HONG KONG INTERNATIONAL CONSTRUCTION INVESTMENT MANAGEMENT GROUP CO., LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code : 687)

ANNOUNCEMENT OF RESULTS FOR THE PERIOD FROM 1 APRIL 2016 TO 31 DECEMBER 2016

The board of directors (the "Board") of Hong Kong International Construction Investment Management Group Co., Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the period from 1 April 2016 to 31 December 2016 together with the comparative figures for the year ended 31 March 2016 as follows:

Consolidated Statement of Profit or Loss

	Notes	**Period from 1 April 2016 to 31 December 2016** *HK$'000*	Year ended 31 March 2016 *HK$'000*
REVENUE	3	**3,030,560**	4,057,316
Cost of sales		**(2,455,043)**	(3,132,343)
Gross profit		**575,517**	924,973
Other income and gains, net	4	**56,149**	146,411
Selling expenses		**(32,722)**	(50,767)
Administrative expenses		**(57,681)**	(51,145)
Management incentive bonus	6	**(192,408)**	(3,482)
Changes in fair value of investment properties		**23,215**	32,390
Other expenses, net		**(8,007)**	(35,047)
Finance costs	5	**(9,065)**	(11,496)
PROFIT BEFORE TAX	6	**354,998**	951,837
Income tax expense	7	**(226,641)**	(439,329)
PROFIT FOR THE PERIOD/YEAR		**128,357**	512,508
Attributable to:			
Ordinary equity holders of the Company		**134,050**	396,874
Non-controlling interests		**(5,693)**	115,634
		128,357	512,508
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic		**HK13.71 cents**	HK45.37 cents
Diluted		**N/A**	N/A

Consolidated Statement of Comprehensive Income

	Period from 1 April 2016 to 31 December 2016	Year ended 31 March 2016
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD/YEAR	**128,357**	512,508
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
Other comprehensive expenses to be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange difference on translation of foreign operations	**(135,794)**	(107,381)
Release of exchange difference upon disposal of subsidiaries	**—**	(36,527)
Release of exchange difference upon liquidation of a subsidiary	**—**	(500)
Net other comprehensive expenses to be reclassified to profit or loss in subsequent periods	**(135,794)**	(144,408)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gain on property revaluation	**5,524**	—
Income tax effect	**(1,395)**	—
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**4,129**	—
OTHER COMPREHENSIVE EXPENSES FOR THE PERIOD/YEAR, NET OF TAX	**(131,665)**	(144,408)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD/YEAR	**(3,308)**	368,100
Attributable to:		
Ordinary equity holders of the Company	**2,385**	252,466
Non-controlling interests	**(5,693)**	115,634
	(3,308)	368,100

Consolidated Statement of Financial Position

	Notes	**31 December 2016** **HK$'000**	31 March 2016 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**296,983**	333,405
Investment properties		**189,250**	172,636
Prepayments, deposits and other receivables		**4,143**	1,386
Interests in an associate	10	**—**	—
Other assets		**1,080**	1,350
Available-for-sale investment		**1,112**	1,197
Derivative financial instrument		**39,721**	8,533
Deferred tax assets		**52,456**	49,133
Total non-current assets		**584,745**	567,640
CURRENT ASSETS			
Properties under development		**14,286**	1,772,959
Inventories		**16,511**	23,551
Properties held for sale		**1,883,003**	302,596
Amounts due from customers for contract works		**295,893**	116,625
Trade and retention receivables	11	**797,878**	727,243
Prepayments, deposits and other receivables		**70,670**	283,542
Tax prepaid		**5,523**	7,480
Time deposits		**1,527,486**	1,303,589
Cash and bank balances		**330,962**	502,830
Total current assets		**4,942,212**	5,040,415
CURRENT LIABILITIES			
Trade and retention payables and accruals	12	**977,666**	634,734
Other payables, deposits received and receipts in advance		**145,223**	40,155
Amounts due to customers for contract works		**419,304**	660,898
Deposits received		**98,267**	214,233
Interest-bearing bank borrowings		**127,777**	198,568
Tax payable		**343,624**	279,206
Total current liabilities		**2,111,861**	2,027,794
NET CURRENT ASSETS		**2,830,351**	3,012,621
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,415,096**	3,580,261

Consolidated Statement of Financial Position (continued)

	Note	**31 December 2016** **HK$'000**	31 March 2016 *HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,415,096**	3,580,261
NON-CURRENT LIABILITIES			
Accrual	12	**—**	4,387
Interest-bearing bank borrowings		**347,433**	658,378
Deferred tax liabilities		**107,933**	140,304
Total non-current liabilities		**455,366**	803,069
Net assets		**2,959,730**	2,777,192
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital		**113,416**	87,466
Reserves		**2,835,955**	2,600,937
		2,949,371	2,688,403
Non-controlling interests		**10,359**	88,789
Total equity		**2,959,730**	2,777,192

Notes:

1. CHANGE OF FINANCIAL YEAR END DATE

During the period, the board of directors of the Company resolved to change the financial year end date of the Company from 31 March to 31 December effective from 31 December 2016 in order to align the financial year end date of the Company with HNA Group Co., Ltd., the intermediate holding company of the Company. The consolidated financial statements presented for the current period therefore covered a nine-month period from 1 April 2016 to 31 December 2016. The corresponding comparative amounts presented for the consolidated statements of profit or loss, the consolidated statement of comprehensive income and related notes, which are prepared for the year ended 31 March 2016, may not be comparable with amounts shown for the current period.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES AND ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) The Group has adopted the following new and revised HKFRSs for the first time for the current period's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

The adoption of the above new and revised standards has had no significant financial effect on these financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES AND ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

(b) The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[2]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[2]
HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]

1 Effective for annual periods beginning on or after 1 January 2017

2 Effective for annual periods beginning on or after 1 January 2018

3 Effective for annual periods beginning on or after 1 January 2019

4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES AND ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

(b) (continued)

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases - Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt HKFRS 16 on 1 January 2019 and is currently assessing the impact of HKFRS 16 upon adoption.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Group expects to adopt the amendments from 1 January 2017.

3. OPERATING SEGMENT INFORMATION

Period from 1 April 2016 to 31 December 2016

	Foundation piling HK$'000	Property development HK$'000	Property investment and management HK$'000	Corporate and others HK$'000	Elimination HK$'000	Consolidated HK$'000
Segment revenue:						
Sales to external customers	2,115,532	886,388	2,165	26,475	—	3,030,560
Intersegment sales	—	—	—	1,311	(1,311)	—
Other income and gains, net	9,863	6,508	320	1,561	—	18,252
Total	2,125,395	892,896	2,485	29,347	(1,311)	3,048,812
Segment results	274,707	322,172	(9,678)	(68,627)		518,574
Management incentive bonus	(48,797)	(48,102)	—	(95,509)		(192,408)
Interest income						10,235
Fair value gains on derivative instruments - transaction not qualifying as hedge						27,662
Finance costs						(9,065)
Profit before tax						354,998
Income tax expense						(226,641)
Profit for the period						128,357

3. **OPERATING SEGMENT INFORMATION (continued)**

Period from 1 April 2016 to 31 December 2016

	Foundation piling *HK$'000*	Property development *HK$'000*	Property investment and management *HK$'000*	Corporate and others *HK$'000*	Consolidated *HK$'000*
Assets and liabilities					
Segment assets	1,319,838	2,307,417	26,399	248,117	3,901,771
Unallocated					1,625,186
					5,526,957
Segment liabilities	1,027,998	481,215	7,697	123,550	1,640,460
Unallocated					926,767
					2,567,227
Other segment information:					
Depreciation	40,921	1,106	11	14,778	56,816
Impairment of trade receivables	—	—	—	25	25
Write-back of impairment of other receivables, net	—	—	(50)	—	(50)
Loss/(gain) on disposal and write-off of items of property, plant and equipment	(8,837)	297	—	(70)	(8,610)
Gain on disposal of a subsidiary	—	—	—	(126)	(126)
Changes in fair value of investment properties	—	(23,215)	—	—	(23,515)
Capital expenditure	13,522	766	—	8,948	23,236

3. **OPERATING SEGMENT INFORMATION (continued)**

Year ended 31 March 2016

	Foundation piling *HK$'000*	Property development *HK$'000*	Property investment and management *HK$'000*	Corporate and others *HK$'000*	Elimination *HK$'000*	Consolidated *HK$'000*
Segment revenue:						
Sales to external customers	3,018,427	959,964	26,177	52,748	—	4,057,316
Intersegment sales	—	194	—	964	(1,158)	—
Other income and gains, net	5,340	3,701	114,386	2,136	—	125,563
Total	3,023,767	963,859	140,563	55,848	(1,158)	4,182,879
Segment results	394,605	515,014	125,366	(86,927)		948,058
Management incentive bonus	(698)	(1,393)	—	(3,482)		(5,573)
Interest income						15,546
Fair value gains on derivative instruments - transaction not qualifying as hedge						5,302
Finance costs						(11,496)
Profit before tax						951,837
Income tax expense						(439,329)
Profit for the year						512,508

3. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 March 2016

	Foundation piling *HK$'000*	Property development *HK$'000*	Property investment and management *HK$'000*	Corporate and others *HK$'000*	Consolidated *HK$'000*
Assets and liabilities					
Segment assets	1,171,984	2,480,806	322,895	263,635	4,239,320
Unallocated					1,368,735
					5,608,055
Segment liabilities	1,104,147	420,554	6,428	23,278	1,554,407
Unallocated					1,276,456
					2,830,863
Other segment information:					
Depreciation	58,814	838	36	20,265	79,953
Impairment of trade receivables	—	—	—	4	4
Impairment/(write-back of impairment) of other receivables, net	—	—	(194)	293	99
Loss/(gain) on disposal and write-off of items of property, plant and equipment	4,891	131	—	(2,118)	2,904
Gain on disposal of subsidiaries, net	—	—	(112,852)	—	(112,852)
Changes in fair value of investment properties	—	(32,390)	—	—	(32,390)
Capital expenditure	23,206	2,785	—	4,263	30,254

3. **OPERATING SEGMENT INFORMATION (continued)**

Geographical information

(a) Revenue from external customers

	Hong Kong		Macau		Elsewhere in the PRC		Consolidated	
	Period from 1 April 2016 to 31 December 2016	Year ended 31 March 2016	**Period from 1 April 2016 to 31 December 2016**	Year ended 31 March 2016	**Period from 1 April 2016 to 31 December 2016**	Year ended 31 March 2016	**Period from 1 April 2016 to 1 December 2016**	Year ended 31 March 2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**2,141,464**	3,053,602	**543**	17,573	**888,553**	986,141	**3,030,560**	4,057,316

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	Hong Kong		Macau		Elsewhere in the PRC		Consolidated	
	31 December 2016	31 March 2016	**31 December 2016**	31 March 2016	**31 December 2016**	31 March 2016	**31 December 2016**	31 March 2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	336,820	336,734	**—**	—	**195,469**	181,773	**532,289**	518,507

The non-current assets information above is based on the locations of the assets and excludes deferred tax assets.

Information about a major customer

Revenue of approximately HK$554,702,000 (year ended 31 March 2016: HK$1,130,196,000) was derived from sales by the foundation piling segment to a single customer.

4. OTHER INCOME AND GAINS, NET

	Period from 1 April 2016 to 31 December 2016	Year ended 31 March 2016
	HK$'000	*HK$'000*
Other income and gains, net:		
Interest income	**10,235**	15,546
Insurance claims	**4**	4,164
Subsidy income*	**205**	226
Fair value gains on derivative instruments - transaction not qualifying as hedge	**27,662**	5,302
Management service income	**312**	413
Gain on disposal of subsidiaries, net (note 16)	**126**	112,852
Gain on disposal of items of property, plant and equipment	**8,610**	—
Others	**8,995**	7,908
	56,149	146,411

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

5. FINANCE COSTS

	Period from 1 April 2016 to 31 December 2016	Year ended 31 March 2016
	HK$'000	*HK$'000*
Interest on bank borrowings and overdrafts	**15,621**	16,860
Less: Interest capitalised in properties under development	**(6,556)**	(5,364)
	9,065	11,496

6. PROFIT BEFORE TAX

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

	Period from 1 April 2016 to 31 December 2016	Year ended 31 March 2016
	HK$'000	*HK$'000*
Depreciation	**56,816**	79,953
Management incentive bonus[#]	**192,408**	5,573
Impairment of trade receivables	**25**	4
Impairment/(write-back of impairment) of other receivables, net	**(50)**	99
Loss/(gain) on disposal and write-off of items of property, plant and equipment	**(8,610)**	2,904
Gain on disposal of subsidiaries, net	**(126)**	(112,852)
Fair value gains on derivative instruments - transaction not qualifying as hedge	**(27,662)**	(5,302)
Impairment of an amount due from an associate	**2**	11

[#] The Group has adopted an incentive scheme in favour of its executive directors and senior management. The management incentive bonus is calculated by reference to dividends declared by the Company and in the event that there is a change in control of the Company, unvested rights in this incentive scheme will vest immediately and no further grants will be made but an aggregate payment equal to 4.5% of the value of the Company will be made to the participants in that incentive scheme. The change of the controlling shareholder of the Company, which was completed on 30 June 2016, triggered an aggregate payment of approximately HK$197,981,000 under the incentive scheme, out of which HK$192,408,000 was recorded as an expense for the period ended 31 December 2016. During the year ended 31 March 2016, total management incentive bonus of HK$5,573,000 was recorded as an expense, out of which HK$2,091,000 was included in "Cost of sales" in the consolidated statement of profit or loss.

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (year ended 31 March 2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere in the People's Republic of China (the "PRC") have been calculated at the applicable tax rate prevailing in the areas in which the Group operates.

	Period from 1 April 2016 to 31 December 2016	Year ended 31 March 2016
	HK$'000	*HK$'000*
Current:		
Provision for tax in respect of profit for the period/year:		
PRC:		
Hong Kong	**43,875**	48,947
Elsewhere	**205,999**	345,075
	249,874	394,022
Overprovision in the prior years:		
PRC:		
Hong Kong	**(60)**	(79)
Elsewhere	**(4,688)**	—
	(4,748)	(79)
Deferred tax	**(18,485)**	45,386
Total tax charge for the period/year	**226,641**	439,329

8. DIVIDENDS

	Period from 1 April 2016 to 31 December 2016	Year ended 31 March 2016
	HK$'000	*HK$'000*
Dividends paid during the period/year:		
Final in respect of the financial year ended 31 March 2016 – Nil (year ended 31 March 2015: HK15.0 cents per ordinary share)	**—**	131,200
Interim – Nil (year ended 31 March 2016: HK20.0 cents per ordinary share)	**—**	174,933
	—	306,133
Proposed final dividend:		
Final – HK10.0 cents (year ended 31 March 2016: Nil) per ordinary share	**113,416**	—

The proposed final dividend for the period is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the final dividend payable.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the period ended 31 December 2016 attributable to ordinary equity holders of the Company of HK$134,050,000 (year ended 31 March 2016: HK$396,874,000), and the weighted average number of ordinary shares of 977,751,359 (year ended 31 March 2016: 874,665,903) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the period ended 31 December 2016 and year ended 31 March 2016.

10. INTERESTS IN AN ASSOCIATE

	31 December 2016	31 March 2016
	HK$'000	*HK$'000*
Share of net assets	**—**	—
Amount due from an associate	**386**	384
	386	384
Less: Impairment	**(386)**	(384)
	—	—

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

11. TRADE AND RETENTION RECEIVABLES

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

	31 December 2016	31 March 2016
	HK$'000	*HK$'000*
Trade receivables:		
Within 90 days	**525,746**	415,191
91 to 180 days	**102**	5,205
181 to 360 days	**481**	3,535
Over 360 days	**10,392**	12,619
	536,721	436,550
Retention receivables	**261,157**	290,693
	797,878	727,243

Included in the trade and retention receivables is an amount due from a related company of HK$7,284,000 (31 March 2016: HK$572,000), which is repayable on credit terms similar to those offered to the major customers of the Group.

The Group has established credit policies that follow local industry standards. The average normal credit periods offered to trade customers other than for retention receivables are within 30 days, and are subject to periodic review by management.

12. TRADE AND RETENTION PAYABLES AND ACCRUALS

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

	31 December 2016	31 March 2016
	HK$'000	*HK$'000*
Trade payables:		
Within 90 days	**334,403**	193,460
91 to 180 days	**33**	273
Over 180 days	**347**	531
	334,783	194,264
Retention payables	**157,899**	190,870
Accruals	**484,984**	253,987
	977,666	639,121
Less: Accrual classified as non-current liabilities	**—**	(4,387)
	977,666	634,734

13. CONTINGENT LIABILITIES

(a) At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	31 December 2016	31 March 2016
	HK$'000	*HK$'000*
Guarantees in respect of performance bonds in relation to subsidiaries	**343,537**	195,469

(b) As at 31 December 2016, the Group provided guarantees in respect of mortgage facilities granted by Shenyang Housing Fund Management Center relating to the mortgage loans arranged for purchases of certain properties developed by a subsidiary of the Company and the outstanding mortgage loans under these guarantees amounted to HK$42,196,000 (31 March 2016: HK$14,277,000).

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of the relevant ownership certificates.

The fair value of the guarantees is not significant and the directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalty and therefore no provision has been made for these guarantees in the financial statements.

14. COMMITMENTS

		31 December 2016 *HK$'000*	31 March 2016 *HK$'000*
(a)	Property, plant and equipment:		
	– contracted, but not provided for	**151**	—
(b)	Construction works relating to properties under development and properties held for sale:		
	– contracted, but not provided for	**273**	393,734
(c)	Commitments under non-cancellable operating leases for land and buildings to make payments:		
	– Within one year	**25,509**	17,597
	– In the second to fifth years, inclusive	**28,643**	13,602
		54,152	31,199

15. ACQUISITION OF ADDITIONAL INTERESTS IN A SUBSIDIARY

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

The Foundation Transaction takes place in two phases. Phase 1 of the Foundation Transaction was completed on 4 July 2016 when the Company paid cash of HK$732,192,000 to acquire 35% equity interest in TFHKL (the "Phase 1 Transaction"). Immediately after the completion of Phase 1 Transaction, the Company's equity interest in TFHKL increased from 60% to 95%. Such transaction was accounted for as an equity transaction and the debit difference of HK$694,919,000 between the consideration of HK$732,192,000 and the carrying amount of the non-controlling interest of HK$37,273,000 was recorded in the retained profits in the equity. Phase 2 of the Foundation Transaction, in which the Company will pay cash of HK$104,598,000 to acquire the remaining 5% equity interest in TFHKL, shall take place on or before 30 June 2017.

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

16. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Trevino Worldwide Limited

On 1 April 2016, the Group and an independent third party (the "Trevino Purchaser") entered into a sale and purchase agreement pursuant to which, the Trevino Purchaser acquired the 100% equity interest in Trevino Worldwide Limited ("Trevino") and the interest-free shareholder's loan of HK$307,000 owing by Trevino to the Group at a total consideration of HK$396,000 (the "Trevino Disposal"). The Trevino Disposal was completed on 5 April 2016. Trevino was an investment holding company which held a golf club membership.

	31 December 2016 *HK$'000*
Net assets disposed of:	
Other assets	270
Loan from the Group	(307)
	(37)
Loan from the Group assigned	307
Gain on disposal of a subsidiary	126
	396
Satisfied by:	
Cash consideration	396

An analysis of the net inflow of cash and cash equivalents in respect of the Trevino Disposal during the period is as follows:

	31 December 2016 *HK$'000*
Cash consideration and inflow of cash and cash equivalents in respect of the Trevino Disposal	396

16. DISPOSAL OF SUBSIDIARIES (continued)

(b) Disposal of Hiat Investment Limited

On 11 December 2015, the Group and an independent third party (the "Hiat Investment Purchaser"), entered into a sale and purchase agreement pursuant to which, the Hiat Investment Purchaser acquired the entire equity interest in Hiat Investment Limited and the interest-free shareholder's loan of HK$23,495,000 owing by Hiat Investment Limited to the Group at a total consideration of RMB87,500,000 (equivalent to HK$105,577,000) (the "Hiat Investment Disposal"). The Hiat Investment Disposal was completed on 11 December 2015. Hiat Investment Limited was principally engaged in property leasing and management business in Shanghai and the registered owner of the whole of Block B and twenty-five car parks of Aidu Apartment located in Shanghai for residential use.

During the year ended 31 March 2016, a cash consideration of RMB83,000,000 (equivalent to HK$100,192,000) was received. The remaining consideration of RMB4,500,000 (equivalent to HK$5,349,000) was received during the period ended 31 December 2016.

	31 March 2016 *HK$'000*
Net assets disposed of:	
Property, plant and equipment	43
Investment properties	134,812
Prepayments, deposits and other receivables	153
Cash and bank balances	63
Trade payables and accruals	(132)
Other payables	(3)
Deferred tax liabilities	(13,456)
Loan from the Group	(23,495)
	97,985
Release of exchange fluctuation reserve	(13,898)
Loan from the Group assigned	23,495
Loss on disposal of a subsidiary	(2,005)
	105,577
Satisfied by:	
Cash consideration	100,192
Other receivables	5,385
Total consideration	105,577

16. DISPOSAL OF SUBSIDIARIES (continued)

(b) Disposal of Hiat Investment Limited (continued)

An analysis of the net inflow of cash and cash equivalents in respect of the Hiat Investment Disposal during the year ended 31 March 2016 was as follows:

	31 March 2016 *HK$'000*
Cash consideration	100,192
Cash and bank balances disposed of	(63)
Net inflow of cash and cash equivalents in respect of the Hiat Investment Disposal	100,129

(c) Disposal of Shanghai China Garden International Real Estate Development & Management Company Limited

On 17 November 2015, the Group and an independent third party (the "Shanghai China Garden Purchaser"), entered into a sale and purchase agreement, pursuant to which the Shanghai China Garden Purchaser acquired the entire equity interest in Shanghai China Garden International Real Estate Development & Management Company Limited ("Shanghai China Garden") at a consideration of RMB318,527,000 (equivalent to HK$375,767,000) (the "Shanghai China Garden Disposal"). The Shanghai China Garden Disposal was completed on 1 February 2016. Shanghai China Garden was principally engaged in property leasing and management business in Shanghai and was the registered owner of the residential properties known as "China Garden" in Shanghai.

During the year ended 31 March 2016, a cash consideration of RMB141,750,000 (equivalent to HK$164,218,000) was received. The remaining consideration of RMB176,777,000 (equivalent to HK$210,591,000) was received during the period ended 31 December 2016.

16. DISPOSAL OF SUBSIDIARIES (continued)

(c) Disposal of Shanghai China Garden International Real Estate Development & Management Company Limited (continued)

	31 March 2016 *HK$'000*
Net assets disposed of:	
Property, plant and equipment	48
Investment properties	353,910
Inventories	9
Prepayments, deposits and other receivables	95
Cash and bank balances	14,265
Trade payables and accruals	(3,137)
Other payables, deposits received and receipt in advance	(7,045)
Deferred tax liabilities	(74,606)
	283,539
Release of exchange fluctuation reserve	(22,629)
Gain on disposal of a subsidiary	114,857
	375,767
Satisfied by:	
Cash consideration	164,218
Other receivables	211,549
Total consideration	375,767

An analysis of the net inflow of cash and cash equivalents in respect of the Shanghai China Garden Disposal during the year ended 31 March 2016 was as follows:

	31 March 2016 *HK$'000*
Cash consideration	164,218
Cash and bank balances disposed of	(14,265)
Net inflow of cash and cash equivalents in respect of the Shanghai China Garden Disposal	149,953

Further details of the Shanghai China Garden Disposal were disclosed in the Company's announcement dated 17 November 2015.

DIVIDEND

The Board has resolved to recommend a final dividend payment of HK$0.10 (year ended 31 March 2016: Nil) per share to shareholders whose names appear on the Company's register of members on 18 May 2017. No interim dividend was declared for the six months ended 30 September 2016 (period ended 30 September 2015: HK$0.20 per share). Subject to shareholders' approval at the forthcoming annual general meeting, the proposed final dividend will be paid on or before 8 June 2017.

CLOSURE OF REGISTER OF MEMBERS

(i) The Register of Members of the Company will be closed on Wednesday, 10 May 2017 during which period no transfer of share will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the forthcoming annual general meeting. In order to be entitled to attend and vote at the forthcoming annual general meeting, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Branch Registrars in Hong Kong, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 9 May 2017.

(ii) from Tuesday, 16 May 2017 to Thursday, 18 May 2017 (both dates inclusive) during which period no transfer of share will be registered, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Branch Registrars in Hong Kong, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 15 May 2017.

BUSINESS REVIEW

Hong Kong Market

Foundation Piling

During the nine months ended 31 December 2016 (the "Period"), turnover of the Group's foundation piling segment was HK$2,115 million. Its contribution to net profit, representing segment result less share of management incentive bonus, was HK$226 million as compared to HK$394 million last year. The Group's major contracts on hand include, inter alia, the public housing developments in Wong Tai Sin, Pak Tin Estates and Fanling, private residential developments in Tseung Kwan O, Kwun Tong, North Point, Pak Shek Kok, and commercial developments in Wong Chuk Hang, Kwun Tong, Pak Shek Kok and Yuen Long. During the Period, EBITDA for the foundation piling segment was HK$268 million as compared to HK$455 million last year. The overall EBITDA margin for the segment was 13% for the Period.

PRC Market

Property Development

The Waterfront

During the Period, the Group's residential project in Shanghai, The Waterfront, recognized a revenue of HK$30 million as compared to HK$466 million last year and contribution to net profit of HK$11 million (year ended 31 March 2016: HK$302 million).

The unsold area of The Waterfront as at 31 December 2016 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.

Due to the tightening policies introduced in October and November 2016, the overall Shanghai residential market has slowed down in terms of number of transactions but the average unit price remains stable. As there is only one unsold residential unit which is of such a unique nature, it is not intended to dispose of it by substantial reduction in price. Despite the unfavourable retail market sentiment in Shanghai, all the retail shops and the historic building at The Waterfront have been leased out.

The Riverside

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

During the Period, a revenue of HK$569 million was recognized as compared to HK$488 million last year and contribution to net profit increased from HK$228 million last year to HK$305 million.

The unsold area of The Riverside as at 31 December 2016 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.

The residential market sentiment in Tianjin was very positive in 2016 and both transaction volume and average unit price have reached record high. The Riverside has benefited from the overall market sentiment and there is only one unsold unit.

The retail shops would be reinstated for leasing or disposal.

The Pinnacle

The Pinnacle is located at Huanggu District in Shenyang with a site area of about 41,209 sqm and a GFA of about 165,000 sqm. The Pinnacle comprises both residential and commercial developments. Construction works had substantially completed and handover of the units to the buyers commenced in mid-September 2016. As the units are available for inspection and occupancy, it is expected that the confidence of our potential customers will increase hence improving the pace of sale in 2017.

During the Period, a revenue of HK$286 million was recognized and contribution to net profit was about HK$3 million.

The unsold area of The Pinnacle as at 31 December 2016 is outlined below:

Residential: About 74,000 sqm;
Car Park: About 972 car park units;
Non-Residential: About 62,665 sqm, representing primarily street front retail shops, The Pinnacle's clubhouse, and a commercial building with a podium.

The sale of residential units of The Pinnacle has also benefited from the Central Government's policies on reduction in housing inventories. As for the overall market sentiment for retailed office in Shenyang, the over supply situation has created tremendous adverse impact. Disposal or leasing of the office and retail shops of The Pinnacle remains challenging.

During the Period, EBITDA for the property development segment was HK$330 million as compared to HK$528 million last year. The overall EBITDA margin was 37% for the Period.

Property Investment and Management

During the Period, the Group has realized some of its investment properties and turnover of the property investment division was HK$2 million as compared to HK$26 million last year.

PROSPECTS

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 by reduced profit margins given market factors such as labour shortages, rising operating costs and intensification of competition since 31 March 2016 and up to the financial period ended 31 December 2016. Based on the tenders it has submitted after 31 March 2016, being its most recent financial year end, it has been observed by the Group that successful tenders for the Group or others have been achieved at levels of decreased profit margins as compared to the average profit margin achieved by the Group for the most recent financial year ended 31 March 2016 and this trend is expected to affect the Group's financial results for the financial year ending 31 December 2017.

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 is expected to remain steady due to uniqueness of our products in terms of quality and value. Construction of the property development project in Shenyang 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 availability units are available 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 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.

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". 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.

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 31 December 2016 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.

FINANCIAL REVIEW

The Group continues to adopt a prudent financing policy and sustain a sound capital structure with healthy cashflow. As at 31 December 2016, the Group's cash on hand was approximately HK$1,858 million (31 March 2016: HK$1,806 million) while total assets and net assets (after deducting non-controlling interests) were approximately HK$5,527 million (31 March 2016: HK$5,608 million) and HK$2,949 million (31 March 2016: HK$2,688 million), respectively. As at 31 December 2016, the Group's net current assets amounted to HK$2,830 million. As at 31 December 2016, the Group did not have any net debt and recorded a net cash balance of HK$1,383 million, while the Group recorded a net cash balance of HK$949 million as at 31 March 2016. Contingent liabilities in relation to guarantees of performance bonds increased from HK$195 million as at 31 March 2016 to HK$344 million as at 31 December 2016 while guarantees for end user mortgage loans amounted to HK$42 million. Certain of the Group's assets with a book value of approximately HK$169 million have been pledged to secure certain banking facilities of the Group. The Group's bank borrowings were primarily denominated in Hong Kong dollars. Currency exposure has been monitored and forward contracts will be considered as required.

EMPLOYMENT AND REMUNERATION POLICIES

The Group, including its subsidiaries in Hong Kong, Macau and the PRC, employed approximately 1,270 employees as at 31 December 2016. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Fringe benefits include provident fund, medical insurance and training. In addition, share options may also be granted in accordance to the terms of the Group's approved share option scheme.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the directors of the Company, the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") and Corporate Governance Report contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the period ended 31 December 2016 except for the following deviations:

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

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

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

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

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry of the Company's directors, they all confirmed that they have complied with the required standard set out in the Model Code during the period ended 31 December 2016.

AUDIT COMMITTEE

The Group's Audit Committee comprises four members, namely, Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George and Mr. Li Kit Chee, who are independent non-executive directors of the Company. The Committee conducted a review with the management such accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters including the review of the Group's consolidated results and financial statements for the period ended 31 December 2016.

The Committee has also met with the external auditors of the Company, Messrs. Ernst & Young, and reviewed the accounting principles and practices adopted by the Group and the annual results of the Group for the period ended 31 December 2016.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's results for the period from 1 April 2016 to 31 December 2016 as set out in this preliminary announcement have been agreed by the Group's independent auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the period. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Ernst & Young on this preliminary announcement.

APPRECIATION

On behalf of the Board, I would also like to express my sincere gratitude to all our staff for their dedication, hard work and contribution during the period and to thank all our shareholders for their support.

On behalf of the Board
HONG KONG INTERNATIONAL CONSTRUCTION INVESTMENT MANAGEMENT GROUP CO., LIMITED
Zhao Quan
Chairman

Hong Kong, 27 March 2017

As at the date of this announcement, 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.

Company website: www.hkicimgroup.com