related expenses of approximately HK\$4 million (and on the basis that no underwriting commission is payable to CCBI apart from the minimum charge of HK\$100,000), the net proceeds, disregarding the Set Off, are estimated to be approximately HK\$9,251 million (assuming that there will be no change in the number of issued Shares on or before the Record Date).

Under the Set Off arrangement, the amount payable by HNA Finance I under the HNA Irrevocable Undertaking (being approximately HK\$6,168 million) will be set off, on a dollar-to-dollar basis, against amounts owed by the Company to HNA Finance I at the Latest Time for Acceptance,

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## LETTER FROM THE BOARD

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subject to a maximum amount of approximately HK\$7,328 million (being the Subscription Price payable for 1,796,011,053 Rights Shares) for the Set Off. In the event that HNA Finance I is required to take up further Rights Shares under the Underwriting Agreement, HNA Finance I and the Company have agreed that the maximum amount for the Set Off will be approximately HK\$7,328 million.

The Company intends to use the net proceeds for the following purposes:

- (i) up to approximately HK\$7,328 million to be applied by way of Set Off as described above;
- (ii) as to approximately HK\$350 million for improving its financial position, including but not limited to repaying part of its bank and other loans, including the interest-bearing Top Genius Bank Loan for financing part of the Top Genius Acquisition;
- (iii) as to approximately HK\$647.9 million for financing future investment opportunities in relation to the Group's principal activities, as may be identified from time to time; and
- (iv) as to the remaining balance of approximately HK\$925.1 million for use as general working capital of the Company.

The Company does not intend to apply HK\$925.1 million mentioned in paragraph (iv) above to repay the remaining the Milway Shareholder's Loans as the Company intends to reserve sufficient funds for working capital for use in its ordinary course of business.

If the amount applied in (i) above is less than HK\$7,328 million, the balance of the amount shall be applied to item (iii).

In view of the above, the Board (including the independent non-executive Directors who have considered the advice of Anglo Chinese) considers that it is in the interests of the Company and the Shareholders to proceed with the Rights Issue.

As at the Latest Practicable Date, the Company did not have any agreement, arrangement, understanding, intention or negotiation (concluded or otherwise) about any acquisition.

### 8. FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company has conducted the following equity fund raising activities during the 12 months immediately preceding the Latest Practicable Date:

<b>Date of announcement</b>	<b>Event</b>	<b>Estimated net proceeds raised</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
22 August 2016	Issue of new Shares under the 2015 General Mandate	Approximately HK\$697.6 million	Financing any investment opportunities when they arise and as general working capital of the Group	Fully utilised for the acquisition of the 6563 Land Parcel under the Milway Acquisition.

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## LETTER FROM THE BOARD

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Date of announcement	Event	Estimated net proceeds raised	Intended use of proceeds	Actual use of proceeds
5 September 2016	Issue of new Shares under the 2016 General Mandate	Approximately HK\$42.5 million	Financing any investment opportunities when they arise and as general working capital of the Group	Fully utilised for the acquisition of the 6563 Land Parcel under the Milway Acquisition.
9 September 2016	Issue of new Shares under the 2016 General Mandate	Approximately HK\$317.5 million	Financing any investment opportunities when they arise and as general working capital of the Group	(i) Approximately HK\$300.4 million was utilised for the acquisition of the 6563 Land Parcel under the Milway Acquisition; (ii) approximately HK\$8.9 million has been used to pay loan arrangement fee of Top Genius Bank Loan; and (iii) approximately HK\$8.2 million has been used to pay interest expenses of Top Genius Bank Loan.

Other than the Rights Issue and the issue of term notes under the Medium Term Note Programme, as at the Latest Practicable Date, the Company did not have any intention or having any negotiation or arrangement in respect of any other fund raising activities.

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## LETTER FROM THE BOARD

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### 9. WARNING OF THE RISKS OF DEALING IN THE SHARES AND/OR THE NIL-PAID RIGHTS SHARES

The Rights Issue is conditional on, amongst other things, the Underwriting Agreement having become unconditional and not terminated (see the section headed “Underwriting Arrangement — Termination of the Underwriting Agreement” in this circular). The conditions of the Underwriting Agreement are set out in the section headed “Underwriting Arrangement — Conditions of the Underwriting Agreement” in this circular. In particular, it is conditional, among other things, upon:

- (i) the approval of the Rights Issue by the Independent Shareholders at the SGM; and
- (ii) the Listing Committee of the Stock Exchange granting and not having withdrawn or revoked the listing of, and the permission to deal in, the Rights Shares in both nil-paid and fully-paid forms by no later than the first day of their dealings, which is expected to be 9:00 a.m. on Thursday, 1 June 2017 and 9:00 a.m. on Wednesday, 21 June 2017, respectively.

If the Underwriters exercise their right to terminate the Underwriting Agreement pursuant to the terms therein, the Rights Issue will not proceed.

Any Shareholders and potential investors contemplating buying or selling Shares up to the date on which all the conditions of the Rights Issue are fulfilled (including the date on which the Underwriters’ right of termination of the Underwriting Agreement ceases), and/or any dealings in the Rights Shares in their nil-paid form from 9:00 a.m. on Thursday, 1 June 2017 to 4:00 p.m. on Thursday, 8 June 2017 (both dates inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed.

Any Shareholders and potential investors contemplating dealing in Shares and/or Rights Shares in their nil-paid form are advised to exercise caution when dealing in the Shares and/or the Rights Shares in their nil-paid form. Any person who is in doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

### 10. LISTING RULES IMPLICATIONS

#### The Authorised Share Capital Increase

The Authorised Share Capital Increase is conditional upon, among other things, the approval by the Shareholders by way of an ordinary resolution at the SGM. As none of the Shareholders or their associates have any interest in the Authorised Share Capital Increase, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Authorised Share Capital Increase at the SGM.

#### The Rights Issue

As the Rights Issue will result in an increase of the number of issued Shares by more than 50%, the Rights Issue is subject to, among other things, the approval by the Independent Shareholders at the SGM. Pursuant to Rule 7.19(6) of the Listing Rules, any controlling shareholder of the Company and their associates, or where there is no such controlling shareholder, the Directors (excluding the

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## LETTER FROM THE BOARD

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independent non-executive Directors), the chief executive of the Company and their respective associates are required to abstain from voting in favour of the resolution relating to the Rights Issue. As at the Latest Practicable Date, HNA Finance I was the controlling shareholder of the Company, holding 755,862,228 Shares, representing approximately 66.64% of the issued Shares of the Company. HNA Finance I and its associates shall abstain from voting in favour of the resolution relating to the Rights Issue at the SGM.

Further, HNA Finance I, being the controlling shareholder of the Company, is a connected person of the Company, and underwriting of the Untaken Shares pursuant to the terms of the Underwriting Agreement by HNA Finance I constitutes a connected transaction of the Company under the Listing Rules. However, as the Company has made arrangements for the disposal of Rights Shares which are not subscribed for in accordance with Rule 7.21 of the Listing Rules, the underwriting of the Untaken Shares by HNA Finance I is exempt from the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.92(2)(b) of the Listing Rules.

The ultimate holding company of CCBI is deemed to be interested in 160,000,000 Shares through a security interest by way of share charge. As at the Latest Practicable Date, CCBI and its associates have no voting rights over the said 160,000,000 Shares and are therefore not entitled to vote at the SGM in respect of the Rights Issue. Apart from the deemed interest over the said 160,000,000 Shares, CCBI and its associates did not have any interest in the Shares as at the Latest Practicable Date.

The Company has established the Independent Board Committee to advise the Independent Shareholders as to, among other things, whether the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders, after taking into account the recommendations of an independent financial adviser, as to how to vote at the SGM. The Company has appointed Anglo Chinese as its independent financial adviser (whose appointment has been approved by the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders in these regards. Please refer to pages 34 to 35 and 36 to 63 for the respective letters from the Independent Board Committee and Anglo Chinese.

### 11. SGM

A notice convening the SGM to be held at 10:00 a.m. on Thursday, 18 May 2017, at 20th Floor, One Island South, No. 2 Heung Yip Road, Wong Chuk Hang, Hong Kong is set out on pages SGM-1 to SGM-3 of this circular for the purposes of considering and, if thought fit, approving the Authorised Share Capital Increase, the Rights Issue and the Underwriting Agreement, together with the transactions contemplated thereunder.

A proxy form for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM (i.e. 10:00 a.m. on Tuesday, 16 May 2017) or any adjournment thereof (as the case may be). Completion and return of the proxy form shall not preclude you from attending and

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## LETTER FROM THE BOARD

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voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

Upon the approval of the Rights Issue by the Independent Shareholders at the SGM and the Authorised Share Capital Increase becoming effective, the Prospectus Documents setting out, among other things, details of the Underwriting Agreement and the Rights Issue are expected to be despatched to the Qualifying Shareholders on or before Monday, 29 May 2017 whereas the Prospectus (but not the PAL and the EAF) will be despatched to the Excluded Shareholder(s) for information purposes only.

### 12. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 34 to 35 of this circular which contains its recommendation to the Independent Shareholders as to voting at the SGM in relation to the Rights Issue.

Your attention is also drawn to the letter from Anglo Chinese which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, as well as the principal factors and reasons considered by it in arriving thereat. The text of the letter from Anglo Chinese is set out on pages 36 to 63 of this circular.

The Directors (including the independent non-executive Directors who have considered the advice of Anglo Chinese) consider that:

- (i) the Authorised Share Capital Increase is in the interests of the Company and the Shareholders as a whole; and
- (ii) the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors (including the independent non-executive Directors who have considered the advice of Anglo Chinese) recommend the Independent Shareholders (or the Shareholders as the case may be) to vote in favour of the resolutions to be proposed at the SGM to approve the Authorised Share Capital Increase and the Rights Issue and the transactions contemplated respectively thereunder. You are advised to read the letter from the Independent Board Committee and the letter from Anglo Chinese mentioned above before deciding how to vote on the resolutions to be proposed at the SGM.

### 13. ADDITIONAL INFORMATION

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

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

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Rights Issue.*



**HONG KONG INTERNATIONAL CONSTRUCTION  
INVESTMENT MANAGEMENT GROUP CO., LIMITED**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 687)**

29 April 2017

*To the Independent Shareholders*

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES  
FOR EVERY ONE SHARE HELD ON THE RECORD DATE AT HK\$4.08  
PER RIGHTS SHARE**

We refer to the circular of the Company dated 29 April 2017 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether (i) the terms of the Rights Issue are fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (ii) the Rights Issue in the interests of the Company and the Shareholders as a whole.

Anglo Chinese has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having taken into account the terms of the Rights Issue and the advice from Anglo Chinese (together with the principal factors and reasons considered in arriving such advice), we are of the opinion that (i) the terms of the Rights Issue and the Underwriting Agreement are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (ii) the Rights Issue is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the relevant resolution to be proposed at the SGM to approve the Rights Issue (including the Underwriting Agreement) and the transactions contemplated thereunder.

Yours faithfully,

Independent Board Committee

**Mr. Fan Chor Ho**

**Mr. Tse Man Bun**

**Mr. Lung Chee Ming, George**

**Mr. Li Kit Chee**

*Independent non-executive Directors*



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## LETTER FROM ANGLO CHINESE

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*The following is the text of the letter of advice from Anglo Chinese Corporate Finance, Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation into this circular.*

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### ANGLO CHINESE

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CORPORATE FINANCE, LIMITED

www.anglochinesegroup.com

40<sup>th</sup> Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong

29 April 2017

Independent Board Committee and the Independent Shareholders  
Hong Kong International Construction Investment Management Group Co., Limited  
20th Floor One Island South  
2 Heung Yip Road  
Wong Chuk Hang  
Hong Kong

Dear Sirs,

### **PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY ONE SHARE HELD ON THE RECORD DATE AT HK\$4.08 PER RIGHTS SHARE**

#### **INTRODUCTION**

We refer to our appointment by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the Rights Issue which is the proposed rights issue by way of rights on the basis of two Rights Shares for every one Share held on the Record Date at the Subscription Price of HK\$4.08 per Rights Share. Capitalised terms defined in the circular of the Company dated 28 April 2017 (the “**Circular**”), of which this letter forms part, shall have the same meaning when used in this letter unless the context requires otherwise.

The Independent Board Committee comprising Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George and Mr. Li Kit Chee, being all the independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the terms of the Rights Issue and the Underwriting Agreement are on normal commercial terms and are fair and reasonable and as to voting on the Rights Issue and the Underwriting Agreement.

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## LETTER FROM ANGLO CHINESE

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### BACKGROUND

The Company issued an announcement dated 28 March 2017 in relation to the Authorised Share Capital Increase and the Rights Issue. The Board proposes to (a) increase the Company's authorised share capital from HK\$200 million divided into 2,000,000,000 Shares, to HK\$600 million divided into 6,000,000,000 Shares by the creation of an additional 4,000,000,000 unissued Shares (subject to the approval of the Shareholders by way of an ordinary resolution at the SGM); and (b) subject to the Authorised Share Capital Increase becoming effective, implement the Rights Issue. The Company will raise approximately HK\$9,251 million by way of an issue of 2,268,331,806 Rights Shares under the Rights Issue (after deducting the estimated expenses, but disregarding the Set Off assuming that there will be no change in the number of issued Shares on or before the Record Date).

Each of Mr. Zhao Quan, Mr. Liu Junchun, Mr. Fan Ning, Mr. Meng Yongtao and Mr. Wong Tai Lun Kenneth, being Directors nominated to the Board by HNA Finance I, abstained from voting on the Rights Issue and the Underwriting Agreement in order to avoid a perception of a conflict of interest.

As the Rights Issue will result in an increase in the number of issued Shares by more than 50%, the Rights Issue is subject to the approval by the Independent Shareholders at the SGM. In accordance with Rule 7.19(6) of the Listing Rules, HNA Finance I (who is the controlling shareholder of the Company) and its associates will abstain from voting in favour of the resolution relating to the Rights Issue at the SGM. As at 28 March 2017, being the date of the Announcement, and the Latest Practicable Date, HNA Finance I held 755,862,228 Shares, representing approximately 66.64% of the issued Shares of the Company. Other than HNA Finance I and its associates, no other Shareholders are required under the Listing Rules to abstain from voting in favour of the resolution relating to the Rights Issue at the SGM. None of the Directors, the chief executive of the Company or their respective associates held any Shares in the Company as at 28 March 2017 and the Latest Practicable Date.

Further, HNA Finance I, being the controlling shareholder of the Company, is a connected person of the Company, and underwriting of the Untaken Shares pursuant to the terms of the Underwriting Agreement by HNA Finance I constitutes a connected transaction of the Company under the Listing Rules. However, as the Company has made arrangements for the disposal of Rights Shares which are not subscribed for in accordance with Rule 7.21 of the Listing Rules, the underwriting of the Untaken Shares by HNA Finance I is exempt from the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.92(2)(b) of the Listing Rules. HNA Finance I will not receive any commission under the Underwriting Agreement.

### BASIS OF OUR ADVICE

In formulating our opinion and recommendation, we have relied on the information, opinions and the facts supplied to us by the Company, including those contained or referred to in the Circular and related announcements of the Company. We have reviewed the published information on the Group, including its annual report for the year ended 31 March 2016 and nine months ended 31 December 2016; published announcements and, or circulars relating to Top Genius Acquisition and Milway Acquisition; and terms of recent rights issue of listed companies in Hong Kong. We have also discussed with the management of the Company on the prospects of the Group.

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## LETTER FROM ANGLO CHINESE

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We consider the information we have reviewed is sufficient to reach the conclusions set out in this letter and have no reason to doubt the truth, accuracy or completeness of the information provided to us by the Company and, or the Directors, and have been advised by the Directors that no material information has been omitted or withheld from the information supplied to us or the information relating to the Group referred to in this Circular. We have relied on the information so provided to us and referred to in this Circular, and we have not verified it or conducted independent investigation into the business and affairs of the Group.

Apart from normal professional fees for our services to the Company in connection with this appointment, no arrangement exists whereby we will receive any benefits from the Group or any of its associates.

We acted as an independent financial adviser in relation to a connected and major transaction of the Company announced on 19 April 2016, and a mandatory unconditional cash offer made by CCBI on behalf of HNA Finance I to acquire all the Shares not already owned by HNA Finance I and its concert parties, and which closed on 28 July 2016. Given the nature of our previous roles, we consider that such relationship would not affect our independence.

### **PRINCIPAL FACTORS AND CONSIDERATIONS**

The following are the principal factors which we have taken into account in assessing the fairness and reasonableness of the Rights Issue and in giving our advice to the Independent Board Committee and the Independent Shareholders:

#### **Background of and reasons for the Rights Issue**

##### ***Business overview and financial performance of the Group***

The Company is principally engaged in (a) foundation piling and site investigations in Hong Kong; (b) property development in the PRC and Hong Kong; and (c) and property investment in Hong Kong and property management in the PRC and Hong Kong. The Group primarily acts as the main contractor in its foundation projects, and to a lesser extent, as the subcontractor.

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**LETTER FROM ANGLO CHINESE**

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The following table sets out a summary of the audited consolidated financial results of the Group for the period from 1 April 2016 to 31 December 2016 and the year ended 31 March 2016:

*Table 1 — Audited consolidated financial results*

	<b>Period from 1 April 2016 to 31 December 2016 (Note 1) HK\$'000 (Audited)</b>	<b>Year ended 31 March 2016 HK\$'000 (Audited)</b>
<b>Revenue</b>		
- Foundation piling	2,115,532	3,018,427
- Property development	886,388	959,964
- Property investment and management	2,165	26,177
- Others	26,475	52,748
<b>Total revenue</b>	<b>3,030,560</b>	<b>4,057,316</b>
Cost of sales	(2,455,043)	(3,132,343)
<b>Gross profit</b>	<b>575,517</b>	<b>924,973</b>
<i>Gross profit margin</i>	<i>19.0%</i>	<i>22.8%</i>
Other income and gains, net	56,149	146,411
Selling expenses	(32,722)	(50,767)
Administrative expenses	(57,681)	(51,145)
Management incentive bonus	(192,408)	(3,482)
Change in fair value of investment properties	23,215	32,390
Other expenses, net	(8,007)	(35,047)
Finance costs	(9,065)	(11,496)
<b>Profit before tax</b>	<b>354,998</b>	<b>951,837</b>
Income tax expense	(226,641)	(439,329)
<b>Profit for the period/year</b>	<b>128,357</b>	<b>512,508</b>
<b>Attributable to:</b>		
- Ordinary equity holders of the Company	134,050	396,874
- Non-controlling interests	(5,693)	115,634
<i>Net profit margin</i>	<i>4.2% (Note 2)</i>	<i>12.6%</i>
<b>Earnings per Share attributable to ordinary equity holders of the Company</b>		
- Basic (HK\$ cents)	13.71	45.37
- Diluted (HK\$ cents)	N.A.	N.A.

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Source: 2016 annual report of the Company

Notes:

1. After HNA Finance I acquired about 66.4% shareholding interest in the Company and became a controlling shareholder of the Company on 30 June 2016, the financial year end date of the Company was changed from 31 March to 31 December in order to align with the financial year end date of HNA Finance I. On 30 March 2017, the Company published its 2016 annual report for the nine months ended 31 December 2016.
2. For illustrative purpose only, the adjusted net profit margin for the nine months ended 31 December 2016 would be approximately 10.6% after adding back the management incentive bonus of approximately HK\$192.4 million incurred for the nine months ended 31 December 2016, which was an one-off expenditure as described more fully below.

Table 2 - Segment results

	<b>1 April 2016 to 31 December 2016</b>		<b>Year ended 31 March 2016</b>	
	<i>HK'000</i> <i>(Audited)</i>	<i>EBITDA margin %</i> <i>(Note 2)</i>	<i>HK'000</i> <i>(Audited)</i>	<i>EBITDA margin %</i> <i>(Note 2)</i>
Foundation piling	274,707	13%	394,605	15%
Property development	322,172	37%	515,014	55%
Property investment and management	(9,678)	Not disclosed	125,366	Not disclosed
Corporate and others, including unallocated amounts	<u>(68,627)</u>	Not disclosed	<u>(86,927)</u>	Not disclosed
<b>Total segment results (Note 1)</b>	<b>518,574</b>		<b>948,058</b>	

Source: 2016 annual report of the Company

Notes:

1. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax from continuing operations except that interest income, management incentive bonus, finance costs, and fair value gains/losses from the Group's financial instruments are excluded from such measurement.
2. EBITDA is earnings before interest, tax, depreciation and amortisation expense. EBITDA margin is calculated by dividing EBITDA of the segment by the relevant segment revenue.

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*Table 3 - Summary of the details of the Group's property development projects in the PRC*

Name of development	Location	Usage	Gross Floor Area	Unsold residential	Unsold car park spaces	Unsold non-residential
			(GFA)	area as at 28		area as at 28 February
			(square metres)	February 2017		2017
				(square metres)		(square metres)
1. The Waterfront	Shanghai, PRC	Residential	147,000 square metres	1,000 square metres	12 car park units	4,800 square metres, representing retail shops and a historic building
2. The Riverside	Tianjin, PRC	Residential	75,000 square metres	330 square metres	26 car park units	3,900 square metres, representing retail shops and a clubhouse
3. The Pinnacle	Shenyang, PRC	Residential and commercial	165,000 square metres	72,600 square metres	964 car park units	62,665 square metres, representing a shopping mall and an office block

*Sources: 2016 annual report of the Company and Appendix I of this Circular*

For the nine months ended 31 December 2016, revenue from foundation piling contributed the largest source of revenue for the Group, and accounted for about 69.8% of the total revenue. During the same period, revenue from property development in the PRC accounted for the second largest source of revenue, and contributed 29.2% of the total revenue. The Group disposed of its two property investment subsidiaries which separately held Aidu Apartment and China Garden in December 2015 and February 2016, respectively. Accordingly, the revenue contributed from the property investment and management segment showed significant decrease for the nine months ended 31 December 2016.

Gross profit margin of the Group for the nine months ended 31 December 2016 was 19.0% compared to 22.8% for the year ended 31 March 2016. Such decrease was largely due to decreased profit margins for both foundation piling and PRC property development business segments as described below.

EBITDA margin of the Group's foundation piling segment decreased from approximately 15% for the year ended 31 March 2016 to approximately 13% for the nine months ended 31 December 2016 due partly to a decrease in profit margin in respect of certain contracts on hand secured during the latter period. As for the Group's PRC property development segment, EBITDA margin decreased from approximately 55% for the year ended 31 March 2016 to approximately 37% for the nine months ended 31 December 2016 as the Group generated most of its sales of residential projects in Shanghai and Tianjin, both of which attracted a higher margin relative to the Group's development project in Shenyang during the year ended 31 March 2016.

For the nine months ended 31 December 2016, the Group's property development segment turnover comprised mostly sales of its projects in Tianjin and Shenyang. During the same period, sales of *The Waterfront* in Shanghai recognised a revenue of HK\$30 million (year ended 31 March 2016: HK\$466 million), and contributed to net profit HK\$11 million (year ended 31 March 2016: HK\$302 million). As at 28 February 2017, the Group had only two unsold residential units of about 1,000 square metres at *The Waterfront*.

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The Group recorded a management incentive bonus expense of approximately HK\$192.4 million for the nine months ended 31 December 2016 (year ended 31 March 2016: HK\$5.6 million). The said expense during the nine months ended 31 December 2016 was triggered by a change of control of the Company in June 2016 when HNA Finance I became a new controlling shareholder of the Company, and which in turn caused payments under the Group's management incentive scheme to become payable. Taking into account accruals made in the year ended 31 March 2016, an amount of approximately HK\$192.4 million was charged to the consolidated statement of profit or loss of the Group for the nine months ended 31 December 2016.

For the nine months ended 31 December 2016, the Group recorded a net profit attributable to the ordinary equity holders of the Company of approximately HK\$134.1 million (year ended 31 March 2016: HK\$396.9 million). Net profit margin was approximately 4.2% for the nine months ended 31 December 2016, and which was lower than a net profit margin of 12.6% for the year ended 31 March 2016 mainly due to, a higher proportion of property sales from the development project in Shenyang, and which commanded a lower margin than those in Shanghai and Tianjin which are first tier cities in the PRC, and the one-off management incentive bonus payment triggered by change of control in the Company as described above during the nine months ended 31 December 2016.

*Table 4 - Summary of the consolidated statements of financial position of the Group as at 31 March 2016 and 31 December 2016:*

	<b>As at 31 December 2016</b>	<b>As at 31 March 2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>
Non-current assets	584,745	567,640
Current assets	4,942,212	5,040,415
Including,		
- Cash and banks balances	330,962	502,830
- Time deposits ( <i>Note 1</i> )	1,527,486	1,303,589
<b>Total assets</b>	<b>5,526,957</b>	<b>5,608,055</b>
Current liabilities	2,111,861	2,027,794
Non-current liabilities	455,366	803,069
<b>Total liabilities</b>	<b>2,567,227</b>	<b>2,830,863</b>
<b>Net assets</b>	<b>2,959,730</b>	<b>2,777,192</b>
<b>Net assets per Share (NAV) in HK\$</b>	<b>2.61</b>	<b>3.18</b>
<b>Gearing % (<i>Note 2</i>)</b>	<b>16.1%</b>	<b>30.9%</b>
<b>Net gearing % (<i>Note 3</i>)</b>	<b>Nil</b>	<b>Nil</b>

*Source: 2016 annual report of the Company*

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*Notes:*

1. Time deposits include structured deposits with fixed maturity dates.
2. Gearing is calculated based on total debts divided by shareholders' equity.
3. Net gearing is calculated based on (total debts less cash and time deposits) divided by shareholders' equity.

As at 31 December 2016, the Group had cash and bank balances of approximately HK\$331.0 million (as at 31 March 2016: HK\$502.8 million) and time deposits of HK\$1,527.5 million (31 March 2016: HK\$1,303.6 million), and total assets and net assets (after deducting non-controlling interest) amounted to approximately HK\$5,527.0 million (31 March 2016: HK\$5,608.1 million) and HK\$2,949.4 million (31 March 2016: HK\$2,688.4 million), respectively. Interest-bearing bank borrowings (which were all denominated in Hong Kong dollars) amounted to HK\$475.2 million as at 31 December 2016 (31 March 2016: HK\$856.9 million). As at 31 March 2016 and 31 December 2016, the Group did not have any net gearing.

Subsequent to 31 December 2016, the Group obtained (a) the interest free, unsecured Top Genius Shareholder's Loan of HK\$2,750 million from HNA Finance I and the Top Genius Bank Loan of HK\$2,602 million on 20 February 2017 for financing part of the Top Genius Acquisition; and (b) the Milway Shareholder's Loans of HK\$2,700 million and HK\$3,700 million from HNA Finance I on 5 April 2017 and 7 April 2017, respectively, for financing part of the Milway Acquisition. Taking into account these loans, the Group's gearing and net gearing would be on a proforma basis, 414.6% and 351.6%, respectively.

Subsequent to 31 December 2016, the Company has diversified its business operations to include more substantive property investment and development in Hong Kong through its acquisition of the 6563 Land Parcel and 6564 Land Parcel in Kai Tak, Kowloon under the Milway Acquisition and the Top Genius Acquisition (as described below), respectively with an aggregate area of approximately 16,800 square metres, which the Group intends to develop into private residential properties. Both 6563 Land Parcel and 6564 Land Parcel are located at a prime location, which is formerly the site of the Hong Kong airport, in Kowloon and which is expected to be supported by a comprehensive transportation network and infrastructure as part of a redevelopment of Kai Tak. The Board has confidence in the residential property market in Hong Kong in view of the growing demand for residential properties and surging property prices in Hong Kong.

### **Reasons for the Rights Issue and intended use of proceeds**

#### *Top Genius Acquisition*

On 7 February, 2017, the Company announced that Top Genius, an indirectly wholly-owned subsidiary of the Company, signed a memorandum of agreement in connection with the acquisition of the 6564 Land Parcel at New Kowloon Inland Lot No. 6564 on Kai Tak Area 1L Site 1, Kai Tak, Kowloon, Hong Kong from the HK Government at a premium of HK\$5,529.7 million. The 6564 Land Parcel, designated for private residential purposes, has a site area of approximately 7,318 square metres and permissible developable gross floor area ranging from 23,711 square metres to 39,517



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square metres. The Group plans to develop the 6564 Land Parcel in one phase with a total gross floor area of approximately 39,517 square metres and offer 580 units. The expected completion date will be on or before 31 March 2022, being the latest completion date stated in the memorandum of agreement dated 7 February 2017 in relation to the Top Genius Acquisition.

In accordance with the terms of the memorandum of agreement dated 7 February 2017, the consideration of HK\$5,529.7 million was settled as follows:

- a. a payment of a deposit of HK\$25 million; and
- b. the remaining balance of HK\$5,504.7 million was paid in one lump sum to the HK Government on 21 February 2017.

The consideration of HK\$5,529.7 million was financed by the Group's internal resources, the Top Genius Bank Loan of HK\$2,602 million, and the Top Genius Shareholder's Loan of HK\$2,750 million which has a maturity date of one year with an option available to the Company to extend for another year. This loan from HNA Finance I was an interim measure to enable the Company to meet the payment deadline of the Top Genius Acquisition as described above.

In accordance with the Top Genius Bank Loan Agreement, Top Genius is required to ensure participating banks take up the relevant rights and obligations in connection with 50% of the Top Genius Bank Loan, that is, HK\$1,301 million, transferred from the original lender and that such transfer is required to be completed within three months from the date of the Top Genius Bank Loan Agreement, that is, by 20 May 2017. Up to the date of approval of the Group's 2016 financial statements on 27 March 2017, a participating bank has confirmed to take up approximately HK\$1,000 million of the Top Genius Bank Loan. In relation to the remaining approximately HK\$301 million of the Top Genius Bank Loan required to be transferred, the original lender confirmed that it took up such amount on 26 April 2017 such that the total amount borrowing from the original lender is HK1,602 million.

The Top Genius Acquisition constitutes a very substantial acquisition for the Company pursuant to Chapter 14 of the Listing Rules, and is subject to reporting and announcement requirements but is exempt from Shareholders' approval requirements pursuant to Rule 14.33A(1) of the Listing Rules as it is a qualified property acquisition under Rule 14.04(10C) of the Listing Rules, undertaken on a sole basis by the Company in its ordinary course of business.

### *Milway Acquisition*

On 15 March 2017, Milway, an indirectly wholly-owned subsidiary of the Company, received an acceptance letter dated 15 March 2017, issued by the HK Government informing Milway that Milway's tender for the acquisition of 6563 Land Parcel at a premium of approximately HK\$7,440.5 million has been successfully accepted. The 6563 Land Parcel, located at New Kowloon Inland Lot No. 6563 on Kai Tak Area 1L Site 2, Kai Tak, Kowloon, Hong Kong, has a site area of approximately 9,482 square metres and permissible developable gross floor area ranging from 30,722 square metres to 51,202 square metres. The land use of the 6563 Land Parcel is designated for private residential purposes.

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On 28 March 2017, Milway signed a memorandum of agreement and delivered the same to the HK Government, pursuant to which Milway will acquire the land use right over the 6563 Land Parcel from the HK Government at a consideration of HK\$7,440.5 million. On 10 March 2017, Milway made a deposit of HK\$25 million for the Milway Acquisition which was applied towards part payment of the premium. The remaining balance of HK\$7,415.5 million was paid to the HK Government on 10 April 2017. As at the Latest Practicable Date, the total consideration of HK\$7,440.5 million has been settled in full and Milway will obtain possession of the 6563 Land Parcel and such possession is deemed to have been given to Milway from the date of the memorandum of agreement.

The land premium was financed by the Milway Shareholder's Loans of HK\$6,400 million from HNA Finance I, which have a maturity date of one year with an option available to the Company to extend for another year, and proceeds raised from (i) the issue of new Shares under the 2015 General Mandate of approximately HK\$697.6 million in September 2016; and (ii) the issue of new Shares under the 2016 General Mandate of approximately HK\$342.9 million in September and October 2016. Similar to the Top Genius Shareholder's Loan, the Milway Shareholder's Loans were an interim measure to enable the Company to meet the payment deadline of the Milway Acquisition.

### *Plans for 6563 Land Parcel and the 6564 Land Parcel*

The total capital expenditure for developing the 6563 Land Parcel and the 6564 Land Parcel is expected to be HK\$2.6 billion and HK\$2 billion, respectively. The expected capital expenditure for developing the 6563 Land Parcel and the 6564 Land Parcel in 2017 and 2018 for the coming two financial years is set out below:

	<b>Expected capital expenditure</b>	
	<b>For the year ending 31 December 2017</b>	<b>For the year ending 31 December 2018</b>
	<b>(HK\$)</b>	<b>(HK\$)</b>
6563 Land Parcel	10 million	450 million
6564 Land Parcel	8 million	400 million

The Group intends to finance the capital expenditure for developing the 6563 Land Parcel and 6564 Land Parcel by internal resources and construction loans.

The Board considers that the proximity of the two land parcels under the Top Genius Acquisition and Milway Acquisition will enhance the overall development potential of both land parcels. The aggregate site area for the 6563 Land Parcel and the 6564 Land Parcel is approximately 16,800 square metres and the total maximum permissible developable gross floor area is 90,719 square metres. As mentioned in the announcement of the Company dated 28 March 2017 in relation to the Milway Acquisition, the synchronised design of the two parcels of land is expected to provide more flexibility for the Group's development projects at Kai Tak in the future.

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### *Use of the proceeds from the Rights Issue — to partly finance the Top Genius Acquisition and Milway Acquisition*

Gross proceeds from the Rights Issue are expected to be approximately HK\$9,255 million (assuming that there will be no change in the number of issued Shares on or before the Record Date). After deducting related expenses of approximately HK\$4 million (and on the basis that no underwriting commission is payable to CCBI apart from the minimum charge of HK\$100,000), the net proceeds, disregarding the Set Off are estimated to be approximately HK\$9,251 million (assuming that there will be no change in the number of issued Shares on or before the Record Date). The Company intends to use the net proceeds in the following manner:

- a. up to approximately HK\$7,328 million (being the Subscription Price payable by HNA Finance I for 1,796,011,053 Rights Shares) to be applied by way of Set Off;
- b. as to approximately HK\$350 million for improving its financial position, including but not limited to repaying part of its bank and other loans, including the interest-bearing Top Genius Bank Loan for financing part of the Top Genius Acquisition;
- c. as to approximately HK\$647.9 million for financing future investment opportunities in relation to the Group's principal activities, as may be identified from time to time; and
- d. as to the remaining balance of approximately HK\$925.1 million for use as general working capital of the Company.

The Company did not intend to apply HK\$925.1 million as mentioned in paragraph (d) above to repay the remaining Milway Shareholder's Loans as it intends to reserve sufficient funds for working capital for the use in its ordinary course of business. As at the Latest Practicable Date, save for sales of its property developments and other transactions in the ordinary and usual course of business and as otherwise disclosed by the Group, the Company had not identified any potential targets, and had no plan on any disposal or scale down of the existing assets or business of the Group.

In relation to the Group's recent tenders for the abovementioned two parcels of land, the Group had to make significant amount of payments to the HK Government within a very short period of time, if a tender was successful. The Group was required to make lump sum payments of HK\$5,504.7 million for the Top Genius Acquisition and HK\$7,415.5 million for the Milway Acquisition, in each case, within 28 days from the date of acceptance of the relevant tenders by the HK Government. Given the significant amounts involved, the Company sought support from its controlling shareholder, HNA Finance I, to commit to any funding gaps it may have in the event Top Genius and, or Milway were successful with the tenders. These arrangements were always intended to be interim funding arrangements given the Company's objective of sustainability and financial independence for its own projects. The Company is therefore obliged to seek suitable alternative financings to replace the shareholder loans from HNA Finance I for financing the Top Genius Acquisition and Milway Acquisition. Consequently, a significant portion of the proceeds from the Rights Issue (being up to

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approximately HK\$7,328 million, representing some 79.2% of the net proceeds) will be applied by way of Set Off against amounts due from the Company to HNA Finance I outstanding at the Latest Time for Acceptance. (Further details of the Set Off are set out in the section headed “The Set Off” below).

As at the Latest Practicable Date, the Company owed to HNA Finance I shareholder loans totalling HK\$9,150 million, of which HK\$2,750 million will be due in February 2018 and HK\$6,400 million will be due in April 2018.

As at 31 December 2016, the Group had cash and bank balances of approximately HK\$331.0 million and total time deposits of HK\$1,527.5 million, of which (a) approximately HK\$180 million was assigned for Top Genius Acquisition; (b) approximately HK\$1,040.5 million was assigned for Milway Acquisition; (c) approximately HK\$43 million was assigned for loan repayment in February 2017; and the remaining balance of approximately HK\$595 million would be applied for working capital of the Group. Accordingly, the Group’s cash reserves including time deposits, after assigning an aggregate amount of HK\$1,263 million for the Top Genius Acquisition, Milway Acquisition and repayment of a loan in February 2017, fell short of, and will not be sufficient to repay, the short term shareholder loans owed to HNA Finance I.

### *The Set Off*

In accordance with the Underwriting Agreement, the amount payable by HNA Finance I under the HNA Irrevocable Undertaking (being approximately HK\$6,168 million) will be set off, on a dollar-to-dollar basis, against amounts owed by the Company to HNA Finance I at the Latest Time for Acceptance. In the event that HNA Finance I is required to take up further Rights Shares under the Underwriting Agreement, subject to a maximum amount of approximately HK\$7,328 million (being the Subscription Price payable for 1,796,011,053 Rights Shares) will be subject to the set off, and assuming that its maximum shareholding in the Company is 75% of the issued Shares, a further sum of up to HK\$1,160 million which may be payable by HNA Finance I under the Rights Issue will also be subject to the Set Off. Accordingly, the total maximum amount subject to the Set Off will be approximately HK\$7,328 million.

As stated in the Letter from the Board, assuming that the Company does not exercise the option to extend the respective loan maturity date for another year, the Top Genius Shareholder’s Loan and the Milway Shareholder’s Loans will mature on 19 February 2018, 4 April 2018 and 6 April 2018, respectively. The Company intends to apply the Subscription Price payable by HNA Finance I (subject to a maximum amount of HK\$7,328 million, being the Subscription Price payable for 1,796,011,053 Rights Shares, to set off the Top Genius Shareholder’s Loan first, and the remaining balance will be used to set off part of the Milway Shareholder’s Loans. In respect of the remaining balance of the Milway Shareholder’s Loans which is not being set off (being a maximum amount of HK\$2,982 million), the Company intends to repay such amount by way of bank financing or the Company’s surplus resources. As the Top Genius Shareholder’s Loan and the Milway Shareholder’s Loans have maturities of one year only (and assuming the Company does not exercise the option to extend for another year), the cash resources of the Group may not be sufficient to repay such significant amount

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of outstanding loans in the absence of the Rights Issue. Moreover, the Company will be able to operate independently with less reliance on the shareholders' loans by applying part of the proceeds from the Rights Issue to repay in full the Top Genius Shareholder's Loan and partially the Milway Shareholder's Loans.

### *Prospects of the Group*

The Board expects that the Group's existing foundation piling and construction business will face keen competition as a result of growing number of market players and reduced number of projects available. Profit margins for these business segments have been negatively affected by labour shortages, rising operating costs and market competition since 31 March 2016 and up to 31 December 2016. This can be seen in the successful tenders submitted by the Group after 31 March 2016, being its most recent financial year end, as compared to the average profit margin achieved by the Group for the year ended 31 March 2016. The Board expects that the trend of falling margin in the foundation piling segment will affect the Group's financial results for the year ending 31 December 2017.

It is expected that the Group will achieve steady sales of its remaining residential properties in the PRC due to the quality and value of the properties. Construction of the Group's property development project in Shenyang (The Pinnacle) was substantially completed in September 2016. It is expected that the pace of sale of units at this project will improve in 2017 with units being available for inspection and occupancy, although profit margin from sale of properties of the Shenyang development are expected to be lower than those of the Group's development projects in Shanghai and Tianjin which are first tier cities in the PRC.

The Board believes that Hong Kong property developers which are engaged in property development in the PRC including the Group have become less competitive in the PRC with the involvement of many successful PRC property developers as the property market in the PRC grows rapidly. Further, the Group like other Hong Kong property developers with PRC business are exposed to the risk of depreciation of Renminbi continuing and hence foreign exchange losses. The Group has therefore reconsidered its future development plans and diversified to substantive scale property development in Hong Kong, with a view to capturing long term growth opportunities in the residential real estate market where prices have been rising generally and the supply of land bank has been scarce.

The Board is confident that the Top Genius Acquisition and the Milway Acquisition, which allow the Group to develop two pieces of land parcels with aggregate gross floor area ranging from 54,433 square metres to 90,719 square metres into residential projects at Kai Tak, Kowloon, will enhance the Group's income stream and competitiveness. According to publications by the Rating and Valuation Department of the HK Government, the average price indices by class of private domestic apartments in Hong Kong increased from 2015 to 2016 as shown in the table below.

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*Table 5 - Summary of average price indices by class of private domestic apartments in Kowloon from October 2015 to December 2016.*

	Class A Less than 40 square metres (HK\$ per square metre)	Class B 40 to 69.9 square metres (HK\$ per square metre)	Class C 70 to 99.9 square metres (HK\$ per square metre)	Class D 100 to 159.9 square metres (HK\$ per square metre)
October — December 2015	110,253	110,605	142,528	151,996
January — March 2016	104,597	110,888	147,717	162,889
April — June 2016	107,941	111,212	148,424	156,195
July — September 2016	114,126	117,703	145,933	161,979
October — December 2016	117,928	120,411	155,119	187,764

*Source: Hong Kong Property Review Monthly Supplement (April 2017) published by the Rating and Valuation Department of the HK Government at <http://www.rvd.gov.hk/doc/en/statistics/full.pdf>*

### *Consideration of alternative fund raising options*

In view of the Group's financing needs, the Board has considered fund raising options available to the Group. Given rising interest rates worldwide and the general sentiment in the capital markets, the Company has considered raising of funds through equity financing and the issue of bonds to meet the funding requirements of the Board. The Directors opted for an equity fund raising by way of the Rights Issue taking into account of the following:

- each Qualifying Shareholder is offered an equal opportunity to maintain its shareholding in the Company and participate in the Rights Issue by subscribing for the Rights Shares in proportion to its shareholding in the Company held on the Record Date;
- the Rights Issue allows Qualifying Shareholders an opportunity to participate in the growth of the Company should they wish to do so;
- Qualifying Shareholders who want to increase their shareholding may do so by acquiring nil-paid Rights Shares in the open market (subject to availability), and, or apply for excess Rights Shares; and
- Qualifying Shareholders who decide not to take up their entitlements under the Rights Issue may sell the nil-paid Rights Shares in the market for economic benefit.

The underwriting of the Rights Issue by CCBI (which is subject to the CCBI Portion representing a maximum aggregate Subscription Price of US\$200 million, equivalent to HK\$1,560 million) at an underwriting commission of up to 2.5% subject to a minimum charge of HK\$100,000, and the participation of HNA Finance I as an Underwriter for the HNA Finance I Portion (subject to a maximum aggregate Subscription Price of approximately HK\$7,328 million for the Set Off as mentioned above and HNA Finance I's maximum shareholding in the Company being subject to 75% of the issued Shares) are the commercial arrangements agreed by the Company and the Underwriters,

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and were the best terms available to the Company prior to entering into the Underwriting Agreement on 28 March 2017. As the CCBI's commitment in respect of the CCBI Portion is deemed to be zero, the commission payable to CCBI under the Underwriting Agreement will be HK\$100,000, being the minimum charge of CCBI.

The Company has considered other fund raising options available to the Group such as bank borrowing and other equity methods such as placing. However, given the existing bank loans including the Top Genius Bank Loan, the Company may incur higher interest rate and additional finance costs if the Company continues to increase its indebtedness. Placing of new Shares is also subject to limitation of general mandates available to the Company. The Company has also considered obtaining debt or bond financing as an alternative fund raising option. Accordingly, on 7 April 2017, Silver Bell Asia Limited, a wholly-owned subsidiary of the Company, established the Medium Term Note Programme under which notes of an aggregate principal amount of up to US\$1 billion are expected to be issued in tranches to professional investors (as defined in Chapter 37 of the Listing Rules and in the SFO) from time to time and within a 12 months period from 7 April 2017, for working capital and general corporate purposes of the Group. The Board considers that the Medium Term Programme provides a platform to enhance the Company's flexibility and efficiency for future funding or capital management. As mentioned in the Company's announcement dated 7 April 2017, Silverbell Asia Limited may or may not proceed with drawdowns under the Medium Term Note Programme and the timing of drawdown(s), if any, is uncertain as it depends on, amongst other things, market conditions. The issue of the notes will also be subject to the approval by the National Development and Reform Commission (the "NDRC"), compliance with relevant laws, regulations and directives, depending on the identity of the relevant professional investor subscriber of the note. As at the Latest Practicable Date, after discussion with the management of the Group, the NDRC has yet to approve its application and accordingly, no notes have yet been issued under the Medium Term Note Programme. As at the Latest Practicable Date, Silverbell Asia Limited had no current plan to draw down the entire amount of the Medium Term Note Programme. In contrast to the Medium Term Note Programme, the Rights Issue which is fully underwritten provides certainty of raising net proceeds of approximately HK\$9,251 million by June 2017 assuming the Rights Issue is approved by Independent Shareholders at the SGM. As such, we concur with the management of the Group that fund raising through the Rights Issue is a suitable option instead of others after consideration of other available options and the introduction of the Medium Term Programme mentioned above.

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### Principal terms of the Rights Issue

The following table sets out the summary of the major terms of the Rights Issue:

Basis of the Rights Issue	: Two Right Shares for every one Shares held on the Record Date
Subscription Price	: HK\$4.08 per Rights Share
Net price per Rights Share (disregarding the Set Off)	: Approximately HK\$4.08
Number of Shares in issue as at the Latest Practicable Date	: 1,134,165,903 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	: 2,268,331,806 Rights Shares (assuming no change in the number of issued Shares on or before the Record Date)
Aggregate nominal value of the Rights Shares	: Approximately HK\$226,833,180 (assuming no change in the number of issued Shares on or before the Record Date)
Total number of issued Shares upon Completion	: 3,402,497,709 Shares (assuming no change in the number of issued Shares on or before the Record Date)

### Analysis on the Subscription Price

The Subscription Price represents:

- i) a premium of approximately 11.78% over the closing price of HK\$3.65 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- ii) a premium of approximately 0.99% to the closing price of HK\$4.04 per Share on the Last Trading Day;
- iii) a discount of approximately 0.68% to the average closing price of HK\$4.11 per Share for the five consecutive trading days up to and including the Last Trading Day;



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- iv) a discount of approximately 3.09% to the average closing price of HK\$4.21 per Share for the ten consecutive trading days up to and including the Last Trading Day; and
- v) a premium of approximately 0.33% over the theoretical ex-entitlement price of approximately HK\$4.067 per Share after the Rights Issue, based on the closing price of HK\$4.04 per Share on the Last Trading Day; and
- vi) a premium of approximately 56.32% over the net asset value of the Company per Share of approximately HK\$2.61 as at 31 December 2016.

The theoretical ex-entitlement price of the Shares of HK\$4.067 per Share (based on the closing price of the Shares of HK\$4.04 on the Last Trading Day) represents:

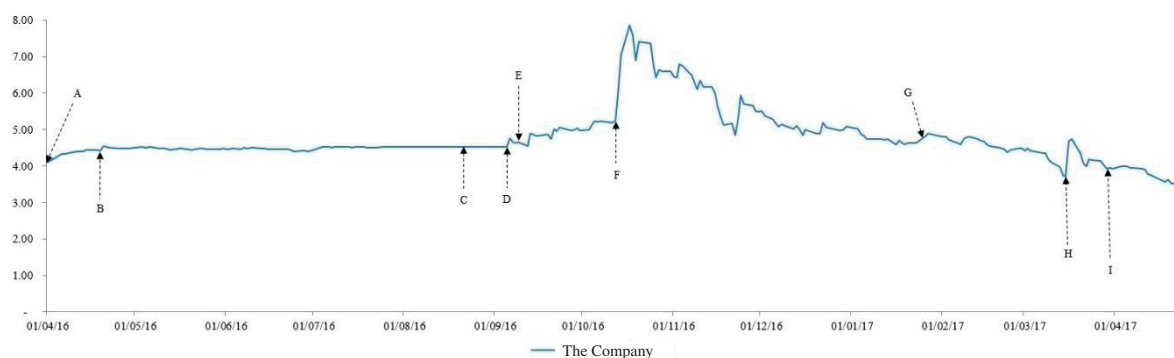
- i) a discount of approximately 1.05% to the average closing price of HK\$4.11 per Share for the five consecutive trading days up to and including the Last Trading Day;
- ii) a discount of approximately 3.40% to the average closing price of HK\$4.21 per Share for the ten consecutive trading days up to and including the Last Trading Day; and
- iii) a discount of approximately 5.86% to the average closing price of HK\$4.32 per Share for the thirty consecutive trading days up to and including the Last Trading Day; and
- iv) a premium of approximately 11.43% over the closing price of the Shares of HK\$3.65 on the Latest Practicable Date.

As stated in the Announcement, the Subscription Price was determined as a result of arm's length negotiations between the Company and the Underwriters with reference to the market price of the Shares prior to and including the Last Trading Day on 28 March 2017, the capital needs of the Group, (as described in the section headed "Reasons for the Rights Issue and intended use of proceeds" above) and the financial position of the Group and the prevailing market conditions. In particular, the Subscription Price has been set at a price with a view to encouraging existing Shareholders to participate in the growth of the Company and applying the proceeds from the Rights Issue to fulfil the funding needs of the Company described above.

### *Historical Share price performance*

We have compared the Subscription Price and the theoretical ex-entitlement price of the Shares with the market price of the Shares prior to and after the Announcement. We have also considered the price performance of the Shares during the one year period prior to and including the Last Trading Day, and for the subsequent period up to the Latest Practicable Date as shown in the chart below:

Chart 1 — Performance of the Shares from 1 April 2016 to the Latest Practicable Date



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*Notes:*

- A. 1 April 2016 — The Company announced the potential sale of approximately 66% shareholding in the Company by Tides Holdings II Limited, the then existing controlling shareholder of the Company to HNA Finance I for a consideration of HK\$2,615,076,116.88, representing HK\$4.53 per Share.
- B. 19 April 2016 — The Company announced the sale of approximately 66% shareholding interest in the Company to HNA Finance I, a possible mandatory unconditional cash offer for the Company at HK\$4.53 per Share, and an acquisition of a 40% interest in Tysan Foundation (Hong Kong) Limited, a subsidiary of the Company.
- C. 22 August 2016 — The Company placed 171,000,000 new Shares to independent investors at HK\$4.08 per Share.
- D. 5 September 2016 - The Company placed 10,500,000 new Shares to independent investors at HK\$4.08 per Share.
- E. 9 September 2016 — The Company placed 78,000,000 new Shares to independent investors at HK\$4.08 per Share.
- F. 11 October 2016 — The Company announced the change of its name, company website and company logo.
- G. 25 January 2017 — The Company announced the Top Genius Acquisition.
- H. 15 March 2017 — The Company announced the Milway Acquisition.
- I. 28 March 2017 — The Company announced the proposed Rights Issue.

During the period from 1 April 2016 to the Last Trading Day, the closing price of the Shares reached a low of HK\$3.71 (on 15 March 2017) and a high of HK\$7.86 on 17 October 2016. Other than for the period from around 1 September 2016 to 27 January 2017 when the price of the Shares surged and traded between a range of HK\$4.52 and HK\$7.86, the price of the Shares had been fairly flat between HK\$3.71 and HK\$4.81 during the year ended on the Last Trading Day.

Following the release of the Announcement on 28 March 2017 and up to the Latest Practicable Date, the price of the Shares decreased and traded between a high of HK\$4.00 on 3 and 5 April 2017 and a low of HK\$3.40 on 24 April 2017.

In summary, it is noted that each of the Subscription Price and the theoretical ex-entitlement price of the Shares (based on the closing price of the Shares on the Last Trading Day) is close to the closing price of the Shares on the Last Trading Day, and the average closing prices of the Shares for the five, ten, and thirty consecutive trading days prior to the Last Trading Day. The Subscription Price is equal to the placing price of HK\$4.08 per Share in placings to independent investors announced by the Company in August 2016 and September 2016. The theoretical ex-entitlement price of the Shares of HK\$4.067 (based on the closing price of the Shares on the Last Trading Day) represents a slight discount of 0.32% to the placing price of the Shares back in August and September 2016.

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*Table 6 — Price to book ratios of the Shares*

Period (Note)	NAV Date	Published	NAV	Share price		Premium/(discount) to NAV	
		NAV (HK '000)	per share (HK\$)	Low (HK\$)	High	Low (%)	High
11/6/2015 to 27/11/2015	31/3/2015	2,932,569	3.35	2.66	4.20	-20.66%	25.27%
28/11/2015 to 29/6/2016	30/9/2015	2,821,223	3.23	2.85	4.55	-11.64%	41.06%
30/6/2016 to 25/11/2016	31/3/2016	2,777,192	3.18	4.41	7.86	38.89%	147.55%
26/11/2016 to 27/3/2017	30/9/2016	2,714,562	2.52	3.71	5.66	47.22%	124.59%
28/3/2017 to Latest Practicable Date	31/12/2016	2,959,730	2.61	3.40	4.15	30.29%	59.03%

*Sources: Bloomberg, interim and annual result announcements of the Company for the relevant periods*

*Note: The periods refer to the various periods when the net asset value of the Company was published either by way of its interim or annual results announcements.*

Table 6 above shows that the Shares consistently traded at a premium above 30% of the published net asset value of the Company since 30 June 2016 and up to the Latest Practicable Date. As stated above, the Subscription Price represents a premium of 56.32% to the audited net asset value of the Company per Share of HK\$2.61 as at 31 December 2016. It is noted that this premium falls within the range of the premium to net asset value as represented by the closing price of the Shares from 30 June 2016 to the Latest Practicable Date.

### Comparisons with recent rights issue transactions

We have compared the Subscription Price, the theoretical ex-entitlement price of the Shares and underwriting commission rates with other rights issues in Hong Kong announced during the three-month period from 1 January, 2017 to the Last Trading Day, in terms of the premium or discount of the subscription price in other rights issue to the prevailing trading price and net asset value of the shares in the companies implementing a rights issue (for comparison of the Subscription Price only). The comparable companies below represent an exhaustive list providing a relevant benchmark for assessing the Subscription Price and the Underwriting Commission.

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Date of initial announcement	Stock code	Company name	Basis of entitlement	Premium/(discount) of the subscription price over to the closing price on the last trading day	Premium/(discount) of the subscription price over to the theoretical ex-entitlement price based on the last trading day	Premium/(discount) of the theoretical ex-entitlement price over to the average closing price for the five consecutive trading days up to the last trading day	Premium/(discount) of the theoretical ex-entitlement price over to the average closing price for the ten consecutive trading days up to the last trading day	Premium/(discount) of the theoretical ex-entitlement price over to the average closing price for the thirty consecutive trading days up to the last trading day	Premium/(discount) of the subscription price over to the net asset value attributable to owners of the company per share	Potential dilution of shareholding	Underwriting commission	Underwritten by independent third parties, and, or controlling shareholders, and, or connected persons	Excess application shareholders or not (yes / no)
4th January, 2017	08212	Celebrate International Holdings Limited	3 for 1	(15.20)%	(4.50)%	(6.52)%	(7.04)%	(11.96)%	(80.91)%	75.00%	3.00%	independent third party	Yes
12th January, 2017	00771	Automated Systems Holdings Limited	1 for 2	(42.11)%	(32.65)%	(9.21)%	(7.74)%	(5.33)%	(45.25)%	33.33%	11.28% note 5	independent third party	Yes
16th January, 2017	00091	International Standard Resources Holdings Limited note 4	1 for 2	(48.75)%	(34.16)%	(17.10)%	(17.72)%	(18.75)%	(76.92)%	33.33%	2.50%	independent third parties	Yes
16th January, 2017	00582	Landing International Development Limited note 4	5 for 1	(41.86)%	(10.71)%	(33.01)%	(35.61)%	(50.65)%	(87.08)%	83.33%	2.50% and 2.00%	one underwriter was connected person and another one was independent third party	Yes
24th January, 2017	00862	Vision Values Holdings Limited	1 for 2	(39.00)%	(29.90)%	(9.20)%	(9.24)%	(10.03)%	56.50%	33.33%	2.50%	independent third party	Yes
25th January, 2017	01639	AKM Industrial Company Limited	1 for 4	(16.67)%	(14.06)%	(3.28)%	(3.35)%	(1.62)%	17.02%	20.00%	1.50%	independent third party	No
26th January, 2017	00143	Global Tech (Holdings) Limited	1 for 2	(30.90)%	(23.10)%	(7.92)%	8.52%	(9.41)%	(42,405.39)%	33.33%	4.82% note 6	connected person	Yes
20th February, 2017	08038	Golden Power Group Holdings Limited	1 for 2	(59.18)%	(68.00)%	(16.03)%	(15.64)%	(14.69)%	(57.03)%	33.33%	2.50%	independent third party	No
28th February, 2017	08179	Food Idea Holdings Limited	1 for 1	(17.65)%	(9.68)%	(8.05)%	(8.03)%	(7.10)%	(75.83)%	50.00%	0.25% and nil note 8	independent third party	Yes
3rd March, 2017	01380	China Kingstone Mining Holdings Limited	5 for 1	(44.70)%	(11.89)%	(38.81)%	(39.12)%	(40.44)%	(79.06)%	83.33%	2.00%	independent third party	No
14th March, 2017	01224	C C Land Holdings Limited	1 for 2	(12.30)%	(8.70)%	(3.45)%	(3.95)%	(4.26)%	(61.11)%	33.33%	1.19% note 7	independent third party	Yes
14th March, 2017	01225	Lerato Financial Group Company Limited	2 for 1	(36.31)%	(15.91)%	(25.57)%	(27.08)%	(30.59)%	(86.26)%	66.67%	1.50%	connected person	Yes
17th March, 2017	00222	Min Xin Holdings Limited	3 for 10	(11.37)%	(8.98)%	(2.62)%	(2.80)%	(2.62)%	(44.85)%	23.08%	nil note 9	controlling shareholder	Yes

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Date of initial announcement	Stock code	Company name	Basis of entitlement	Premium/(discount) of the subscription price over to the ex-entitlement price based on the last trading day	Premium/(discount) of the subscription price over to the theoretical price	Premium/(discount) of the theoretical ex-entitlement price over to the average closing price for the five consecutive trading days up to the last trading day	Premium/(discount) of the theoretical ex-entitlement price over to the average closing price for the ten consecutive trading days up to the last trading day	Premium/(discount) of the theoretical ex-entitlement price over to the average closing price for the thirty consecutive trading days up to the last trading day	Premium/(discount) of the theoretical ex-entitlement price over to the average closing price for the last trading day	Potential dilution of shareholding	Underwriting commission	Underwritten by independent third parties, and, or controlling shareholders, and, or connected persons	Excess application	Approved by independent shareholders or not
										note 3	(yes / no)	(yes / no)	(yes / no)	
		<b>Maximum</b>		(11.37)%	(4.50)%	(2.62)%	8.52%	(1.62)%	56.50%	3.00%				
		<b>Average</b>		(31.65)%	(20.94)%	(13.90)%	(12.98)%	(15.96)%	(75.83)%	1.94%				
		<b>Median</b>		(36.31)%	(14.06)%	(9.20)%	(8.03)%	(10.03)%	(56.50)%	2.25%				
		<b>Minimum</b>		(59.18)%	(68.00)%	(38.81)%	(39.12)%	(50.65)%	(87.08)%	0.00%				
		<b>The Company</b>	2 for 1	0.99%	0.33%	(0.45)%	(2.06)%	(3.67)%	56.32%	66.67%	2.5% for CCB1 and nil	one underwriter was controlling shareholder and another one was independent third party	Yes	Not yet held

Source: Announcements of respective companies

Notes:

- The companies listed in the table above are engaged in a variety of businesses and are different from the Company in terms of business activity, size of operations and market capitalisations.
- The theoretical ex-entitlement price is calculated by adding the market value of all the issued shares (based on the closing price of the shares on the last trading day) with the gross amount of subscription proceeds expected to be received from the rights issue (before expenses), and then divided by the total amount of issued shares as enlarged by the rights issue.
- Maximum dilution effect of each rights issue is calculated as, ((Number of rights shares to be issued under the basis of entitlement) / (Number of existing shares held for the entitlement for the rights shares under the basis of entitlement number of rights shares to be issued under the basis of entitlement) x 100%).
- This comparable company has conducted share consolidation prior to their underlying rights issue.
- For this comparable company, it has a fixed underwriting commission of HK\$2,550,000. Accordingly, based on 20,558,303 underwritten shares and a subscription price of HK\$1.10 per rights share, the relevant commission is calculated as approximately 11.28%.

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6. For this comparable company, it has a fixed underwriting commission of HK\$9,900,000. Accordingly, based on 1,208,381,520 underwritten shares and a subscription price of HK\$0.17 per rights share, the relevant commission is calculated as approximately 4.82%.
7. For this comparable company, it has a fixed underwriting commission of HK\$4,000,000. Accordingly, based on 673,368,088 underwritten shares and a subscription price of HK\$2.00 per rights share, the relevant commission is calculated as approximately 1.19%.
8. One of the underwriters, KMW Investments Limited, owned approximately 8.01% of entire issued share capital of this comparable company at the date of the initial announcement, which considered to have material interest in the rights issue, and it did not receive any commission.
9. No underwriting commission was paid to the underwriter who was a controlling shareholder of the company.
10. As the comparable companies did not disclose such figure in their corresponding announcements, we calculated these figures based on their published interim/annual reports and the monthly returns.
11. This comparable company recorded net liabilities, and we have excluded as an outlier for our calculation because it had significant high calculated percentage.

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The analysis above shows that for the comparable rights issues selected, the subscription price per rights share carries a discount ranging from 4.50% to 68.00% to the theoretical ex-entitlement price based on the last trading day prior to announcement of the relevant rights issue. In relation to the Rights Issue, the Subscription Price represents a slight premium of 0.33% to the theoretical ex-entitlement price based on the closing price of the Shares on the Last Trading Day, and the theoretical ex-entitlement price of the Shares carries a slight discount to the prevailing closing price of the Shares, and such discount is lower than the discount to average closing price for the five consecutive days prior to the last trading day of the comparable companies, but falls within the range of discount to the average closing price for the ten and 30 consecutive trading days prior to the last trading day of the comparable companies.

For most of the comparable rights issue selected, the subscription price is at a discount to the net asset value of the relevant companies. In relation to the Rights Issue, the Subscription Price represents a premium of 56.32% to the Group's net asset value as at 31 December 2016. This premium is similar to the premium to net asset value for the rights issue of Vision Values Holding Limited in January 2017.

We are in the view that the Subscription Price is on balance fair and reasonable as the premium of the Subscription Price is not significant to the theoretical ex-entitlement price (based on the closing price of the Shares on the Last Trading Day), and within the range of the premium/discount of the theoretical ex-entitlement price over/to the average closing price for the ten and 30 consecutive trading days up to the last trading day of the comparable companies as shown above.

Furthermore, having considered that (i) the dilution impact is within the range of the comparable rights issue selected as shown in table above; and (ii) our view on the Subscription Price as discussed above, we consider that the potential dilution impact to the existing Shareholders arising from the Rights Issue is fair and reasonable.

Independent Shareholders should note that different businesses and sizes of companies involved in other rights issues referred to above may lead to different premium or discount of rights issue subscription price when compared to the terms of the Rights Issue.

### **Underwriting arrangement**

The Company entered into the Underwriting Agreement with CCBI and HNA Finance I, both as Underwriters. The Rights Issue is fully underwritten by CCBI and HNA Finance I. CCBI has conditionally agreed to underwrite up to a maximum of 382,352,940 Rights Shares (being the CCBI Portion), and HNA Finance I (in addition to its obligations under the HNA Irrevocable Undertaking) conditionally agreed to underwrite 1,511,724,456 Rights Shares under the HNA Irrevocable Undertaking, and the HNA Finance I Portion, being any remaining Untaken Shares in excess of the CCBI Portion. At the relevant time prescribed under the Underwriting Agreement, the Company did not receive any notice from CCBI in respect of the number of Untaken Shares to be subscribed or procure to be subscribed by CCBI at the relevant time prescribed under the Underwriting Agreement.

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Pursuant to the terms of the Underwriting Agreement, CCBI Portion is deemed to be zero Untaken Shares. And as the CCBI Portion is deemed to be zero Untaken Shares as mentioned above, HNA Finance I shall subscribe or procure the subscription for all the Untaken Shares (i.e. up to 756,607,350 Right Shares) pursuant to the terms of the Underwriting Agreement.

Pursuant to the Underwriting Agreement, CCBI will receive the higher of (i) an underwriting commission of up to 2.5% of the aggregate Subscription Price in respect of the CCBI Portion (if any); and (ii) HK\$100,000 (being the minimum charge of CCBI) is payable to CCBI. HNA Finance I will not receive any commission under the Underwriting Agreement.

As discussed in the section headed “Comparisons with recent rights issue transactions” above, we note that the commission for CCBI falls within the range of commissions of 0.00% and 3.00% received by underwriters in other rights issue exercises. Accordingly, we are of the opinion that the underwriting commission payable to CCBI is in line with market practice. We have also reviewed the major terms of the Underwriting Agreement, including but not limited to, the payment terms, the terminations of the Underwriting Agreement and conditions of the Underwriting Agreement (details of which are set out in the Letter from the Board) and we are not aware of any term which is unusual.

### **Application for excess Rights Shares**

With reference to the Letter from the Board, Qualifying Shareholders may apply, by way of excess application, for (i) the Rights Shares representing the entitlement of the Excluded Shareholders and which cannot be sold at a net premium; and (ii) for any Right Shares provisionally allotted but not validly accepted by the Qualifying Shareholders. Application for excess Rights Shares may be made by completing the EAF for the excess Right Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Board will allocate the excess Rights Shares at its discretion on a fair and equitable basis on a pro rata basis based on the number of excess Rights Shares applied for by the Qualifying Shareholders. No reference will be made to Rights Shares subscribed through PALs, or the number of Shares held by the Qualifying Shareholders. No preference will be given to the applications for topping-up odd-lot holdings to whole-lot holdings.



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### Possible dilution effect of the Rights Issue on the shareholding in the Company

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately after the completion of the Rights Issue, assuming there is no further change in the number of issued Shares on or before the Record Date, and on the basis that the CCBI Portion is zero Untaken Shares.

Shareholders	As at the Latest Practicable Date		Immediately after Completion, assuming all the Rights Shares are subscribed by the Qualifying Shareholders		Immediately after Completion, given CCBI Portion is zero and assuming no Shareholders (except HNA Finance I and the existing Shareholders who have undertaken to take up their provisional allotments) subscribed for the Right Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
HNA Finance I and its Concert Parties <sup>note 1</sup>	755,862,228	66.64	2,267,586,684	66.64	2,551,873,281	75.00
<b>Sub-total</b>	755,862,228	66.64	2,267,586,684	66.64	2,551,873,281	75.00
CCBI (including subscribers/ sub-underwriters procured by it)	—	—	—	—	—	—
Purchasers of Shares held by HNA Finance I	—	—	—	—	316,320,753	9.30
Other public Shareholders	378,303,675	33.36	1,134,911,025	33.36	534,303,675	15.70
<b>Sub-total</b>	378,303,675	33.36	1,134,911,025	33.36	850,624,428	25.00
<b>Total</b>	<u>1,134,165,903</u>	<u>100.00</u>	<u>3,402,497,709</u>	<u>100.00</u>	<u>3,402,497,709</u>	<u>100.00</u>

*Notes:*

- As at the Latest Practicable Date, all of the 755,862,228 Shares were directly held by HNA Finance I, which was ultimately owned by Hainan Province Cihang Foundation.

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their entitlements in full under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue.

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As in all other cases of rights issues and open offers, dilution on the shareholdings of those Qualifying Shareholders who do not take up in full their assured entitlements under the Rights Issues is inevitable. Nonetheless, Qualifying Shareholders who do not accept the Rights Issue can, subject to the then prevailing market conditions, consider selling their nil-paid rights to subscribe for the Rights Shares in the market. However, Qualifying Shareholders who do not accept the Rights Issue should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue.

As at the Latest Practicable Date, the existing public Shareholders held approximately 33.36% of the total issued share capital of the Company. If all the Qualifying Shareholders do not take up the Rights Shares to which they are entitled and the Underwriters take up all the Rights Shares, the percentage of shareholding (assuming that there is no Share being repurchased, on or before the Record Date) of the existing public Shareholders will be reduced to approximately 15.70%, representing a dilution effect on the shareholding interests of approximately 17.66% as a result of the Rights Issue. In all cases of rights issues, the dilution on the shareholding of those qualifying shareholders who do not take up in full their provisional allotments under the rights issues is inevitable. In fact, the dilution magnitude of any rights issue depends mainly on the extent of the basis of entitlements. Unlike exercises such as placing of new Shares where shareholding of Qualifying Shareholders are immediately diluted, the Rights Issue at least provides an opportunity for Qualifying Shareholders to maintain or to increase (by way of excess applications) their respective shareholdings in the Company.

### **Possible financial effects of the Rights Issue**

#### *Effect on the net tangible assets*

Based on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the ordinary equity holders of the Company set out in Appendix II to this Circular, the unaudited consolidated net tangible assets value of the Group was approximately HK\$2,895.8 million, equivalent to approximately HK\$2.55 per Share as at 31 December 2016. Upon completion of the Rights Issue, the unaudited pro forma consolidated net tangible assets value of the Group would become approximately HK\$12,147.0 million, equivalent to approximately HK\$3.57 per Share, representing an uplift of approximately 40.0%.

#### *Effect on working capital*

As advised by the Company, as part of the net proceeds of approximately HK\$925.1 million from the Rights Issue will be used as the general working capital of the Group, the working capital position of the Group would be improved upon completion of the Rights Issue.

#### *Effect on the gearing ratio*

The gearing ratio of the Group as at 31 December 2016 was 16.1% and would be further increased up to 432.8% immediately before the Rights Issue. If proceeds from the Rights Issue were applied to repay the Top Genius Shareholder's Loan and part of the Milway Shareholder's Loans with the amount of approximately HK\$4,578 million, the Group's gearing ratio would decrease to 44.9% immediately after the Rights Issue.

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## LETTER FROM ANGLO CHINESE

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### CONCLUSION AND RECOMMENDATIONS

Based on the forgoing, we consider that the Subscription Price is on balance fair and reasonable, and in particular, taking into account the following:

- the discount of the theoretical ex-entitlement price of the Shares (based on the Last Trading Day) to the average closing price of the Shares for the five, ten and 30 trading days prior to the Last Trading Day ranges from 1.05% to 5.86%. This discount is in line with the common practice that the subscription price of rights issues of listed companies in Hong Kong is often set at a discount to the prevailing market prices of the relevant shares in order to encourage shareholders to accept the rights issue;
- the premium of the Subscription Price to the theoretical ex-entitlement price (based on the closing price of the Shares on the Last Trading Day) is not significant, and falls within the range of the premium/discount of the theoretical ex-entitlement price over/to the average closing price for the ten and 30 consecutive trading days up to the last trading day of the comparable companies as shown above;
- Qualifying Shareholders are offered the flexibility to maintain, and, or increase their shareholding interest in the Company at a discount to the average closing price of the Shares for the five, ten and thirty trading days prior to the Last Trading Day. For those who wish to maintain their pro-rata shareholding interests in the Company, they may take up their assured entitlements in full under the Rights Issue. Qualifying Shareholders who wish to increase their shareholding interest in the Company may acquire nil-paid Rights Shares in the open market and, or apply for excess Rights Shares. Qualifying Shareholders who decide not to take up their entitlements under the Rights Issue may sell the nil-paid Rights Shares provisionally allotted to them in the market for economic benefit;
- the cash reserves of the Group of HK\$1,858.4 million as at 31 December 2016, after assigning of an aggregate amount of approximately HK\$1,263.5 million for the Top Genius Acquisition, Milway Acquisition and the loan repayment in February 2017, are insufficient to settle the Top Genius Shareholder's Loan and Milway Shareholder's Loans totalling HK\$9,150 million from HNA Finance I due in 2018 and the Top Genius Bank Loan of \$2,602 million due on 20 February 2018. The aggregate size of the mentioned loans is large, with the aggregate of the Top Genius Shareholder's Loan, the Milway Shareholder's Loans from HNA Finance I, the Top Genius Bank Loan representing 2.6 times the market capitalisation of the Company of HK\$4,582 million as at the Last Trading Day.
- part of the proceeds from the Rights Issue, if approved by the Independent Shareholders at the SGM, will be applied to repay the Top Genius Shareholder's Loan and part of the Milway Shareholder's Loans with the amount of approximately HK\$4,578 million, and therefore reduce the gearing of the Group;

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## LETTER FROM ANGLO CHINESE

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- the Rights Issue, if approved by the Independent Shareholders at the SGM, enable the Company to raise by June 2017 net funds to the tune of approximately HK\$9,251 million for (a) meeting partly its repayment obligations towards HNA Finance I (and which amounted to approximately HK\$9,150 million as at the Latest Practicable Date); and (b) repaying part of the interest bearing Top Genius Bank Loan in the principal amount of HK\$2,602 million which was applied for financing part of the Top Genius Acquisition. As a result, the Company's capital base will be strengthened and net gearing of the Company will improve; and
- given the prospects of the Group's existing foundation piling business which has experienced downward pressure on profit margins for securing projects, and increasing competition in respect of the Group's property development business in the PRC, the large scale of the Rights Issue (which will raise net proceeds of approximately HK\$9,251 million, representing around 2.0 times the market capitalisation of the Company as at the Last Trading Day) will provide indirect financing for the Company to diversify to substantive property development in Hong Kong and for which the Board expects to enhance the growth of the Group in the future.

Accordingly, we consider that the Rights Issue is entered into the ordinary and usual course of business, on normal commercial terms, are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

Yours faithfully,  
For and on behalf of  
**Anglo Chinese Corporate Finance, Limited**  
**Stephanie Wong** <sup>note</sup>  
*Director*

*Note:*

Ms. Stephanie Wong is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Anglo Chinese Corporate Finance, Limited to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. She has over 25 years of experience in corporate finance.

## 1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the financial years ended 31 March 2015 and 31 March 2016 and for the nine months ended 31 December 2016 (which only covers the period from 1 April 2016 to 31 December 2016 as a result of the change of financial year end date of the Company to 31 December, effective on 20 September 2016) together with the relevant notes thereto are disclosed in the following documents which have been published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.hkicimgroup.com>):

- (i) annual report of the Company for the financial year ended 31 March 2015 published on 30 June 2015 (pages 55 to 187), which can be accessed via the link at

(<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0630/LTN20150630161.pdf>)

- (ii) annual report of the Company for the financial year ended 31 March 2016 published on 19 July 2016 (pages 67 to 188), which can be accessed via the link at

(<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0719/LTN20160719009.pdf>)

- (iii) annual report of the Company for the nine months ended 31 December 2016 published on 30 March 2017 (pages 61 to 205), which can be accessed via the link at

(<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0330/LTN20170330141.pdf>)

## 2. STATEMENT OF INDEBTEDNESS

As at 28 February 2017, 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\$3,221,453,000 and HK\$3,106,491,000, respectively, details of which are as follows:

The following table illustrates the Group's indebtedness as at 28 February 2017:

	<i>HK\$'000</i>
<b>Bank borrowings</b>	
<i>Current</i>	
Bank loans, unsecured	270,215
Bank loans, secured	2,600,100
Instalment loan, secured	4,318
	<u>2,874,633</u>

<i>Non-Current</i>	
Bank loans, unsecured	272,796
Instalment loan, secured	<u>74,024</u>
	346,820
<b>Total</b>	<b><u><u>3,221,453</u></u></b>
	<i>HK\$'000</i>
<b>Other borrowings</b>	
<i>Current</i>	
Loan from immediate holding company	2,750,000
Loan from an intermediate holding company	<u>356,491</u>
<b>Total</b>	<b><u><u>3,106,491</u></u></b>

As at 28 February 2017, the current secured bank loans of HK\$2,600,100,000 drawn by the Group on 21 February 2017 refers to the Top Genius Bank Loan, which was an interest bearing bank loan from Shanghai Commercial Bank Limited pursuant to a loan agreement dated 20 February 2017 at an interest rate of the Hong Kong interbank offered rate plus 1.6% and with a maturity date of one year (i.e. 20 February 2018). The loan was secured by Top Genius' property under development with carrying amount of approximately HK\$5,538,826,000, cash and bank balances of Top Genius of approximately HK\$3,530,000 and all the issued shares of Top Genius. The loan was also supported by corporate guarantee from the Company.

As at 28 February 2017, the Group's instalment loan was secured by certain of the Group's land and buildings with carrying amounts of approximately HK\$167,765,000 and was supported by corporate guarantee from the Company.

All unsecured bank borrowings were supported by corporate guarantees from the Company and certain subsidiaries of the Company, respectively. Mr. Fung, who is a beneficial shareholder of certain subsidiaries of the Company through Fortunate Pool, also provided personal guarantees in respect of borrowing facilities granted to these subsidiaries.

As at 28 February 2017, the loan from the immediate holding company of HK\$2,750,000,000 refers to the interest-free, unsecured Top Genius Shareholder's Loan granted by HNA Finance I to the Company with an initial maturity date of one year with an option available to the Company to extend for another year.

The Group's gearing ratio, calculated on the basis of total bank borrowings divided by Shareholders' equity, was 13% as at 31 March 2015, 31% as at 31 March 2016 and 16.1% as at 31 December 2016.

### 3. CONTINGENT LIABILITIES

As at 28 February 2017:-

- (a) the Group provided guarantees to certain banks in respect of performance bonds granted to certain subsidiaries of approximately HK\$303,382,000;
- (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\$50,499,000;
- (c) the Company provided guarantees to certain banks in connection with general credit facilities granted to its certain subsidiaries in an aggregate amount of approximately HK\$3,713,861,000; and
- (d) the Company provided guarantee to an intermediate holding company in connection with a loan granted to its subsidiary in an amount of approximately HK\$356,491,000.

#### 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, charges or loans or hire purchase commitments guarantees or other contingent liabilities as at the close of business on 28 February 2017.

### 4. WORKING CAPITAL SUFFICIENCY

In accordance with the terms of the Top Genius Bank Loan Agreement, Top Genius is required to ensure participating banks take up the relevant rights and obligations in connection with 50% of the Top Genius Bank Loan, amounting to HK\$1,301 million, transferred from the original lender (the “Transfer”) and such Transfer should be completed within three months from the date of the Top Genius Bank Loan Agreement (i.e. by 20 May 2017). The transfer of rights and obligations of a portion of the Top Genius Bank Loan, amounting to HK\$1,000 million (the “Transfer Loan”), to Chong Hing Bank Limited took place on 21 April 2017 in accordance with the Top Genius Bank Loan Agreement. Regarding the remaining portion of the Top Genius Bank Loan, amounting to approximately HK\$301 million (the “Non-transferred Loan”) required to be transferred, the original lender confirmed that it took up such amount on 26 April 2017 such that the total amount borrowed from the original lender is HK\$1,602 million.

According to the Top Genius Bank Loan Agreement, the Top Genius Bank Loan will be due in February 2018 and the Company plans to renew the Top Genius Bank Loan with the existing banks before maturity date. In addition, the Company has proposed the Rights Issue with a view to providing funding for the Group’s business development and expansion and assisting with the Company’s repayment of financial indebtedness. A portion of the net proceeds from the Rights Issue is intended

to be used for repaying borrowings and as general working capital. The sufficiency of working capital of the Group in the next 12 months from the date of this circular is dependent on the successful renewal of the Top Genius Bank Loan and completion of the Rights Issue. The Directors are confident that the Group will be able to renew the Top Genius Bank Loan before its final maturity date and that the Rights Issue will be completed.

The Directors are of the opinion that, in the absence of unforeseeable circumstances and after taking into account (i) the completion of the Milway Acquisition; (ii) the Group's internal resources; (iii) the Top Genius Shareholder's Loan and the Milway Shareholder's Loans; (iv) the loan facilities presently available to the Group; (v) the expected net proceeds from the Rights Issue; (vi) the transfer of the rights and obligations of the Transfer Loan to the participating bank; and (vii) the expected refinancing of the existing banking facilities upon their maturities, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

## **5. MATERIAL ADVERSE CHANGE**

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 2016, 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 GROUP**

### *Foundation piling and construction*

In respect of the foundation piling and construction business, the competition is expected to remain keen in the near future due to the growing number of market players and reduced available projects. The profit margins as a whole have been negatively affected given market factors such as labour shortages, rising operating costs and intensification of competition. This has impacted on the segment results for the foundation piling business of the Group, which showed a slight decrease of approximately 0.1% in the segment results margin for the nine months ended 31 December 2016 as compared with the financial year ended 31 March 2016. This trend is expected to affect the Group's financial results for the financial year ending 31 December 2017.

### *Property development*

In respect of the property development business in the PRC, the overall property market sentiment improved significantly in the first quarter of 2016 due to a slew of relaxation policies rolled out by the Central Government to support the property market, given that a reduction in housing inventories was set as one of the five major tasks in 2016 for the Central Government. The relaxation measures boosted the confidence of buyers. Though the overall market sentiment in China has weakened since October 2016 due to the re-introduction of austerity measures in more than 20 cities to stabilize the residential market, sales of our remaining residential properties are expected to remain steady due to uniqueness of our products in terms of quality and value. Construction of the property development project in Shenyang (The Pinnacle) was substantially completed in September 2016, and hand over of some units previously sold commenced. Since September 2016, the Group has continued to hand over sold units. As the available units are ready for inspection and occupancy, it is expected



that the confidence of our potential customers will increase hence improving the pace of sale in 2017. Revenue and gross profits from the sale of the properties are only recognised upon delivery. Based on delivery of units which, as at the end of February 2017, representing approximately 31% of all residential units in the development, the profit margins from the Shenyang development has remained relatively stable since September 2016. By way of background, the profit margins from the sale of properties of the Shenyang development are not as high as those of the Group's development projects in Shanghai and Tianjin, which are first tier cities in the PRC. The unsold area of The Pinnacle, the Company's residential and commercial project in Shenyang, as at 28 February 2017 is outlined below:

- Residential: about 72,600 sqm;
- Car Park: about 964 car park units;
- Non-Residential: about 62,665 sqm, comprising a shopping mall and an office block.

The unsold area of The Waterfront, the Group's residential project in Shanghai, as at 28 February 2017 is outlined below:

- Residential: about 1,000 sqm;
- Car Park: about 12 car park units;
- Non-Residential: about 4,800 sqm, representing primarily street front retail shops and a historic building.

The 13 retail shops and a historic building at The Waterfront were leased to independent third parties for rental income and were therefore classified as investment properties of the Group.

The unsold area of The Riverside, the Group's residential project in Tianjin, as at 28 February 2017 is outlined below:

- Residential: about 330 sqm;
- Car Park: about 26 car park units;
- Non-Residential: about 3,900 sqm, representing primarily street front retail shops and The Riverside's clubhouse.

Looking at the overall development of the PRC property market, although demand for private residential property in the PRC has been growing rapidly in recent years, such growth is often coupled with volatility in market conditions and fluctuation in property prices. In recent years, to curtail the overheating of the PRC property market, the PRC government has implemented a series of measures to tighten mortgage financing for second home purchases. There is uncertainty as to whether further restrictions will be imposed that may reduce the affordability of the Group's properties.

In respect of the property development business in Hong Kong, the HK Government intends to supply up to 460,000 public and private units as the housing supply target for the next 10 years, which is expected to support demand for services from the construction industry in the medium term. There is also a strong demand for professional and infrastructure services from the regions along the "One Belt One Road". On the other hand, the Group notes that competition in the real estate industry in Hong Kong is highly severe and may be further intensified as a result of any future governmental land supply policies and implementation measures. Any cooling-off governmental regulation and macroeconomic control measures may have an adverse effect on the Group's property development

business. Despite the fierce competition, in view of the expected growing housing demand, the Group will explore more property development and related project management opportunities in Hong Kong and consider the viability of each project on its own merits with reference to the prevailing market conditions. According to the latest development plans of the Group, the development of the 6563 Land Parcel and 6564 Land Parcel is expected to provide approximately 1,200 units and presale could start by the end of 2019.

The total capital expenditure for developing the 6563 Land Parcel and the 6564 Land Parcel is expected to be HK\$2.6 billion and HK\$2 billion respectively. The expected capital expenditure for developing the 6563 Land Parcel and the 6564 Land Parcel for the year ending 31 December 2017 is approximately HK\$10 million and HK\$8 million respectively and the Group intends to finance the capital expenditure for developing the 6563 Land Parcel and 6564 Land Parcel by internal resources and construction loans.

The Group will continue with its existing businesses, being property development, foundation piling and site investigation, and property investment and management. It will also continue to maintain a prudent investment and financing strategy and strive to strengthen its efficiency, while seeking opportunities to maximize the return to its shareholders. It will also continue to explore suitable business opportunities for its future development, including leveraging on synergies with its shareholder(s), to enhance the long-term growth potential of the Group. As at the Latest Practicable Date and save for sales of its property developments and other transactions in the ordinary and usual course of business and as otherwise disclosed by the Group, the Company had not identified any potential targets and had no agreement, arrangement, understanding or negotiation on any potential acquisition, and had no plan, arrangement, understanding, intention, negotiation (either concluded or in process) on any disposal or scale down of existing assets or business of the Group.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET  
TANGIBLE ASSETS OF THE GROUP

The following unaudited pro forma statement of adjusted consolidated net tangible assets (the “Unaudited Pro Forma Financial Information”) of the Group attributable to ordinary equity holders of the Company has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to ordinary equity holders of the Company as if the Rights Issue had been completed on 31 December 2016.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible assets of the Group attributable to ordinary equity holders of the Company upon completion of the Rights Issue as at 31 December 2016 or at any future date.

The Unaudited Pro Forma Financial Information is prepared based on the consolidated net tangible assets of the Group attributable to ordinary equity holders of the Company as at 31 December 2016, as extracted from the published annual report of the Company for the nine months ended 31 December 2016, and is adjusted for the effect of the Rights Issue described below.

Consolidated net tangible assets of the Group attributable to ordinary equity holders of the Company as at 31 December 2016	Estimated net proceeds from the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary equity holders of the Company immediately after the completion of the Rights Issue	Consolidated net tangible assets of the Group attributable to ordinary equity holders of the Company as at 31 December 2016 per Share	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary equity holders of the Company immediately after the completion of the Rights Issue per Share
<i>HK\$'000</i> (Note 1)	<i>HK\$'000</i> (Note 2)	<i>HK\$'000</i>	<i>HK\$'000</i> (Note 3)	<i>HK\$'000</i> (Note 4)

Based on

2,268,331,806  
Rights Shares at  
Subscription  
Price of  
HK\$4.08 per  
Rights Share

2,895,835

9,251,056

12,146,891

2.55

3.57

Notes:

- (1) The amount is determined based on the consolidated net assets of approximately HK\$2,959,730,000 after deducting non-controlling interests of approximately HK\$10,359,000, other assets such as club memberships of HK\$1,080,000 and deferred tax assets of HK\$52,456,000 as at 31 December 2016, which is extracted from the audited consolidated statement of financial position of the Group as at 31 December 2016 included in the published annual report of the Company for the nine months ended 31 December 2016. Other assets are deducted from the amount as they are not tangible assets.

- (2) The estimated net proceeds from the Rights Issue of approximately HK\$9,251,056,000 are calculated based on 2,268,331,806 Rights Shares to be issued at the Subscription Price of HK\$4.08 per Rights Share, after deduction of the estimated related expenses, including among others, financial advisory fee and other professional fees, which are directly attributable to the Rights Issue, of approximately HK\$3,738,000.
- (3) The calculation of the consolidated net tangible assets of the Group attributable to ordinary equity holders of the Company as at 31 December 2016 per Share is determined based on the consolidated net tangible assets of the Group attributable to ordinary equity holders of the Company of HK\$2,895,835,000 divided by the number of Shares in issue of 1,134,165,903 as at 31 December 2016.
- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary equity holders of the Company immediately after the completion of the Rights Issue per Share is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary equity holders of the Company immediately after the completion of the Rights Issue of HK\$12,146,891,000 divided by 3,402,497,709 Shares, which represents 1,134,165,903 Shares in issue as at 31 December 2016 and 2,268,331,806 Rights Shares to be allotted and issued pursuant to the Rights Issue, assuming that the Rights Issue had been completed on 31 December 2016.
- (5) No adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results, a final dividend of HK\$113,416,000 for the nine months ended 31 December 2016 as recommended by the Board of the Company on 27 March 2017 or other transactions of the Group entered into subsequent to 31 December 2016.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report, prepared for the sole purpose of inclusion in this Circular, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as set out in Section A of Appendix II to this Circular.*



22/F  
CITIC Tower  
1 Tim Mei Avenue  
Central  
Hong Kong

**To the Directors of Hong Kong International Construction Investment Management Group  
Co., Limited**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Hong Kong International Construction Investment Management Group Co., Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 31 December 2016, and related notes (the “Pro Forma Financial Information”) as set out on pages II-1 to II-2 of the circular dated 29 April 2017 issued by the Company (the “Circular”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in the Circular.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the basis of two rights shares for every one share held on the record date (the “Rights Issue”) on the Group’s financial position as at 31 December 2016 as if the Rights Issue had taken place as at 31 December 2016. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s consolidated statement of financial position as at 31 December 2016, on which an annual report has been published.

**Directors’ responsibility for the Pro Forma Financial Information**

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline (“AG”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

**Our independence and quality control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting accountants' responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Group as if the Rights Issue had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Rights Issue, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the Rights Issue in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Ernst & Young  
*Certified Public Accountants*  
Hong Kong

29 April 2017

## 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. SHARE CAPITAL

### The authorised and issued share capital of the Company

The authorised and issued share capital of the Company (a) as at the Latest Practicable Date; and (b) immediately following the Authorised Share Capital Increase becoming effective and upon Completion (assuming there is no change in the issued share capital of the Company up to the Record Date) is as follows:

#### (a) *As at the Latest Practicable Date*

<i>Authorised share capital:</i>	<i>HK\$</i>
<u>2,000,000,000</u> Shares	<u>200,000,000</u>
<i>Issued and fully paid:</i>	<i>HK\$</i>
<u>1,134,165,903</u> Shares	<u>113,416,590</u>

#### (b) *Immediately following the Authorised Share Capital Increase becoming effective and upon Completion (assuming there is no change in the issued share capital of the Company up to the Record Date)*

<i>Authorised share capital:</i>	<i>HK\$</i>
2,000,000,000 Shares	200,000,000
<u>4,000,000,000</u> New Shares to be created under the Authorised Share Capital Increase	<u>400,000,000</u>
<u>6,000,000,000</u> Shares immediately following the Authorised Share Capital Increase becoming effective	<u>600,000,000</u>



<i>Issued and fully paid:</i>	<i>HK\$</i>
<u>1,134,165,903</u> Shares	<u>113,416,590</u>
Rights Shares to be allotted and issued under the <u>2,268,331,806</u> Rights Issue	<u>226,833,181</u>
<u>3,402,497,709</u> Shares in issued immediately upon Completion	<u>340,249,771</u>

All the Shares in issue are fully paid and rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting rights and return of capital. The Rights Shares, once allotted, issued and fully paid, will rank *pari passu* with the existing Shares in issue as at the respective date of their allotment and issue in all respects. Holders of fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the Rights Shares.

The Company will apply to the Listing Committee for the listing of and permission to deal in the Rights Shares (in both their nil-paid and fully-paid forms). No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived. The Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for new Shares.

### **3. INTERESTS AND SHORT POSITIONS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS**

#### **(a) Interests and short positions of the Directors and chief executive in the Company and its associated corporations**

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

**(b) Disclosure of interests of substantial Shareholders**

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO, so far as is known to the Directors, the persons (other than a Director and chief executive of the Company) or entities who had or were deemed or taken to have an interest or a short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital were as follows:

*Interests in Shares and underlying Shares*

<b>Name</b>	<b>Capacity</b>	<b>Number of Shares interested</b>	<b>Percentage of issued share capital of the Company (%)</b>
Hainan Province Cihang Foundation <sup>(1)</sup>	Interest of controlled corporation	2,679,095,994	236.21
Hainan Traffic Administration Holding Co., Ltd. <sup>(1)</sup>	Interest of controlled corporation	2,679,095,994	236.21
Tang Dynasty Development (Yangpu) Company Limited <sup>(1)</sup>	Interest of controlled corporation	2,679,095,994	236.21
HNA Group Co., Ltd. <sup>(1)</sup>	Interest of controlled corporation	2,679,095,994	236.21
HNA Finance I <sup>(2)</sup>	Beneficial owner	2,679,095,994	236.21
Blackstone Group Management L.L.C. <sup>(3)</sup>	Interest of controlled corporation	78,719,931	6.94
Blackstone Holdings IV GP L.P. <sup>(3)</sup>	Interest of controlled corporation	78,719,931	6.94
Blackstone Holdings IV GP Management (Delaware) L.P. <sup>(3)</sup>	Interest of controlled corporation	78,719,931	6.94
Blackstone Holdings IV GP Management L.L.C. <sup>(3)</sup>	Interest of controlled corporation	78,719,931	6.94
Blackstone Holdings IV L.P. <sup>(3)</sup>	Interest of controlled corporation	78,719,931	6.94
Blackstone Real Estate Associates Asia-NQ L.P. <sup>(3)</sup>	Interest of controlled corporation	78,719,931	6.94

Name	Capacity	Number of Shares interested	Percentage of issued share capital of the Company (%)
Blackstone Real Estate Partners Asia Holding (NQ) L.P. <sup>(3)</sup>	Interest of controlled corporation	78,719,931	6.94
Blackstone Real Estate Partners Asia-NQ L.P. <sup>(3)</sup>	Interest of controlled corporation	78,719,931	6.94
BREP Asia Holdings (NQ) Pte. Ltd. <sup>(3)</sup>	Interest of controlled corporation	78,719,931	6.94
BREP Asia-NQ L.L.C. <sup>(3)</sup>	Interest of controlled corporation	78,719,931	6.94
Schwarzman Stephen A. <sup>(3)</sup>	Interest of controlled corporation	78,719,931	6.94
The Blackstone Group L.P. <sup>(3)</sup>	Interest of controlled corporation	78,719,931	6.94
Tides Holdings I Ltd. <sup>(3)</sup>	Interest of controlled corporation	78,719,931	6.94
Tides Holdings II Ltd.	Beneficial owner	78,719,931	6.94
China State Construction Engineering Corporation <sup>(4)</sup>	Interest of controlled corporation	57,000,000	5.03
China State Construction Engineering Corporation Limited <sup>(4)</sup>	Interest of controlled corporation	57,000,000	5.03
CSCEC Capital (Hong Kong) Limited	Beneficial owner	57,000,000	5.03
北京市國有資產監督管理委員會 <sup>(5)</sup>	Interest of controlled corporation	57,000,000	5.03
中國交通建設股份有限公司 <sup>(6)</sup>	Interest of controlled corporation	57,000,000	5.03
China Railway Construction Corporation Limited <sup>(7)</sup>	Interest of controlled corporation	57,000,000	5.03
China Railway Construction Corporation <sup>(7)</sup>	Interest of controlled corporation	57,000,000	5.03
Central Huijin Investment Ltd. <sup>(8)</sup>	Security interest in Shares	160,000,000	14.10
China Construction Bank Corporation <sup>(8)</sup>	Security interest in Shares	160,000,000	14.10

*Notes:*

- (1) These parties were deemed to have interests in 2,679,095,994 Shares by virtue of their equity interests in HNA Finance I. Out of these interested Shares, these parties are deemed to be interested in 755,862,228 Shares which are directly held by HNA Finance I; and the derivative interest in 2,268,331,806 Shares which represent the Rights Shares HNA Finance I has agreed to subscribe for under the HNA Irrevocable Undertaking, and which HNA Finance I may be required to take up pursuant to its obligations under the Underwriting Agreement, taking into account the conditional sale and purchase agreements which HNA Finance I has entered into with three parties in relation to the acquisition by such parties of up to 345,098,040 Shares from HNA Finance I, should any public float issue arise as a result of the underwriting arrangement.
- (2) This includes the 2,268,331,806 Rights Shares which HNA Finance I has agreed to subscribe for under the HNA Irrevocable Undertaking, and which HNA Finance I may be required to take up pursuant to its obligations under the Underwriting Agreement, taking into account the conditional sale and purchase agreements which HNA Finance I has entered into with three parties in relation to the acquisition by such parties of up to 345,098,040 Shares from HNA Finance I, should any public float issue arise as a result of the underwriting.
- (3) These parties were deemed to have interests in 78,719,931 Shares by virtue of their equity interests in Tides Holdings II Ltd..
- (4) These parties were deemed to have interests in 57,000,000 Shares by virtue of their equity interests in CSCEC Capital (Hong Kong) Limited, the subscriber of 57,000,000 Shares under a subscription agreement dated 22 August 2016.
- (5) This party was deemed to have interests in 57,000,000 Shares by virtue of its equity interests in BCEGI (Hong Kong) Company Limited, the subscriber of 57,000,000 Shares under a subscription agreement dated 22 August 2016.
- (6) This party was deemed to have interests in 57,000,000 Shares by virtue of its equity interests in Hong Kong Marine Construction Limited, the subscriber of 57,000,000 Shares under a subscription agreement dated 22 August 2016.
- (7) These parties were deemed to have interests in 57,000,000 Shares by virtue of their equity interests in CRCC Hong Kong Development Limited, the subscriber of 57,000,000 Shares under a subscription agreement dated 9 September 2016.
- (8) Central Huijin Investment Ltd., through its interests in China Construction Bank Corporation, and China Construction Bank Corporation, through its interest in CCB International Overseas Limited, is deemed to be interested in the 160,000,000 Shares over which CCB International Overseas Limited has a security interest.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no person (other than a Director and chief executive of the Company) had or was deemed or taken to have an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or any options in respect of such share capital.

#### **4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Group or any other member of the Group save for those expiring or determinable by the relevant employer within one year without payment of any compensation (other than statutory compensation).

**5. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS AND COMPETING INTERESTS**

Save for Mr. Fung's interest in the Foundation SPA, since 31 December 2016, 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 is significant in relation to the business of the Group, and no Director was interested in any assets which have 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, none of the Directors and their respective close associates 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.

**6. LITIGATION**

As at the Latest Practicable Date, none of the Company and its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was pending or threatened by or against the Company or any other member of the Group.

**7. MATERIAL CONTRACTS**

As at the Latest Practicable Date, the following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years preceding the Latest Practicable Date and which are material:

- (a) the Foundation SPA 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 the Foundation SPA for an aggregate consideration of HK\$836,790,400;
- (b) the subscription agreement dated 22 August 2016 entered into among the Company as issuer and CSCEC Capital (Hong Kong) Limited as subscriber in relation to the subscription for 57,000,000 Shares at a price of HK\$4.08 per subscription Share;
- (c) the subscription agreement dated 22 August 2016 entered into among the Company as issuer and BCEGI (Hong Kong) Company Limited as subscriber in relation to the subscription for 57,000,000 Shares at a price of HK\$4.08 per subscription Share;
- (d) the subscription agreement dated 22 August 2016 entered into among the Company as issuer and Hong Kong Marine Construction Limited as subscriber in relation to the subscription for 57,000,000 Shares at a price of HK\$4.08 per subscription Share;
- (e) the subscription agreement dated 5 September 2016 entered into among the Company as issuer and 華寶信託有限責任公司 (Hwabao Trust Co., Ltd.\*) (as trustee and for and on behalf of and for the benefit of 深圳市特藝達裝飾設計工程有限公司 (Shenzhen Terart Decoration Design Engineering Co., Ltd.)) as subscriber in relation to the subscription for 10,500,000 Shares at a price of HK\$4.08 per subscription Share;

- (f) the subscription agreement dated 9 September 2016 entered into among the Company as issuer and CRCC Hong Kong Development Limited 中鐵香港發展有限公司 as subscriber in relation to the subscription for 57,000,000 Shares at a price of HK\$4.08 per subscription Share;
- (g) the subscription agreement dated 9 September 2016 entered into among the Company as issuer and 華寶信託有限責任公司 (Hwabao Trust Co., Ltd.\*) (as trustee and for and on behalf of and for the benefit of 蘇州金螳螂企業(集團)有限公司 (Suzhou Gold Mantis Corporation (Group) Co., Ltd.)) as subscriber in relation to the subscription for 10,500,000 Shares at a price of HK\$4.08 per subscription Share;
- (h) the subscription agreement dated 9 September 2016 entered into among the Company as issuer and 華寶信託有限責任公司 (Hwabao Trust Co., Ltd.\*) (as trustee and for and on behalf of and for the benefit of 海南生達實業有限公司 (Hainan Shengda Industrial Co., Ltd.)) as subscriber in relation to the subscription for 10,500,000 Shares at a price of HK\$4.08 per subscription Share;
- (i) the shareholder's loan agreement dated 20 February 2017 entered into among the Company as borrower and HNA Finance I as lender in relation to an interest-free unsecured loan of HK\$2,750 million for financing of the Top Genius Acquisition;
- (j) the Underwriting Agreement;
- (k) the HNA Irrevocable Undertaking;
- (l) the shareholder's loan agreement dated 5 April 2017 entered into among 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 Milway Acquisition;
- (m) the shareholder's loan agreement dated 7 April 2017 entered into among 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 Milway Acquisition;
- (n) the programme agreement dated 7 April 2017 between Silverbell Asia Limited ("Silverbell"), a wholly-owned subsidiary of the Company, 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 Medium Term Note Programme and unconditionally and irrevocably guaranteed by the Company;
- (o) the trust deed dated 7 April 2017 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 Medium Term Note Programme and by which any notes to be issued under the Medium Term Note Programme shall be constituted;

- (p) the agency agreement dated 7 April 2017 (the “Agency Agreement”) 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 Medium Term Note Programme;
- (q) 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) (“Shenzhen Terart”) pursuant to which Shenzhen Terart 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;
- (r) 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) (“Hainan Shengda”) pursuant to which Hainan Shengda 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; and
- (s) an irrevocable undertaking dated 18 April 2017 given by an existing Shareholder, Hong Kong Marine Construction Limited (香港海事建設有限公司) (“HKMCL”) pursuant to which HKMCL 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.

## 8. QUALIFICATION AND CONSENT OF EXPERTS

The following are the qualifications of the experts who have given their opinions, letters or advice contained in this circular:

Name	Qualifications
Ernst & Young	Certified Public Accountants
Anglo Chinese	a licensed corporation to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report, advice or opinion, as the case may be, and reference to its name in the form and context in which they appear.

As at the Latest Practicable Date, none of the above experts had any shareholding, directly or indirectly, in any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the above experts had any direct or indirect interest in any assets which had been, since 31 December 2016, the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to, any members of the Group.

## 9. GENERAL

- (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 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.

## 10. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

### Executive Directors

Mr. ZHAO Quan (“**Mr. Zhao**”), aged 46, was appointed as an executive Director on 22 December 2016. On the same day, he was also appointed the chairman of the Board, the chairman of the Nomination Committee and a member of the Remuneration Committee of the Company. Mr. Zhao holds a bachelor degree of Science in Computer Science Software Management from Lanzhou University. Mr. Zhao is an executive director and co-chairman of HNA Holding Group Co. Limited (a company listed on the Main Board of the Stock Exchange, stock code: 521) and a director of HNA Investment Group Co., Ltd.\* (海航投資集團股份有限公司) (an A-share listed company, listed on the Shenzhen Stock Exchange, stock code: 000616). He is also the chairman of HNA Holding Group Co., Ltd.\* (海航實業集團有限公司). He joined HNA Group Co., Ltd. in 2009, and served as the chief financial officer and the executive vice-president. He was also the chairman of HNA Group Finance Co., Ltd.\* (海航集團財務有限公司). Before joining HNA Group Co., Ltd., Mr. Zhao worked in the State Tax Planning and Finance Bureau of Gansu Province. Mr. Zhao has over 20 years of working and management experiences in the areas of airlines, finance, airport investment and operation etc., and has extensive knowledge and experience in corporate management.

Mr. FUNG Chiu Chak, Victor (“**Mr. Fung**”), aged 62, was appointed as an executive Director on 30 April 1994. He is currently the vice chairman of the Board, chief executive officer, managing Director and an executive Director. He is also a member of the Remuneration Committee of the Company and also a director of various subsidiaries of the Company, including Tysan Foundation



(Hong Kong) Limited. Mr. Fung is primarily responsible for the business development, strategic planning as well as general and project management of the Group. Mr. Fung has over 38 years' experience in the field of consulting engineering, construction management and property development.

Mr. LIU Junchun (“**Mr. Liu**”), aged 53, was appointed as a non-executive Director on 29 July 2016 and was re-designated as an executive Director and appointed as the co-vice chairman of the Board to serve alongside Mr. Fung on 22 December 2016. Mr. Liu holds a master's degree in international economy from Peking University. Mr. Liu is the representative of the 14th People's Congress of Haikou City and 4th People's Congress of Hainan Province; a member of Internal and Judicial Affairs Committee and a member of the Standing Committee of the 4th People's Congress of Hainan Province. Since November 2013, Mr. Liu has been a director of Tianjin Tianhai Investment Co., Ltd. (an A-share listed company, listed on the Shanghai Stock Exchange, stock code: 600751).

Mr. CHIU Chin Hung (“**Mr. Chiu**”), aged 64, joined the Group in July 1994 and was appointed as an executive Director on 8 July 2003, and was re-elected as an executive Director at the annual general meeting of the Company held on 7 August 2015. Mr. Chiu is also a director of various subsidiaries of the Company. He is primarily responsible for the business development and management of the Group's Foundation Division. Mr. Chiu graduated from The University of Aberdeen, Scotland and has over 39 years' experience in foundation design and construction works and is a fellow of The Institute of Civil Engineers and The Hong Kong Institution of Engineers as well as a Chartered Engineer. Mr. Chiu has been a council member of The Hong Kong Construction Association representing Tysan Foundation Limited since 2001.

Mr. LAU Kin Fai (“**Mr. Lau**”), aged 55, joined the Group in July 2008 and was appointed as an executive Director on 1 October 2010, and was re-elected as an executive Director at the annual general meeting of the Company held on 14 August 2014. Mr. Lau is also a director of various subsidiaries of the Company. He is the General Manager of the China Division in charge of the Group's Property Development Division in the PRC. Mr. Lau is primarily responsible for business development and management of the Group's property development business. Prior to joining the Group, he had over 24 years' experience in the field of quantity surveying and housing development with the latter 14 years working in the Hong Kong Housing Society. Mr. Lau is a fellow member of the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors.

Mr. FAN Ning (“**Mr. Fan**”), aged 52, was appointed as an executive Director on 29 July 2016 and was re-elected at the annual general meeting of the Company held on 23 August 2016. He is responsible for developing and participating in the real estate development and foundation business of the Group. Mr. Fan holds a master's degree in economics from Wuhan University. From May 2002 to October 2006, Mr. Fan served as deputy general manager of Beijing CCID Media Investments Co., Ltd.\* (北京賽迪傳媒投資股份有限公司) (an A-share listed company, listed on the Shenzhen Stock Exchange, stock code: 000504) and as chairman of Baoting Hainan Tourism Development Co., Ltd.\* (保亭海航旅遊開發有限公司). Mr. Fan previously served as vice president of Hainan International Tourism Island Development and Construction (Group) Co., Ltd.\* (海航國際旅遊島開發建設(集團)有限公司) and vice president of the real estate department of HNA Group Co., Ltd.. From 6 February 2015 to 3 June 2015, Mr. Fan worked as an executive director and the chief executive officer of HNA

Holding Group Co. Limited (formerly known as HNA International Investment Holdings Limited) (a company listed on the Main Board of the Stock Exchange, stock code: 0521). Mr. Fan has extensive experience in financial, foreign trade and real estate development, and has extensive knowledge and experience in corporate management.

Mr. MENG Yongtao (“**Mr. Meng**”), aged 33, was appointed as an executive Director on 29 July 2016 and was re-elected at the annual general meeting of the Company held on 23 August 2016. He is responsible for corporate planning and development and the corporate finance and investment policy of the Group. Mr. Meng holds a bachelor degree in business and management from University of Sunderland and a master’s degree in international management from University of Sunderland. Mr. Meng has been a director of Hainan HNA Infrastructure Investment Group Co., Ltd., (an A-share listed company, listed on the Shanghai Stock Exchange, stock code: 600515), since October 2014. He is currently a director, the vice president and chief financial officer of HNA Investment Group Co., Ltd., (an A-share listed company, listed on the Shenzhen Stock Exchange, stock code: 000616). Mr. Meng has extensive knowledge and experience in financing.

Mr. WONG Tai Lun Kenneth (“**Mr. Wong**”), aged 47, was appointed as an executive Director on 26 January 2017. Mr. Wong holds a bachelor degree of Laws from the London School of Economics and Political Science of the University of London. Mr. Wong is primarily responsible for legal and compliance matters, mergers and acquisition, and corporate finance of the Group. Mr. Wong is also the General Counsel of HNA Group (International) Company Limited. Mr. Wong co-founded Nixon Peabody CWL, a solicitors’ firm in Hong Kong, in 2002 and had previously served as a managing partner of the firm. Mr. Wong was admitted as a solicitor of the High Court of Hong Kong in 1995 and as a solicitor of the Supreme Court of England and Wales in 1997. Mr. Wong has more than 20 years of experience in legal practice focusing on corporate and commercial work and, in particular, relating to corporate finance. Mr. Wong is currently a member of the Board of Governors of Chu Hai College of Higher Education, a vice chairman of Friends of Caritas and an advisor to Heung Yee Kuk New Territories. Mr. Wong was appointed by the Government of the Hong Kong Special Administrative Region as a member of the Elderly Commission in 2015.

### **Independent Non-executive Directors**

Mr. FAN Chor Ho (“**Mr. C H Fan**”) aged 75, was appointed as an independent non-executive Director on 24 August 1993 and was re-elected at the annual general meeting of the Company held on 7 August 2015. Mr. Fan currently also acts as the chairman of the Audit Committee, a member of the Remuneration Committee and the Nomination Committee of the Company. Since 14 December 2015, he has been an independent non-executive director of Perfect Group International Holdings Limited, a company listed on the Main Board of the Stock Exchange. He was a non-executive director of Hong Kong Exchanges and Clearing Limited from 3 April 2000 to 15 April 2003. He was a member of the Advisory Committee to the Securities and Futures Commission from 1993 to 1997 and again serving in the same capacity since 2001 until 2007. He was holding appointments on Government boards and committees, including chairman of the Chinese Medicine Council of Hong Kong from 13 September 2005 to 12 September 2011. He was awarded the Badge of Honour in 1991 and was made a Justice of the Peace in 1993, and was awarded Bronze Bauhinia Star in July 2005 and the Silver Bauhinia Star in July 2011.

Mr. TSE Man Bun (“**Mr. Tse**”), aged 74, was appointed as an independent non-executive Director on 28 September 2004 and was re-elected at the annual general meeting of the Company held on 23 August 2016. Mr. Tse is also the chairman of the Remuneration Committee, a member of the Audit Committee and the Nomination Committee of the Company. He is presently an independent non-executive director of HSBC Insurance (Asia) Limited, HSBC Life (International) Limited, Crystal International Limited, and China Fishery Group Limited (listed on the Singapore Exchange Limited). Mr. Tse has over 40 years’ working experience in the banking industry. He joined The Hongkong and Shanghai Banking Corporation Limited (“HSBC”) in 1968 and retired from the bank in December 2002. During his service with HSBC, he was assigned many key positions, including senior credit manager; managing director, Wayfoong Finance Limited and Wayfoong Credit Limited; and senior executive, Commercial Banking. Apart from the banking field, Mr. Tse is well-versed in the reviewing and analysis of corporate financial statements and has an in-depth understanding of the commerce and manufacturing industries.

Mr. LUNG Chee Ming, George (“**Mr. Lung**”), aged 60, was appointed as an independent non-executive Director on 25 August 2007 and was elected at the annual general meeting of the Company held on 7 August 2015. Mr. Lung currently also acts as a member of the Audit Committee and the Nomination Committee of the Company. He is an Executive Regional Director of Manulife (International) Limited leading a team of around 1,000 insurance/financial advisers. He first joined Manulife in 1990 and has since achieved outstanding results. Actively involved in community services, Mr. Lung was amongst one of the Ten Outstanding Young Persons of Hong Kong in 1995 and was the chairman of The Outstanding Young Persons Association in 2003 to 2004. Mr. Lung was awarded the Medal of Honour and Bronze Bauhinia Star by the Government of Hong Kong Special Administrative Region in 2001 and 2014. Furthermore, Mr. Lung is a committee member of the Board of Governors of Hong Kong Shue Yan University, a member of the Guangdong Daya Bay Nuclear Power Station/Lingao Nuclear Power Station, Nuclear Safety Consultative Committee, the Founding Chairman of Hong Kong Youth Exchange Promotion United Association and a chairman of “Passing on the Torch” National Education Activity Series of Education Bureau. Mr. Lung is currently a member of the National Committee of the Chinese People’s Political Consultative Conference and Justice of the Peace of Hong Kong Special Administrative Region. He has also been a non-executive director of Lamtex Holdings Limited (formerly known as China New Energy Power Group Limited), which is listed on the Main Board of the Stock Exchange since 31 July 2015. From 17 June 2015 to 28 July 2015, he served as an independent non-executive director of China Ocean Fishing Holdings Limited, a company listed on the Main Board of the Stock Exchange. From 20 June 2014 to 26 June 2015, he also served as an independent non-executive director of Mega Medical Technology Limited, a company listed on the Main Board of the Stock Exchange.

Mr. LI Kit Chee (“**Mr. Li**”), aged 62, was appointed as an independent non-executive Director on 31 March 2013 and was re-elected at the annual general meeting of the Company held on 23 August 2016. Mr. Li is also a member of each of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. He holds a Bachelor Degree of Social Sciences from the University of Hong Kong. He has over 33 years of experience in auditing, accounting and secretarial services and is a fellow member of both the Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants. He is a managing director of Arthur Li, Yau & Lee C.P.A. Limited, and also a managing director of Cheong Yip Corporate Services Limited which is principally engaged in corporate service related business. He has been an independent non-executive

director of Henry Group Holdings Limited since April 2007 and National Arts Entertainment and Culture Group Limited since June 2014, which are companies listed on the Main Board and the Growth Enterprise Market of the Stock Exchange respectively. He also served as an independent non-executive director of First Credit Finance Group Limited, a company listed on the Growth Enterprise Market of the Stock Exchange between November 2010 to May 2014.

### Senior Management

Mr. WONG Kay (“**Mr. K Wong**”), aged 53, re-joined the Group in January 2014. Mr. K Wong is the General Manager in charge of the Group’s Shenyang Property Development Division in the PRC. He is primarily responsible for organizing and managing the operations of the Group’s Shenyang property development business in the PRC. Mr. K Wong has over 31 years’ experience in the construction industry with more than 23 years in property development and project management in the PRC.

Miss MO Wai Ling (“**Miss Mo**”), aged 53, joined the Group in February 2008. As the Financial Controller of the Group, Miss Mo is primarily responsible for finance and accounting matters. She has over 30 years’ experience in the finance and accounting field. Miss Mo is a fellow member of The Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants.

Miss WANG Xiaoqiong (“**Miss Wang**”), aged 31, was appointed as the joint Group Financial Controller of the Group in July 2016. Miss Wang is primarily responsible for finance and accounting matters. She has over 9 years’ experience in the finance and accounting field. Miss Wang is qualified as a fellow member of Institute of Public Accountants, China Intermediate Economist and a Senior International Finance Manager certified by the International Finance Management Association.

Mr. LAI Kok Wai (“**Mr. Lai**”), aged 58, joined the Group in July 1994. As a Director of Tysan Foundation Holdings Limited, Tysan Foundation Limited, Tysan Foundation Geotechnical Limited, Tysan Contractors (Hong Kong) Limited and Tysan Construction (Macau) Limited, Mr. Lai is responsible for the planning, coordinating and controlling of the technical operations and administration of the Foundation Division. He has over 36 years’ experience in civil engineering, building and foundation design and construction works and is a member of both The Hong Kong Institution of Engineers (MHKIE) and The Institution of Civil Engineers United Kingdom (MICE). Mr. Lai also represents Tysan Foundation Limited to sit in various Government’s panels and committees. Mr. Lai is also a Director of Proficiency Engineering Limited and Proficiency Equipment Limited. He is also responsible for the business development and management of machinery leasing and trading.

Miss WONG Suk Han Kitty (“**Miss Wong**”), aged 53, joined the Group in June 2007. As the Company Secretary of the Group and Director of Corporate Affairs, Miss Wong is primarily responsible for company secretarial matters, legal, human resources and administration, and investor relations matters. She has over 20 years of experience in the corporate finance and legal fields. Miss Wong is a Solicitor qualified in Hong Kong and has been admitted as a Solicitor of the Supreme Court in England and Wales.

**Business address of the Directors and Senior Managers**

The business address of the Directors and the Senior Managers disclosed above is the same as the Company's head office and principal place of business in Hong Kong located at 20th Floor, One Island South, No. 2 Heung Yip Road, Wong Chuk Hang, Hong Kong.

**11. CORPORATE INFORMATION AND THE PARTIES INVOLVED IN THE RIGHTS ISSUE**

<b>Registered Office</b>	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
<b>Head Office and Principal Place of Business in Hong Kong</b>	20th Floor, One Island South No. 2 Heung Yip Road Wong Chuk Hang Hong Kong
<b>Authorised Representatives</b>	Mr. FUNG Chiu Chak, Victor 20th Floor, One Island South No. 2 Heung Yip Road Wong Chuk Hang Hong Kong  Mr. CHIU Chin Hung 20th Floor, One Island South No. 2 Heung Yip Road Wong Chuk Hang Hong Kong
<b>Company Secretary</b>	Ms. WONG Suk Han, Kitty
<b>Auditor and Reporting Accountants</b>	Ernst & Young 22/F., CITIC Tower 1 Tim Mei Avenue Central Hong Kong

**Principal Bankers**

BNP Paribas Hong Kong Branch  
63/F., Two IFC  
8 Finance Street  
Central  
Hong Kong

Hang Seng Bank Limited  
Hang Seng Bank Building  
83 Des Voeux Road Central  
Hong Kong

Shanghai Commercial Bank Limited  
12 Queen's Road Central  
Hong Kong

The Hongkong and Shanghai Banking Corporation  
Limited  
1 Queen's Road Central  
Hong Kong

**Branch Share Register and Transfer  
Office in Hong Kong**

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

**Underwriters**

CCB International Capital Limited  
12/F., CCB Tower  
3 Connaught Road Central  
Central  
Hong Kong

HNA Finance I Co., Ltd.  
26/F., Three Pacific Place  
No. 1 Queen's Road East  
Admiralty  
Hong Kong

**Financial Adviser to the Company**

Hong Kong International Capital Management Limited  
26/F., Three Pacific Place  
No.1 Queen's Road East  
Admiralty  
Hong Kong

**Legal Advisors to the Company**

*as to Hong Kong Law*  
Reed Smith Richards Butler  
20/F., Alexandra House  
18 Chater Road  
Central  
Hong Kong

*as to PRC Law*  
Global Law Office  
15/F. Tower 1, China Central Place  
No. 81 Jianguo Road Chaoyang District  
Beijing 100025  
PRC

*as to BVI Law*  
Conyers, Dill & Pearman  
2901 One Exchange Square  
8 Connaught Place  
Central  
Hong Kong

*as to Canada Law*  
Boughton Law Corporation  
700 - 595 Burrard Street  
Vancouver  
BC V7X 1S8  
Canada

*as to Thailand Law*  
Bangkok International Associates  
17/F., ITF Tower  
140/36-38 Silom Road  
Bangkok 10500  
Thailand

**Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders**

Anglo Chinese Corporate Finance, Limited  
40/F., Two Exchange  
Square 8 Connaught Place  
Central  
Hong Kong

**12. EXPENSES**

The expenses in connection with the Rights Issue, including the financial advising fees, printing, registration, translation, legal and accounting fees are estimated to be not less than approximately HK\$4 million and are payable by the Company.

**13. 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 from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and Bye-laws of the Company;
- (b) the annual reports of the Company for the nine months ended 31 December 2016 and the financial year ended 31 March 2016;
- (c) the letter from the Independent Board Committee, the text of which is set out on pages 34 to 35 of this circular;
- (d) the letter from Anglo Chinese, the text of which is set out on pages 36 to 63 of this circular;
- (e) the independent reporting accountants' assurance report on the unaudited pro forma financial information of the Group issued by Ernst & Young set out in Appendix II of this circular;
- (f) the written consents referred to in the section headed "8. Qualification and Consent of Experts" of this Appendix III;
- (g) the material contracts referred to in the section headed "7. Material Contracts" of this Appendix III;
- (h) the circulars dated 13 March 2017 and 28 April 2017 in respect of the Top Genius Acquisition and Milway Acquisition; and
- (i) this circular.



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## NOTICE OF SGM

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

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 687)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**SGM**”) of Hong Kong International Construction Investment Management Group Co., Limited (the “**Company**”) will be held at 10:00 a.m. on Thursday, 18 May 2017 at 20th Floor, One Island South, No. 2 Heung Yip Road, Wong Chuk Hang, Hong Kong for the purpose of considering and, if thought fit, passing with or without modification, the following resolutions as ordinary resolutions of the Company:

#### ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the increase of the authorised share capital of the Company from HK\$200 million divided into 2,000,000,000 shares of par value of HK\$0.10 each (the “**Share(s)**”) to HK\$600 million divided into 6,000,000,000 Shares by the creation of an additional 4,000,000,000 Shares (the “**Authorised Share Capital Increase**”) be and is hereby approved; and
- (b) any director of the Company be and is hereby authorised to do all acts, deeds and things and to sign and execute all documents as he may, at his absolute discretion, deem incidental to, ancillary to or in connection with the matters contemplated in and for completion of the Authorised Share Capital Increase.”

2. “**THAT** subject to the passing of resolution number 1 above and conditional upon: (i) the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant (subject to allotment) and not having revoked the listing of and permission to deal in the Rights Shares (as defined below) to be allotted and issued to the shareholders of the Company (the “**Shareholders**”) pursuant to the terms and conditions of the Rights Issue (as defined below); and (ii) the Underwriting Agreement (as defined in the circular of the Company dated 29 April 2017 (the “**Circular**”)) becoming unconditional and not being terminated in accordance with its terms:

- (a) the issue by way of rights (the “**Rights Issue**”) of 2,268,331,806 new Shares (each a “**Rights Share**”) to the Shareholders (the “**Qualifying Shareholders**”) whose names appear on the register of members of the Company at 4:30 p.m. on Friday, 26 May 2017 (the “**Record Date**”) (or such other date as the Company may determine and notify the

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## NOTICE OF SGM

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Underwriters (as defined in the Circular) in writing) other than those Shareholders whose registered addresses as shown on the register of members of the Company as at 4:30 p.m. on the Record Date are in any place outside Hong Kong and whom the board of directors of the Company (the “**Board**”), based on the enquiry made by the Board, consider it necessary or expedient not to offer the Rights Shares to such Shareholders (the “**Excluded Shareholders**”) on account of the legal restrictions under the laws of the relevant overseas place(s) and/or the requirements of the relevant regulatory body or stock exchange in such place(s), in the proportion of two (2) Rights Shares for every one (1) Share then held on the Record Date at the subscription price of HK\$4.08 per Rights Share and otherwise on the terms and conditions set out in the Circular be and is hereby approved;

- (b) the underwriting agreement (the “**Underwriting Agreement**”) dated 28 March 2017 (as amended and supplemented by side letters dated 20 April 2017 and 25 April 2017) entered into between and amongst the Company, HNA Finance I Co., Limited and CCB International Capital Limited in relation to the Rights Issue and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (c) the Board or a committee thereof be and is hereby authorised to allot and issue the Rights Shares (in both nil-paid and fully paid forms) pursuant to or in connection with the Rights Issue on the terms and conditions set out in the Circular and to make such exclusions or other arrangements in relation to the Excluded Shareholders and to make such arrangements for application by the Shareholders (other than the Excluded Shareholders) for the Rights Shares in excess of their entitlement under the Rights Issue, as it may, at its absolute discretion, deem necessary, desirable or expedient; and
- (d) the performance of all transactions contemplated under the Rights Issue be and is hereby approved, confirmed and ratified and any director of the Company be and is hereby authorised to do all acts, deeds and things and to sign and execute all documents as he may, at his absolute discretion, deem necessary, desirable or expedient to carry out or to give effect to the Rights Issue, the Underwriting Agreement and any or all transactions contemplated thereunder.”

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

Hong Kong, 29 April 2017

*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

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## NOTICE OF SGM

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*Notes:*

1. Any Shareholder entitled to attend and vote at the above SGM shall be entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. A proxy need not be a Shareholder. A Shareholder may appoint a proxy in respect of only part of his/her/its holding of Shares.
2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be deposited with the Company at the Company's principal office in Hong Kong at 20th Floor, One Island South, 2 Heung Yip Road, Wong Chuk Hang, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjourned meeting thereof.
3. For the purpose of the SGM, in order to qualify for attending and voting at the SGM, duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share register, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Monday, 15 May 2017. The Register of Members of the Company will be closed from Tuesday, 16 May 2017 to Thursday, 18 May 2017 (both dates inclusive), during which period no transfer of Shares will be registered.
4. Each of the ordinary resolutions set out above will be determined by way of a poll.

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