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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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

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

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HONG KONG INTERNATIONAL CONSTRUCTION INVESTMENT MANAGEMENT GROUP CO., LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 687)

(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF EQUITY INTERESTS IN THREE PROJECT COMPANIES AND (2) NOTICE OF SPECIAL GENERAL MEETING

Independent Financial Adviser to the Company



A letter from the Board is set out from pages 8 to 25 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 26 to 27 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 28 to 51 of this circular.

A notice convening the SGM to be held at 10:00 a.m. on Wednesday, 27 December 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 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.

7 December 2017

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DEFINITIONS

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

“6562 Fund”	HKICIM Fund III, L.P., an exempted limited partnership established in the Cayman Islands
“6562 Fund Subscription Agreement”	the subscription agreement dated 30 November 2017 entered into by BDL III pursuant to which BDL III has agreed to commit a cash contribution of approximately HK\$594.95 million to the 6562 Fund
“6562 Fund Subscription”	the transactions contemplated under 6562 Limited Partnership Agreement and the 6562 Fund Subscription Agreement where BDL III and HKICIM GP (III) have agreed to commit a cash contribution of approximately HK\$594.95 million and HK\$38.21 million, respectively, to the 6562 Fund
“6562 Land Parcel”	the piece of land parcel known as New Kowloon Inland Lot No. 6562, on Kai Tak Area 1L Site 3, Kai Tak, Kowloon, Hong Kong with a total site area of approximately 8,803 square metres, which is held by Denco Properties Limited, an indirect subsidiary of HNA Group
“6562 Limited Partnership Agreement”	the amended and restated exempted limited partnership agreement dated 30 November 2017 entered into between BDL III and Hisea International (as limited partners) and HKICIM (GP) III (as general partner) in relation to the 6562 Fund Subscription
“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, which is held by Milway
“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, which is held by Top Genius
“6565 Fund”	HKICIM Fund II, L.P., an exempted limited partnership established in the Cayman Islands
“6565 Fund Subscription Agreement”	the subscription agreement dated 13 October 2017 entered into by BDL pursuant to which BDL has agreed to commit a cash contribution of approximately HK\$667.7 million to the 6565 Fund

DEFINITIONS

“6565 Limited Partnership Agreement”	the amended and restated exempted limited partnership agreement dated 13 October 2017 entered into between BDL and Hisea International (as limited partners) and HKICIM (GP) II (as general partner), in relation to the transaction contemplated under the 6565 Fund Subscription Agreement
“BDL”	Benefit Developments Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, a direct wholly-owned subsidiary of the Company and a limited partner of the 6565 Fund
“BDL III”	Benefit Developments III Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, a direct wholly-owned subsidiary of the Company and a limited partner of the 6562 Fund
“Board”	the board of Directors
“Carriway”	Carriway Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company
“Changning Duncan”	Shanghai Changning Duncan Property Consulting Co., Ltd.* (上海長寧頓肯房地產經紀有限公司), a company established in PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“Company”	Hong Kong International Construction Investment Management Group Co., Limited (香港國際建設投資管理集團有限公司), a company incorporated under the laws of Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Disposals”	the Shanghai Disposal, the Shenyang Disposal and the Tianjin Disposal
“Disposal Agreements”	the Shanghai Disposal Agreement, the Shenyang Disposal Agreement and the Tianjin Disposal Agreement
“Great Regent”	Great Regent Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries

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“Hisea International”	Hisea International Co., Ltd., a company incorporated under the laws of the British Virgin Islands with limited liability, a subsidiary of HNA Group and a limited partner of the 6565 Fund and 6562 Fund
“HKICIM (GP) II”	HKICIM (GP) II Limited, a company incorporated under the laws of the Cayman Islands with limited liability, an indirect wholly-owned subsidiary of the Company and a general partner of the 6565 Fund
“HKICIM (GP) III”	HKICIM (GP) III Limited, a company incorporated under the laws of the Cayman Islands with limited liability, an indirect wholly-owned subsidiary of the Company and a general partner of the 6562 Fund
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HNA Finance I”	HNA Finance I Co., Ltd., a company incorporated under the laws of Anguilla with limited liability and the controlling shareholder of the Company
“HNA Group”	HNA Group Co., Ltd., a company established under the laws of PRC and the holding company of HNA Finance I
“HNA Infrastructure Investment”	Hainan HNA Infrastructure Investment Group Co., Ltd.* (海南海航基礎設施投資集團股份有限公司), a company established in PRC with limited liability whose shares are listed on the Shanghai Stock Exchange (stock code: 600515), and a subsidiary of HNA Group
“HNA Shou Fu Investment”	Hainan HNA Shou Fu Investment Co., Ltd.* (海南海航首府投資有限公司), a company established in PRC with limited liability and a subsidiary of HNA Group
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the Disposals
“Independent Financial Adviser”	Lego Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO
“Independent Shareholders”	Shareholders (other than HNA Finance I and its associates)

DEFINITIONS

“Latest Practicable Date”	1 December 2017, being the latest practicable date prior to the publication of this circular for ascertaining certain information contained herein
“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 indirect wholly-owned subsidiary of the Company
“Milway Acquisition”	the acquisition of 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
“Milway Bank Loan”	interest bearing bank loans in the aggregate principal amount of HK\$2,979 million, with security provided by the Group and a maturity date of one year, to finance the Milway Acquisition
“Milway Bank Loan Agreement”	the facility agreement dated 2 June 2017 and accession letter dated 22 June 2017 entered into between, among others, Milway as borrower, the Company as guarantor, and three banks as lenders in respect of the Milway Bank Loan
“PRC”	the People’s Republic of China and for the purpose of this circular excludes Hong Kong, the Macao Special Administrative Region and Taiwan
“Purchasers”	HNA Shou Fu Investment and HNA Infrastructure Investment
“Red Shine”	Red Shine Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Remaining Group”	the Group immediately following completion of the Disposals
“Rights Issue”	the issue by way of rights on the terms set out in the Company’s prospectus dated 29 May 2017
“RMB”	Renminbi, the lawful currency of PRC
“Sellers”	the Shanghai Sellers, the Shenyang Seller and the Tianjin Seller

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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, among other things, the Disposals
“Shanghai Disposal”	the disposal of the entire equity interest in Tysan Shanghai by the Shanghai Sellers to HNA Shou Fu Investment pursuant to the Shanghai Disposal Agreement
“Shanghai Disposal Agreement”	the equity transfer agreement dated 13 November 2017 entered into between the Shanghai Sellers, HNA Shou Fu Investment and Tysan Shanghai in relation to the Shanghai Disposal
“Shanghai Sellers”	Great Regent, Changning Duncan, Red Shine and Carriway
“Share(s)”	ordinary shares(s) of HK\$0.10 each in the share capital of the Company
“Shareholder”	holder of the Share(s)
“Shenyang Disposal”	the disposal of the entire equity interest in Tysan Shenyang by the Shenyang Seller to HNA Infrastructure Investment pursuant to the Shenyang Disposal Agreement
“Shenyang Disposal Agreement”	the equity transfer agreement dated 13 November 2017 entered into between the Shenyang Seller, HNA Infrastructure Investment and Tysan Shenyang in relation to the Shenyang Disposal
“Shenyang Seller”	Sparkle Key Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“sqm”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Tysan Shanghai, Tysan Shenyang and Tysan Tianjin
“Tianjin Disposal”	the disposal of the entire equity interest in Tysan Tianjin by the Tianjin Seller to HNA Shou Fu Investment pursuant to the Tianjin Disposal Agreement

DEFINITIONS

“Tianjin Disposal Agreement”	the equity transfer agreement dated 13 November 2017 entered into between the Tianjin Seller, HNA Shou Fu Investment and Tysan Tianjin in relation to the Tianjin Disposal
“Tianjin Seller”	Great Prosper Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company
“Top Genius”	Top Genius Holdings Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Top Genius Acquisition”	the acquisition of 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
“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
“Tysan Foundation”	Tysan Foundation (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, a direct wholly-owned subsidiary of the Company
“Tysan Shanghai”	Tysan Land (Shanghai) Limited* (泰昇房地產(上海)有限公司), a company established in PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Tysan Shenyang”	Tysan Land (Shenyang) Limited* (泰昇房地產(瀋陽)有限公司), a company established in PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Tysan Tianjin”	Tysan Property Development (Tianjin) Co. Ltd.* (泰昇房地產開發(天津)有限公司), a company established in PRC with limited liability and an indirect wholly-owned subsidiary of the Company

DEFINITIONS

In this circular, the terms “associate”, “close associate”, “connected person”, “subsidiary” and “substantial shareholder” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

** The English names of Chinese entities included in this circular are unofficial translations of their Chinese names and are included for identification purposes only.*

Certain figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as the currency conversion or percentage equivalents may not be an arithmetic sum of such figures.

Any discrepancy in any table between totals and sums of amounts listed in this circular is due to rounding.

For the purpose of this circular, unless the context otherwise requires, conversion of Renminbi into Hong Kong dollars is based on the exchange rate of RMB1.00 to HK\$1.18. Such exchange rate used in this circular is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Renminbi has been, could have been or may be converted at such or any other rates or at all.

LETTER FROM THE BOARD



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

(incorporated in Bermuda with limited liability)

(Stock Code: 687)

Executive Directors:

Mr. HUANG Qijun (*Chairman*)

Mr. ZHAO Quan (*Vice Chairman and Chief Executive Officer*)

Mr. FUNG Chiu Chak, Victor (*Vice Chairman*)

Mr. LIU Junchun (*Vice Chairman*)

Mr. MU Xianyi

Mr. WONG Tai Lun Kenneth

Mr. MUNG Hon Ting Jackie

Non-executive Directors

Mr. TANG King Shing

Mr. TANG Kit

Independent Non-executive Directors:

Mr. FAN Chor Ho

Mr. TSE Man Bun

Mr. LUNG Chee Ming, George

Mr. LI Kit Chee

Mr. LEUNG Kai Cheung

Registered Office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Principal place of business
in Hong Kong:*

20th Floor, One Island South

No. 2 Heung Yip Road

Wong Chuk Hang

Hong Kong

7 December 2017

To the Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
DISPOSAL OF EQUITY INTERESTS IN THREE PROJECT COMPANIES**

I. INTRODUCTION

Reference is made to the announcement of the Company dated 13 November 2017, in which the Company announced that, on 13 November 2017, the Shanghai Sellers, the Shenyang Seller and the

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Tianjin Seller, each being an indirect wholly-owned subsidiary of the Company, entered into the Shanghai Disposal Agreement, the Shenyang Disposal Agreement and the Tianjin Disposal Agreement with, among other parties, HNA Shou Fu Investment and HNA Infrastructure Investment in relation to, among other things, the disposal of the entire equity interest in Tysan Shanghai, Tysan Shenyang and Tysan Tianjin by the Sellers to the Purchasers, respectively. The total consideration for the Shanghai Disposal, the Shenyang Disposal and the Tianjin Disposal are RMB585.8 million, RMB762 million and RMB435.8 million, respectively.

The purpose of this circular is to provide you with further information in relation to the Disposals.

II. THE DISPOSALS

THE SHANGHAI DISPOSAL AGREEMENT

Date

13 November 2017 (after trading hours)

Parties

Sellers: Shanghai Sellers, namely:
(1) Great Regent
(2) Changning Duncan
(3) Red Shine
(4) Carriway

Purchaser: HNA Shou Fu Investment

Target: Tysan Shanghai

Asset being disposed of

The asset being disposed of is the entire equity interest of Tysan Shanghai. As at the Latest Practicable Date, Tysan Shanghai is held as to 50% by Great Regent, 21.2% by Changning Duncan, 19.9% by Red Shine and 8.9% by Carriway.

Tysan Shanghai is a single project company established in PRC engaging in the operation of a residential and commercial property development project, namely The Waterfront, in Shanghai. It primarily derives its revenue from the sales of residential property and, to a relatively minor extent,

LETTER FROM THE BOARD

leasing of property. Details of the unsold area under The Waterfront as at 30 September 2017 are set out below:

- (i) Residential: About 1,046 sqm, representing two vacant residential units
- (ii) Car park: 11 car park units
- (iii) Commercial: About 4,761 sqm, representing (i) 13 street front retail shop units which have all been leased out; and (ii) a 3-storey historic building with a basement, which is a cultural museum for culture and exhibition use with a gross floor area of approximately 2,086 sqm and has been leased out.

The project had no pre-sold units as at 30 September 2017.

According to the original plan prior to entering into the Shanghai Disposal Agreement, all of such unsold residential units and car park units were expected to be sold out by the end of 2018.

Conditions precedent

Completion of the Shanghai Disposal is subject to the satisfaction of, or (where applicable) waiver from, the following conditions:

- (i) the Shanghai Sellers having obtained the necessary internal authorisations and approvals for entering into the Shanghai Disposal Agreement and the Shanghai Disposal in accordance with the law, articles of association and other agreements entered into by the Shanghai Sellers, and the Shanghai Sellers having delivered copies of the documents evidencing such authorisations and approvals to HNA Shou Fu Investment;
- (ii) the Company having obtained the necessary approvals from the relevant authorities (including the Stock Exchange) for the entering into of the Shanghai Disposal Agreement by the Shanghai Sellers and the transactions contemplated thereunder and the approval from the Independent Shareholders at the SGM;
- (iii) Tysan Shanghai having passed its shareholders' resolutions and board resolutions to approve the Shanghai Disposal and the appointment of new directors and legal representative nominated by HNA Shou Fu Investment;
- (iv) the business registration and filing for the Shanghai Disposal and the appointment of new directors and legal representative nominated by HNA Shou Fu Investment having been completed, the new business registration certificate having been issued and a copy thereof having been delivered to HNA Shou Fu Investment;
- (v) the filing with the relevant department of the Ministry of Commerce for the change in business category resulting from the Shanghai Disposal having been completed and a copy of the relevant confirmation having been delivered to HNA Shou Fu Investment;

LETTER FROM THE BOARD

- (vi) Tysan Shanghai having obtained all third party consents, regulatory consents, authorisations or approvals (where applicable) for the entering into of the Shanghai Disposal Agreement and the transactions contemplated thereunder and the entering into of the Shanghai Disposal Agreement and the transactions contemplated thereunder not having resulted in Tysan Shanghai contravening any applicable PRC laws;
- (vii) the Shanghai Sellers having fulfilled their obligations under the Shanghai Disposal Agreement in all material respects (including but not limited to the pre-completion undertakings with respect to the business operations);
- (viii) each and every warranty having remained true, complete and correct in all material aspects on each day up to the date of completion of the Shanghai Disposal in light of the facts and circumstances on such day;
- (ix) the Shanghai Disposal not being subject to any limitations, prohibitions or cancellations under PRC laws or judgments, awards, decisions or orders as issued by PRC courts, arbitral institutions or relevant governmental authorities and there exists no pending or potential litigation, arbitration, judgment, sentence, award or order which has or may have a material adverse effect on the Shanghai Disposal; and
- (x) there being no material adverse change in Tysan Shanghai's business, conditions (financial or otherwise), operations, business performance, assets or liabilities since 31 August 2017.

The Shanghai Sellers and Tysan Shanghai shall use all reasonable endeavours to fulfil the above conditions. HNA Shou Fu Investment may waive the above conditions (except condition (ii)) in part or in full in writing. In the event that the above conditions have not been fulfilled by reason of the conduct of the Shanghai Sellers, or have not been waived, on or before 20 December 2017, HNA Shou Fu Investment may request the other parties to the Shanghai Disposal Agreement to enter into negotiation regarding the relevant conditions. Except where the Shanghai Disposal Agreement is terminated due to governmental reasons, the Shanghai Disposal Agreement may not be terminated without unanimous consent from all parties to the agreement.

As at the Latest Practicable Date, conditions (i) and (vi) have been fulfilled.

Completion

Completion of the Shanghai Disposal shall take place on the third business day after the last condition to the Shanghai Disposal having been satisfied or, if applicable, waived, or such other date as the parties to the agreement (except Tysan Shanghai) may agree.

Upon completion of the Shanghai Disposal, the Company will cease to hold any interest in Tysan Shanghai and Tysan Shanghai will cease to be a subsidiary of the Company.

Consideration

The consideration payable by HNA Shou Fu Investment under the Shanghai Disposal Agreement is RMB585.8 million (equivalent to approximately HK\$691.2 million).

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The consideration under the Shanghai Disposal Agreement is payable by HNA Shou Fu Investment to the Shanghai Sellers in cash in the following manner:

- (i) 50% of the consideration is payable to the Shanghai Sellers on the date of completion of the Shanghai Disposal; and
- (ii) the remaining consideration is payable to the Shanghai Sellers on the 180th day after the date of completion of the Shanghai Disposal (or where such day falls on a statutory holiday, the business day immediately preceding such day).

The consideration and the terms of the Shanghai Disposal Agreement were arrived at after arm's length negotiations between the parties based on normal commercial terms with reference to, among other things, the unaudited net asset value of Tysan Shanghai of HK\$456 million as at 31 August 2017, the valuation of the unsold properties of The Waterfront held by Tysan Shanghai (i.e. the unsold area of the residential and commercial units and car park spaces under such project), and the adjusted net asset value of Tysan Shanghai (representing the total amount of the unaudited net asset value of Tysan Shanghai and the valuation surplus of the unsold properties of The Waterfront held by Tysan Shanghai) of HK\$558.5 million as at 30 September 2017. The valuation of such properties as at 30 September 2017 as valued by Vigers Appraisal & Consulting Limited was approximately RMB298.6 million.

THE SHENYANG DISPOSAL AGREEMENT

Date

13 November 2017 (after trading hours)

Parties

Seller:	Shenyang Seller
Purchaser:	HNA Infrastructure Investment
Target:	Tysan Shenyang

Asset being disposed of

The asset being disposed of is the entire equity interest of Tysan Shenyang, which is held by the Shenyang Seller as at the Latest Practicable Date.

Tysan Shenyang is a single project company established in PRC engaging in the operation of a residential and commercial property development project, namely The Pinnacle, in Shenyang.

LETTER FROM THE BOARD

It primarily derives its revenue from the sales of residential property. Details of the unsold and pre-sold area of The Pinnacle as at 30 September 2017 are set out below:

- (i) Residential: About 44,739 sqm, representing 93 pre-sold residential units with a total gross floor area of 12,083 sqm and 189 unsold vacant residential units with a total gross floor area of 32,656 sqm
- (ii) Car park: 49 pre-sold car park units and 839 unsold car park units
- (iii) Commercial: About 62,344 sqm, comprising a pre-sold storeroom, an unsold vacant shopping mall and an unsold 11-storey office block (as at the Latest Practicable Date, the office block has not been divided into units, but each floor is planned to be divided into 12 units of approximately 120 sqm each. Approximately 278 sqm (equivalent to about 3 units) has been occupied by Tysan Shenyang as its office and a total of approximately 1,482 sqm (equivalent to about 12 units) has been leased out)

A unit is considered pre-sold where a sale agreement has been executed for its sale, but the unit has not been delivered to the relevant purchaser. As at 30 September 2017, the construction of all pre-sold units under The Pinnacle had been completed and it is expected that all of such pre-sold units will be delivered by the end of 2018, subject to the full payment of the purchase price by the purchasers in accordance with the relevant agreements.

According to the original plan prior to entering into the Shenyang Disposal Agreement, (i) all of such unsold residential units and car park units were expected to be sold out by the end of 2018 and 2019, respectively; (ii) all of the units in the office block were planned to be leased out (save for the area reserved as the office of Tysan Shenyang as disclosed above); and (iii) the use of the shopping mall was under consideration as it was not expected to commence operation very soon due to the relatively weak retail market and over-supply of shopping malls in Shenyang.

The total saleable gross floor area of The Pinnacle was approximately 179,561 sqm, among which approximately 60,827 sqm has been sold as at 30 September 2017 (for the avoidance of doubt, excluding any pre-sold area), with 57,772 sqm, 2,135 sqm and 920 sqm attributable to residential units, car park units and storerooms sold, respectively.

In addition to the property development project above, Tysan Shenyang also holds two residential units of an aggregate gross floor area of approximately 234 sqm at a separate site, which are occupied by Tysan Shenyang as staff quarters.

Conditions precedent

Completion of the Shenyang Disposal is subject to the satisfaction of, or (where applicable) waiver from, the following conditions:

- (i) the Shenyang Seller having obtained the necessary internal authorisations and approvals for entering into the Shenyang Disposal Agreement and the Shenyang Disposal in accordance with the law, articles of association and other agreements entered into by the Shenyang Seller, and the Shenyang Seller having delivered copies of the documents evidencing such authorisations and approvals to HNA Infrastructure Investment;

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- (ii) the Company having obtained the necessary approvals from the relevant authorities (including the Stock Exchange) for the entering into of the Shenyang Disposal Agreement by the Shenyang Seller and the transactions contemplated thereunder and the approval from the Independent Shareholders at the SGM;
- (iii) Tysan Shenyang having passed its shareholder's resolutions and board resolutions to approve the Shenyang Disposal and the appointment of new directors and legal representative nominated by HNA Infrastructure Investment;
- (iv) the business registration and filing for the Shenyang Disposal and the appointment of new directors and legal representative nominated by HNA Infrastructure Investment having been completed, the new business registration certificate having been issued and a copy thereof having been delivered to HNA Infrastructure Investment;
- (v) the filing with the relevant department of the Ministry of Commerce for the change in business category resulting from the Shenyang Disposal having been completed and a copy of the relevant confirmation having been delivered to HNA Infrastructure Investment;
- (vi) Tysan Shenyang having obtained all third party consents, regulatory consents, authorisations or approvals (where applicable) for the entering into of the Shenyang Disposal Agreement and the transactions contemplated thereunder and the entering into of the Shenyang Disposal Agreement and the transactions contemplated thereunder not having resulted in Tysan Shenyang contravening any applicable PRC laws;
- (vii) the Shenyang Seller having fulfilled their obligations under the Shenyang Disposal Agreement in all material respects (including but not limited to the pre-completion undertakings with respect to the business operations);
- (viii) each and every warranty having remained true, complete and correct in all material aspects on each day up to the date of completion of the Shenyang Disposal in light of the facts and circumstances on such day;
- (ix) the Shenyang Disposal not being subject to any limitations, prohibitions or cancellations under PRC laws or judgments, awards, decisions or orders as issued by PRC courts, arbitral institutions or relevant governmental authorities and there exists no pending or potential litigation, arbitration, judgment, sentence, award or order which has or may have a material adverse effect on the Shenyang Disposal; and
- (x) there being no material adverse change in Tysan Shenyang's business, conditions (financial or otherwise), operations, business performance, assets or liabilities since 31 August 2017.

The Shenyang Seller and Tysan Shenyang shall use all reasonable endeavours to fulfil the above conditions precedent. HNA Infrastructure Investment may waive the above conditions (except condition (ii)) in part or in full in writing. In the event that the above conditions have not been fulfilled by reason of the conduct of the Shenyang Seller, or have not been waived, on or before 20

LETTER FROM THE BOARD

December 2017, HNA Infrastructure Investment may request the other parties to the Shenyang Disposal Agreement to enter into negotiation regarding the relevant conditions. Except where the Shenyang Disposal Agreement is terminated due to governmental reasons, the Shenyang Disposal Agreement may not be terminated without unanimous consent from all parties to the agreement.

As at the Latest Practicable Date, conditions (i) and (vi) have been fulfilled.

Completion

Completion of the Shenyang Disposal shall take place on the third business day after the last condition to the Shenyang Disposal having been satisfied or, if applicable, waived, or such other date as the parties to the agreement (except Tysan Shenyang) may agree.

Upon completion of the Shenyang Disposal, the Company will cease to hold any interest in Tysan Shenyang and Tysan Shenyang will cease to be a subsidiary of the Company.

Consideration

The consideration payable by HNA Infrastructure Investment under the Shenyang Disposal Agreement is RMB762 million (equivalent to approximately HK\$899 million).

The consideration under the Shenyang Disposal Agreement is payable by HNA Infrastructure Investment to the Shenyang Seller in cash in the following manner:

- (i) 50% of the consideration is payable to the Shenyang Seller on the date of completion of the Shenyang Disposal; and
- (ii) the remaining consideration is payable to the Shenyang Seller on the 180th day after the date of completion of the Shenyang Disposal (or where such day falls on a statutory holiday, the business day immediately preceding such day).

The consideration and the terms of the Shenyang Disposal Agreement were arrived at after arm's length negotiations between the parties based on normal commercial terms with reference to, among other things, the unaudited net asset value of Tysan Shenyang of HK\$803 million as at 31 August 2017, the valuation of the unsold and pre-sold properties of The Pinnacle held by Tysan Shenyang (i.e. the unsold and pre-sold area of the residential and commercial units and car park spaces under such project), and the adjusted net asset value of Tysan Shenyang (representing the total amount of the unaudited net asset value of Tysan Shenyang and the valuation surplus of the unsold and pre-sold properties of The Pinnacle held by Tysan Shenyang) of HK\$856.3 million as at 30 September 2017. The valuation of such properties as at 30 September 2017 as valued by Vigers Appraisal & Consulting Limited was approximately RMB1,207.5 million.

LETTER FROM THE BOARD

THE TIANJIN DISPOSAL AGREEMENT

Date

13 November 2017 (after trading hours)

Parties

Seller: Tianjin Seller
Purchaser: HNA Shou Fu Investment
Target: Tysan Tianjin

Asset being disposed of

The asset being disposed of is the entire equity interest of Tysan Tianjin, which is held by the Tianjin Seller as at the Latest Practicable Date.

Tysan Tianjin is a single project company established in PRC engaging in the operation of a residential and commercial property development project, namely The Riverside, in Tianjin. It primarily derives its revenue from the sales of residential property. Details of the unsold area of The Riverside as at 30 September 2017 are set out below:

- (i) Car Park: 24 car park units
- (ii) Commercial: About 3,945 sqm, representing one commercial unit held by Tysan Tianjin as its office, one vacant retail shop unit and a clubhouse.

The project had no pre-sold units as at 30 September 2017.

According to the original plan prior to entering into the Tianjin Disposal Agreement, (i) all of such unsold car park units were expected to be sold out by the end of 2018; (ii) the remaining vacant retail shop was planned to be leased out; and (iii) the commercial unit and clubhouse would retain its current use.

The total saleable gross floor area of The Riverside was approximately 86,684 sqm, among which approximately 81,940 sqm has been sold as at 30 September 2017, with 73,139 sqm and 8,801 sqm attributable to residential units and car park units sold, respectively.

Conditions precedent

Completion of the Tianjin Disposal is subject to the satisfaction of, or (where applicable) waiver from, the following conditions:

- (i) the Tianjin Seller having obtained the necessary internal authorisations and approvals for entering into the Tianjin Disposal Agreement and the Tianjin Disposal in accordance with the law, articles of association and other agreements entered into by the Tianjin Seller, and the Tianjin Seller having delivered copies of the documents evidencing such authorisations and approvals to HNA Shou Fu Investment;

LETTER FROM THE BOARD

- (ii) the Company having obtained the necessary approvals from the relevant authorities (including the Stock Exchange) for the entering into of the Tianjin Disposal Agreement by the Tianjin Seller and the transactions contemplated thereunder and the approval from the Independent Shareholders at the SGM;
- (iii) Tysan Tianjin having passed its shareholder's resolutions and board resolutions to approve the Tianjin Disposal and the appointment of new directors and legal representative nominated by HNA Shou Fu Investment;
- (iv) the business registration and filing for the Tianjin Disposal and the appointment of new directors and legal representative nominated by HNA Shou Fu Investment having been completed, the new business registration certificate having been issued and a copy thereof having been delivered to HNA Shou Fu Investment;
- (v) the filing with the relevant department of the Ministry of Commerce for the change in business category resulting from the Tianjin Disposal having been completed and a copy of the relevant confirmation having been delivered to HNA Shou Fu Investment;
- (vi) Tysan Tianjin having obtained all third party consents, regulatory consents, authorisations or approvals (where applicable) for the entering into of the Tianjin Disposal Agreement and the transactions contemplated thereunder and the entering into of the Tianjin Disposal Agreement and the transactions contemplated thereunder not having resulted in Tysan Tianjin contravening any applicable PRC laws;
- (vii) the Tianjin Seller having fulfilled their obligations under the Tianjin Disposal Agreement in all material respects (including but not limited to the pre-completion undertakings with respect to the business operations);
- (viii) each and every warranty having remained true, complete and correct in all material aspects on each day up to the date of completion of the Tianjin Disposal in light of the facts and circumstances on such day;
- (ix) the Tianjin Disposal not being subject to any limitations, prohibitions or cancellations under PRC laws or judgments, awards, decisions or orders as issued by PRC courts, arbitral institutions or relevant governmental authorities and there exists no pending or potential litigation, arbitration, judgment, sentence, award or order which has or may have a material adverse effect on the Tianjin Disposal; and
- (x) there being no material adverse change in Tysan Tianjin's business, conditions (financial or otherwise), operations, business performance, assets or liabilities since 31 August 2017.

The Tianjin Seller and Tysan Tianjin shall use all reasonable endeavours to fulfil the above conditions. HNA Shou Fu Investment may waive the above conditions (except condition (ii)) in part or in full in writing. In the event that the above conditions have not been fulfilled by reason of the conduct of the Tianjin Seller, or have not been waived, on or before 20 December 2017, HNA Shou

LETTER FROM THE BOARD

Fu Investment may request the other parties to the Tianjin Disposal Agreement to enter into negotiation regarding the relevant conditions. Except where the Tianjin Disposal Agreement is terminated due to governmental reasons, the Tianjin Disposal Agreement may not be terminated without unanimous consent from all parties to the agreement.

As at the Latest Practicable Date, conditions (i) and (vi) have been fulfilled.

Completion

Completion of the Tianjin Disposal shall take place on the third business day after the last condition to the Tianjin Disposal having been satisfied or, if applicable, waived, or such other date as the parties to the agreement (except Tysan Tianjin) may agree.

Upon completion of the Tianjin Disposal, the Company will cease to hold any interest in Tysan Tianjin and Tysan Tianjin will cease to be a subsidiary of the Company.

Consideration

The consideration payable by HNA Shou Fu Investment under the Tianjin Disposal Agreement is RMB435.8 million (equivalent to approximately HK\$514.2 million).

The consideration under the Tianjin Disposal Agreement is payable by HNA Shou Fu Investment to the Tianjin Seller in cash in the following manner:

- (i) 50% of the consideration is payable to the Tianjin Seller on the date of completion of the Tianjin Disposal; and
- (ii) the remaining consideration of the Tianjin Disposal is payable to the Tianjin Seller on the 180th day after the date of completion (or where such day falls on a statutory holiday, the business day immediately preceding such day).

The consideration and the terms of the Tianjin Disposal Agreement were arrived at after arm's length negotiations between the parties based on normal commercial terms with reference to, among other things, the unaudited net asset value of Tysan Tianjin of HK\$423 million as at 31 August 2017, the valuation of the unsold properties of The Riverside held by Tysan Tianjin (i.e. the unsold area of the commercial units and car park spaces under such project), and the adjusted net asset value of Tysan Tianjin (representing the total amount of the unaudited net asset value of Tysan Tianjin and the valuation surplus of the unsold properties of The Riverside held by Tysan Tianjin) of HK\$477.8 million as at 30 September 2017. The valuation of such properties as at 30 September 2017 as valued by Vigers Appraisal & Consulting Limited was approximately RMB75.1 million.

The Shanghai Disposal, Shenyang Disposal and Tianjin Disposal are not inter-conditional.

LETTER FROM THE BOARD

FINANCIAL INFORMATION OF THE TARGET COMPANIES

The unaudited net asset value of Tysan Shanghai, Tysan Shenyang and Tysan Tianjin as at 31 August 2017 were HK\$456 million, HK\$803 million and HK\$423 million, respectively.

The following are the unaudited net profit or loss before and after tax and extraordinary items attributable to each of the Target Companies for the financial periods indicated below:

	Tysan Shanghai <i>(HK\$ million)</i>	Tysan Shenyang <i>(HK\$ million)</i>	Tysan Tianjin <i>(HK\$ million)</i>
Net profit / (loss) before taxation and extraordinary items for the financial year ended 31 March 2016	391	(17)	233
Net profit / (loss) after taxation and extraordinary items for the financial year ended 31 March 2016	189	(17)	119
Net profit / (loss) before taxation and extraordinary items for the nine months ended 31 December 2016 <i>(Note)</i>	46	(13)	320
Net profit / (loss) after taxation and extraordinary items for the nine months ended 31 December 2016 <i>(Note)</i>	14	(13)	147

Note: As set out in the Company's announcement dated 20 September 2016, the financial year end date of the Company (and hence its subsidiaries) has been changed from 31 March to 31 December.

FINANCIAL EFFECTS OF THE DISPOSALS

It is expected that the Company will record an estimated gain from the Shanghai Disposal of approximately HK\$294 million before taxation (unaudited), taking into account, among other things, the consideration payable by HNA Shou Fu Investment for the Shanghai Disposal and the unaudited net asset value of Tysan Shanghai as at 31 August 2017, subject to the ultimate gain to be recorded to the Company's audited financial statements as there may be changes to the net asset value of Tysan Shanghai since 31 August 2017 or other adjustments to the aforesaid estimated gain.

It is expected that the Company will record an estimated gain from the Shenyang Disposal of approximately HK\$162 million before taxation (unaudited), taking into account, among other things, the consideration payable by HNA Infrastructure Investment for the Shenyang Disposal and the unaudited net asset value of Tysan Shenyang as at 31 August 2017, subject to the ultimate gain to be recorded to the Company's audited financial statements as there may be changes to the net asset value of Tysan Shenyang since 31 August 2017 or other adjustments to the aforesaid estimated gain.

It is expected that the Company will record an estimated gain from the Tianjin Disposal of approximately HK\$118 million before taxation (unaudited), taking into account, among other things,

LETTER FROM THE BOARD

the consideration payable by HNA Shou Fu Investment for the Tianjin Disposal and the unaudited net asset value of Tysan Tianjin as at 31 August 2017, subject to the ultimate gain to be recorded to the Company's audited financial statements as there may be changes to the net asset value of Tysan Tianjin since 31 August 2017 or other adjustments to the aforesaid estimated gain.

Please refer to the following table for details of the calculation of the estimated gain from each of the Disposals (*note*):

	Shanghai Disposal	Shenyang Disposal	Tianjin Disposal
	(HK\$ '000)	(HK\$ '000)	(HK\$ '000)
Consideration for the relevant Disposal	691,244	899,160	514,244
Less: Net asset value of the relevant Target Company as at 31 August 2017	(456,143)	(803,485)	(423,263)
Add: Adjustments due to elimination upon consolidation	1,489	61,281	476
Add: Release of exchange and other reserves	59,002	6,844	27,917
Less: Legal and professional fees	<u>(1,344)</u>	<u>(1,344)</u>	<u>(1,344)</u>
Estimated gain before taxation	<u>294,247</u>	<u>162,456</u>	<u>118,030</u>

Note: The exchange rate of RMB1.00 = HK\$1.18 has been used in the estimation. The usage of this exchange rate is for estimation purpose only and does not constitute a representation that any amount has been, could have been or may be exchanged or converted at the above rates or at any other rate at all.

REASONS FOR AND BENEFITS OF THE DISPOSALS

The Board believes that the Disposals provide a good opportunity for the Company to efficiently realise the return from the three property development projects held by the Target Companies in PRC and generate cash to support the Group's growth and development. Meanwhile, the Company will continue pursuing various business opportunities for the benefit of the Company and its Shareholders as a whole.

As at 31 October 2017, the Group had (i) cash and bank balances of approximately HK\$2,876.5 million, of which approximately HK\$53.8 million was pledged for banking facility or restricted in use; (ii) total contracted capital commitments for construction works relating to the Group's property development projects of approximately HK\$72.6 million; and (iii) total bank borrowings of approximately HK\$5,918.7 million, the details of which are set out in Appendix I to this circular. As

LETTER FROM THE BOARD

at the Latest Practicable Date, the total contracted capital commitment, expected capital expenditure for the year ending 31 December 2018 and the expected total capital expenditure of 6563 Land Parcel and 6564 Land Parcel:

	Total contracted capital commitment as at the Latest Practicable Date <i>(HK\$)</i>	Expected capital expenditure for the year ending 31 December 2018 <i>(HK\$)</i>	Expected total capital expenditure as at the Latest Practicable Date <i>(HK\$)</i>
6563 Land Parcel	35.4 million	360 million	2,760 million
6564 Land Parcel	36.8 million	355 million	2,230 million

While there is no immediate need for the Group to meet its capital requirements through the Disposals, the Company is of the view that, taking into consideration the prevailing market value of the properties held by Target Companies and the future outlook of the property market in PRC, it is in the commercial interest of the Company and its Shareholders as a whole to realise the return from the projects of the Target Companies with a view to enhancing the Group's cash position, reducing its market risks in connection with property investment in PRC and improving the financial flexibility of its operation.

Among the estimated total net proceeds from the Disposals of HK\$2,100.6 million, the Company intends to allocate (i) approximately HK\$570 million to the repayment of bank loans and payment of bank loan interests and finance charges (the Group intends to renew the remaining bank loans which will mature in February 2018, March 2018 and June 2018, respectively. If the Group is not able to renew such loans, the Company will consider other sources of financing (including refinancing loans from other financial institutions) to repay such loans); (ii) approximately HK\$350 million to the property development projects on the 6563 Land Parcel and 6564 Land Parcel; (iii) approximately HK\$630 million to the investment in the property development project on the 6562 Land Parcel through its investment in the 6562 Fund as disclosed in the Company's announcement dated 30 November 2017; (iv) approximately HK\$180 million to the payment of operating overheads; and (v) the remaining amount of approximately HK\$370.6 million to finance any business opportunities identified in the future to enhance the Group's principal business. As at the Latest Practicable Date, the Company has not identified any specific business opportunities to invest such proceeds in, save for the project on the 6562 Land Parcel.

As disclosed in the Company's announcement dated 13 October 2017 and circular dated 4 November 2017, the Group has agreed to make a capital commitment in an aggregated amount of approximately HK\$728 million to the 6565 Fund. As at the Latest Practicable Date, the Group has contributed such capital commitment to the 6565 Fund in full using internal resources of the Group.

The Directors (including the independent non-executive Directors), consider that the terms of the Disposal Agreements and the Disposals are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

III. INFORMATION OF THE GROUP

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

IV. INFORMATION OF THE SELLERS

Great Regent is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company whose principal business is investment holding.

Changning Duncan is a company established in PRC with limited liability and an indirect wholly-owned subsidiary of the Company whose principal business is property consulting.

Red Shine is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company whose principal business is investment holding.

Carriway is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company whose principal business is investment holding.

The Shenyang Seller is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company whose principal business is investment holding.

The Tianjin Seller is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company whose principal business is investment holding.

The Company currently has no business plan for the Sellers immediately following the completion of the Disposals and the Company will consider to dissolve the Sellers after 12 months from the date of the completion of the Disposals.

V. INFORMATION OF THE PURCHASERS

HNA Shou Fu Investment is a company established in PRC with limited liability whose principal businesses are investment management, investment consultancy, corporate management consultancy, marketing planning and conferencing and exhibition services (not including travel agency businesses).

HNA Infrastructure Investment is a company established in PRC with limited liability whose shares are listed on the Shanghai Stock Exchange (stock code: 600515), whose principal businesses are construction and real estate project management and consultancy, investment feasibility studies, marketing and sales of real estate projects, real estate sales and information consultancy services, housing relocation services, real estate intermediaries consultancy services, airport project investment, airport transformation, airport operations management and ground services relating to domestic and international air transportation, airport management consultancy services, warehousing (non-hazardous goods) and technology cooperation and consultancy services relating to domestic and international air transportation.

LETTER FROM THE BOARD

Each of the Purchasers is a subsidiary of HNA Group, which was owned as to 70% by Hainan Traffic Administration Holding Co., Ltd.. Hainan Traffic Administration Holding Co., Ltd. is owned as to 50% by Tang Dynasty Development (Yangpu) Company Limited, which is in turn owned as to 65% by Hainan Province Cihang Foundation (the “**Foundation**”). The committee members of the Foundation are jointly nominated by the business supervising unit (being the Office of Civil Affairs of the Hainan Province, the committee, the sponsor and the major donor (being Hainan Airlines Co., Ltd. Trade Community Union) of the Foundation.

VI. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under the Listing Rules in respect of the Disposals, in aggregate, exceeds 25% but none of such percentage ratios is 75% or above, the transactions contemplated under the Disposal Agreements constitute a major transaction of the Company and are therefore subject to the reporting, announcement and shareholders’ approval requirements pursuant to Chapter 14 of the Listing Rules.

As at the date of the Disposal Agreements, each of the Purchasers is a subsidiary of HNA Group, which in turn is the holding company of HNA Finance I, the controlling shareholder of the Company. Accordingly, each of the Purchasers is a connected person of the Company and the transactions contemplated under the Disposal Agreements constitute a connected transaction of the Company subject to the reporting, announcement and independent shareholders’ approval requirements pursuant to Chapter 14A of the Listing Rules.

VII. OTHER INFORMATION

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George, Mr. Li Kit Chee and Mr. Leung Kai Cheung, has been established to advise the Independent Shareholders as to whether the Disposals are in the interests of the Company and the Shareholders as a whole, and whether they are on normal commercial terms and in the ordinary and usual course of business of the Group, and fair and reasonable so far as the Shareholders are concerned.

Lego Corporate Finance Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Disposals.

Each of Mr. Huang Qijun, Mr. Zhao Quan, Mr. Liu Junchun, Mr. Mu Xianyi, Mr. Wong Tai Lun Kenneth, Mr. Mung Hon Ting Jackie, Mr. Tang King Shing, Mr. Tang Kit, being Directors nominated to the Board by HNA Finance I, should abstain from voting on the Board resolutions for considering and approving the Disposals to avoid a perception of a conflict of interest. At the Board meeting to consider and approve the Disposals, the Directors nominated to the Board by HNA Finance I had abstained from voting on the resolutions to approve the same. Save as disclosed above, there are no other Directors who have any material interest in the Disposals, and no other Directors are required to abstain from voting on the Board resolutions for considering and approving the Disposals.

LETTER FROM THE BOARD

The SGM will be convened to consider and, if thought fit, to approve the Disposals. HNA Finance I and its associates (who as at the Latest Practicable Date were, in aggregate, interested in 2,540,222,144 Shares, representing approximately 74.66%) of the issued Shares) shall abstain from voting in respect of the resolutions relating to the Disposals at the SGM. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquires, there are no Shareholders who have material interest in the Disposals and are required to abstain from voting on the resolution(s) to approve the Disposals at the SGM.

VIII. SGM

A notice convening the SGM to be held at 10:00 a.m. on Wednesday, 27 December 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 Disposals.

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 may be). 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 may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

IX. RECOMMENDATION

Having noted and considered the reasons stated under the section headed "Reasons for and benefits of the Disposals", the Directors (including the independent non-executive Directors whose views have been set out in this circular after taking into consideration the advice of the Independent Financial Adviser) consider that the terms of Disposals are fair and reasonable, and the Disposals are on normal commercial terms and in the ordinary and usual course of business of the Group, and 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 the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Disposals. You are advised to read the letter from the Independent Board Committee and the letter from the Independent Financial Adviser mentioned above before deciding how to vote on the resolutions to be proposed at the SGM.

LETTER FROM THE BOARD

X. 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
**Hong Kong International Construction Investment
Management Group Co., Limited**
HUANG Qijun
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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 Disposals.



HONG KONG INTERNATIONAL CONSTRUCTION INVESTMENT MANAGEMENT GROUP CO., LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 687)

7 December 2017

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF EQUITY INTERESTS IN THREE PROJECT COMPANIES

We refer to the circular of the Company dated 7 December 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 to consider the Disposals and to advise the Independent Shareholders as to whether the terms of the Disposals are fair and reasonable, whether they are on normal commercial terms or better and in the ordinary and usual course of business of the Group, and whether they are in the interests of the Company and the Shareholders as a whole.

We wish to draw your attention to the letter from the Board set out on pages 8 to 25 of the Circular and the letter of advice from the Independent Financial Adviser set out on pages 28 to 51 of the Circular.

Having considered, among other matters, the principal factors and reasons considered by, and the opinions of the Independent Financial Adviser as set out in its letter of advice, we consider that the terms of Disposals are fair and reasonable in so far as the Independent Shareholders are concerned, and the Disposals are on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to approve the Disposals, particulars of which are set out in the Notice of SGM set out on pages SGM-1 to SGM-3 of the Circular.

Yours faithfully,
Independent Board Committee
Mr. Fan Chor Ho Mr. Tse Man Bun
Mr. Lung Chee Ming, George Mr. Li Kit Chee
Mr. Leung Kai Cheung
Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Lego Corporate Finance Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation in this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Disposals and the transactions contemplated thereunder.



7 December 2017

To the Independent Board Committee and the Independent Shareholders

Hong Kong International Construction Investment Management Group Co., Limited
20th Floor, One Island South
No. 2 Heung Yip Road
Wong Chuk Hang
Hong Kong

Dear Sirs or Madams,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF EQUITY INTERESTS IN THREE PROJECT COMPANIES

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposals and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 7 December 2017 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 13 November 2017 (after trading hours), the Shanghai Sellers, the Shenyang Seller and the Tianjin Seller, each being a wholly-owned subsidiary of the Company, entered into the Shanghai Disposal Agreement, the Shenyang Disposal Agreement and the Tianjin Disposal Agreement with HNA Shou Fu Investment and HNA Infrastructure Investment (as the case may be) in relation to, among other things, the disposal of the entire equity interest in Tysan Shanghai, Tysan Shenyang and Tysan Tianjin by the Sellers to the Purchasers, respectively. The total consideration for the Shanghai Disposal, the Shenyang Disposal and the Tianjin Disposal are RMB585.8 million, RMB762 million and RMB435.8 million, respectively (the “**Consideration**”).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As one or more of the applicable percentage ratios under the Listing Rules in respect of the Disposals, in aggregate, exceeds 25% but none of such percentage ratios is 75% or above, the transactions contemplated under the Disposal Agreements constitute a major transaction of the Company and are therefore subject to the reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, each of the Purchasers is a subsidiary of HNA Group, which in turn is the holding company of HNA Finance I, the controlling shareholder of the Company. Accordingly, each of the Purchasers is a connected person of the Company and the transactions contemplated under the Disposal Agreements constitute a connected transaction of the Company subject to the reporting, announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George, Mr. Li Kit Chee and Mr. Leung Kai Cheung, has been established to advise the Independent Shareholders as to whether the terms of the Disposals are on normal commercial terms and in the ordinary and usual course of business of the Group, and are fair and reasonable so far as the Independent Shareholders are concerned and whether the Disposals are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the relevant resolutions to be proposed at the SGM to approve the Disposals and the transactions contemplated thereunder. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

As at the Latest Practicable Date, save for being the independent financial adviser of the Company for the discloseable and connected transactions in relation to the formation of the 6565 Fund and 6562 Fund, details of which are set out in the announcements of the Company dated 13 October 2017, 16 October 2017 and 30 November 2017 (the "**Engagements**"), Lego Corporate Finance Limited did not have any relationships or interests with the Company or the Purchasers and any of their respective associates that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the last two years, save for the Engagements, there was no engagement between the Group and Lego Corporate Finance Limited. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser and the Engagements, no arrangements exist whereby we had received any fees or benefits from the Company or the Purchasers. Accordingly, we are qualified to give independent advice in respect of the Disposals and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group (the "**Management**"); and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the Management, and/or the advisers of the Company. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the Management are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, the Purchasers, or any of their subsidiaries and associates as well as the companies and assets to be disposed pursuant to the Disposals and the transactions contemplated thereunder.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have considered the following principal factors and reasons:

1. Background of and reasons for the Disposals

1.1 Information on the Group

The Company is a company incorporated under the laws of Bermuda with limited liability, and is an investment holding company. The Group's principal business includes property development, foundation piling and site investigation in Hong Kong and property investment and management. The Group has been a long-established player in the foundation piling industry in Hong Kong and has participated in the property development in PRC with residential projects located in Shanghai, Tianjin and Shenyang. The Group has also pursued a strategy to expand its property development business in Hong Kong by leveraging its experience in property development business in PRC. The Shares have been listed on the Stock Exchange since 1991. HNA Group, through its subsidiary, has acquired a controlling interest in the Company on 30 June 2016.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial analysis

The following tables summarise the consolidated income statements and segment results of the Company for the year ended 31 March 2016 and the nine months ended 31 December 2016 and also the six months ended 30 September 2016 and 30 June 2017 as extracted from its annual report for the nine months ended 31 December 2016 (the “**2016 Annual Report**”) and its interim report for the six months ended 30 June 2017 (the “**2017 Interim Report**”):

	For the six months ended 30 June 2017 HK\$'000 (Unaudited)	For the six months ended 30 September 2016 HK\$'000 (Unaudited)	For the nine months ended 31 December 2016 (note) HK\$'000 (Audited)	For the year ended 31 March 2016 HK\$'000 (Audited)
Revenue	1,834,973	1,966,962	3,030,560	4,057,316
Gross profit	142,519	425,528	575,517	924,973
Profit attributable to ordinary equity holders of the Company	54,440	46,018	134,050	396,874

	Foundation piling HK\$'000	Property development in PRC HK\$'000	Others HK\$'000	Total HK\$'000
<i>For the six months ended 30 June 2017 (Unaudited)</i>				
Segment revenue	1,465,360	354,613	27,147	1,847,120
Segment profit/(loss)	120,973	44,242	(49,688)	115,527
<i>For the six months ended 30 September 2016 (Unaudited)</i>				
Segment revenue	1,289,719	666,628	18,625	1,974,972
Segment profit/(loss)	191,616	258,765	(53,288)	397,093
<i>For the nine months ended 31 December 2016 (note) (Audited)</i>				
Segment revenue	2,125,395	892,896	30,521	3,048,812
Segment profit/(loss)	274,707	322,172	(78,305)	518,574
<i>For the year ended 31 March 2016 (Audited)</i>				
Segment revenue	3,023,767	963,859	195,253	4,182,879
Segment profit	394,605	515,014	38,439	948,058

Note: Effective from 31 December 2016, the financial year end of the Company has been changed from 31 March to 31 December.

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The total segment revenue for the nine months ended 31 December 2016 was approximately HK\$3,049 million, representing a decrease of approximately 27.1% from approximately HK\$4,183 million for the year ended 31 March 2016. As advised by the Management, the decrease was mainly due to the nine-month results ended 31 December 2016 following the change of financial year date from 31 March to 31 December and the one-off gain on disposal of a subsidiary of the Company of approximately HK\$115 million during the year ended 31 March 2016. The foundation piling segment was the largest segment of the Group contributing approximately 69.7% and 72.3% of total segment revenue of the Group for the nine months ended 31 December 2016 and for the year ended 31 March 2016 respectively, whereas the property development segment in PRC contributed approximately 29.3% and 23.0% respectively.

The total segment revenue for the six months ended 30 June 2017 was approximately HK\$1,847 million, representing a slight decrease of approximately 6.5% as compared to the six months ended 30 September 2016, notwithstanding the increase in revenue from the foundation piling segment of approximately 13.6%. Such decrease was mainly attributable to the decrease in revenue from property development by approximately 46.8%. The foundation piling segment remained the largest segment of the Group contributing approximately 79.3% and 65.3% of total segment revenue of the Group for the six months ended 30 June 2017 and 30 September 2016 respectively, whereas the property development segment in PRC contributed approximately 19.2% and 33.8% respectively. It is noted that the segment revenue and segment profit of the property development in PRC were on a decreasing trend since the year ended 31 March 2016.

The following table summarises the consolidated statement of financial position as at 31 March 2016, 31 December 2016 and 30 June 2017 as extracted from the 2016 Annual Report and 2017 Interim Report:

	As at 30 June 2017	As at 31 December 2016	As at 31 March 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Total assets	19,264,302	5,526,957	5,608,055
Total liabilities	7,064,055	2,567,227	2,830,863
Net current assets	11,855,520	2,830,351	3,012,621
Equity attributable to ordinary equity holders of the Company	12,200,233	2,949,371	2,688,403

The total assets increased significantly from approximately HK\$5.5 billion as at 31 December 2016 to HK\$19.3 billion as at 30 June 2017. The Group has diversified its business operations and expanded its business to include more substantive property investment and development in Hong Kong through its acquisition of the 6563 Land Parcel and the 6564 Land Parcel in Kai Tak, Hong Kong at an aggregate consideration of approximately HK\$13.0 billion in the first half of 2017. Subsequently in June 2017, the Company has completed the Rights Issue with net proceeds of about HK\$9,250

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million, of which about HK\$6,931 million was used to set off against the shareholder's loan from HNA Finance I and about HK\$312 million was used to repay the Group's bank loans up to 30 June 2017. Therefore, as at 30 June 2017, the equity attributable to ordinary equity holders of the Company increased to approximately HK\$12.2 billion.

1.2 Information on the Target Companies

The assets being disposed of are the entire equity interest of Tysan Shanghai, Tysan Shenyang and Tysan Tianjin, background information of which are set out as follows:

Tysan Shanghai

Tysan Shanghai is a single project company established in PRC which principally engaged in the operation of a residential and commercial property development project, namely, The Waterfront, in Shanghai. It primarily derives its revenue from the sales of residential property and, to a relatively minor extent, leasing of property.

Tysan Shanghai acquired the land for the development of its property project in 2003, and obtained approval for pre-selling the relevant properties in 2006. The property project was completed in different phases during the period from 2008 to 2010.

The total saleable units of The Waterfront are set out below:

- (i) Residential: approximately 142,571 sqm
- (ii) Car park: 404 car park units
- (iii) Commercial: approximately 4,761 sqm, representing (i) 13 street front retail shop units which have all been leased out; and (ii) a 3-storey historic building with a basement, which is a cultural museum for culture and exhibition use with a gross floor area of approximately 2,086 sqm

As advised by the Management, during the period from the pre-sale to the date of the Shanghai Disposal Agreement, Tysan Shanghai has been marketing the sale of the saleable residential and car park units. The Management would like to realise the gain in the remaining saleable units through the Shanghai Disposal.

Details of the unsold area under The Waterfront as at 30 September 2017 are set out below:

- (i) Residential: approximately 1,046 sqm, representing two vacant residential units
- (ii) Car park: 11 car park units
- (iii) Commercial: approximately 4,761 sqm, representing (i) 13 street front retail shop units which have all been leased out; and (ii) a 3-storey historic building with a basement, which is a cultural museum for culture and exhibition use with a gross floor area of approximately 2,086 sqm and has been leased out

The project had no pre-sold units as at 30 September 2017.

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As at 30 September 2017, all the commercial area has been leased out. According to the management account of Tysan Shanghai for the nine months ended 30 September 2017, the monthly rental income was approximately RMB0.52 million, which translated to annualised rental income of approximately RMB6.3 million.

According to the original plan prior to entering into the Shanghai Disposal Agreement, all of such unsold residential units and car park units were expected to be sold out by the end of 2018.

As at the Latest Practicable Date, Tysan Shanghai is held as to 50% by Great Regent, 21.2% by Changning Duncan, 19.9% by Red Shine and 8.9% by Carriway.

Tysan Shenyang

Tysan Shenyang is a single project company established in PRC which principally engaged in the operation of a residential and commercial property development project, namely, The Pinnacle, in Shenyang. It primarily derives its revenue from the sales of residential property.

Tysan Shenyang acquired the land for the development of its property project in 2011, and obtained approval for pre-selling the relevant properties in 2015. The property project was completed in 2016.

The total saleable units of The Pinnacle are set out below:

- (i) Residential: approximately 102,510 sqm
- (ii) Car park: 1,033 car park units
- (iii) Commercial: approximately 63,264 sqm, comprising a shopping mall, an office block and 87 storerooms

As advised by the Management, during the period from the pre-sale to the date of the Shenyang Disposal Agreement, Tysan Shenyang has been marketing the sale of the saleable units. The Management would like to realise the gain in the remaining saleable units through the Shenyang Disposal.

Details of the unsold and pre-sold area of The Pinnacle as at 30 September 2017 are set out below:

- (i) Residential: approximately 44,739 sqm, representing 93 pre-sold residential units with a total gross area of 12,083 sqm and 189 unsold vacant residential units with a total gross floor area of 32,656 sqm
- (ii) Car park: 49 pre-sold car park units and 839 unsold car park units
- (iii) Commercial: approximately 62,344 sqm, comprising a pre-sold storeroom, an unsold vacant shopping mall and an unsold 11-storey office block (as at the Latest Practicable Date, the office block has not been divided into units, but each floor is planned to be divided into 12 units of approximately 120 sqm each. Approximately 278 sqm (equivalent to about 3 units) has been retained by Tysan Shenyang as its office and a total of approximately 1,482 sqm (equivalent to about 12 units) have been leased out)

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A unit is considered pre-sold where a sale agreement has been executed for its sale, but the unit has not been delivered to the relevant purchaser. As at 30 September 2017, the construction of all pre-sold units under The Pinnacle had been completed and it is expected that all of such pre-sold units will be delivered by the end of 2018, subject to the full payment of the purchase price by the purchasers in accordance with the relevant agreements.

According to the original plan prior to entering into the Shenyang Disposal Agreement, (i) all of such unsold residential units and car park units were expected to be sold out by the end of 2018 and 2019, respectively; (ii) the units in the office block were planned to be leased out; and (iii) the use of the shopping mall was under consideration as it was not expected commence operation very soon due to the relatively weak retail market and over-supply of shopping malls in Shenyang.

The total saleable gross floor area of The Pinnacle was approximately 179,561 sqm, among which approximately 60,827 sqm has been sold as at 30 September 2017 (for the avoidance of doubt, excluding any pre-sold area), with 57,772 sqm, 2,135 sqm and 920 sqm attributable to residential units, car park units and storerooms sold, respectively.

In addition to the property development project above, Tysan Shenyang also holds two residential units of an aggregate gross floor area of approximately 234 sqm at a separate site, which are occupied by Tysan Shenyang as staff quarters.

As at the Latest Practicable Date, Tysan Shenyang is wholly-owned by the Shenyang Seller.

Tysan Tianjin

Tysan Tianjin is a single project company established in PRC which principally engaged in the operation of a residential and commercial property development project, namely, The Riverside, in Tianjin. It primarily derives its revenue from the sales of residential property.

Tysan Tianjin had acquired the land for the development of its property project in 2004, and achieved to obtain approval for pre-selling the relevant properties in 2010. The property project was completed in 2012.

The total saleable units of The Riverside are set out below:

- | | |
|-------------------|---|
| (i) Residential: | approximately 73,139 sqm |
| (ii) Car park: | 294 car park units |
| (iii) Commercial: | approximately 3,945 sqm, representing primarily street front retail shops and a clubhouse |

As advised by the Management, during the period from the pre-sale to the date of the Tianjin Disposal Agreement, Tysan Tianjin has been marketing the sale of the residential and car park saleable units. The Management would like to realise the gain in the remaining saleable units through the Tianjin Disposal.

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Details of the unsold area of The Riverside as at 30 September 2017 are set out below:

- (i) Car park: 24 car park units
- (ii) Commercial: approximately 3,945 sqm, representing one commercial unit held by Tysan Tianjin as its office, one vacant retail shop unit and a clubhouse

The project had no pre-sold units as at 30 September 2017.

According to the original plan prior to entering into the Tianjin Disposal Agreement, (i) all of such unsold car park units were expected to be sold out by the end of 2018; (ii) the remaining vacant retail shop was planned to be leased out; and (iii) the commercial unit and clubhouse would retain its current use.

The total saleable gross floor area of The Riverside was approximately 86,684 sqm, among which approximately 81,940 sqm has been sold as at 30 September 2017, with 73,139 sqm and 8,801 sqm attributable to residential units and car park units sold, respectively.

As at the Latest Practicable Date, Tysan Tianjin is wholly-owned by the Tianjin Seller.

Financial information of the Target Companies

The unaudited net asset value of Tysan Shanghai, Tysan Shenyang and Tysan Tianjin as at 31 August 2017 were approximately HK\$456 million, HK\$803 million and HK\$423 million, respectively. The unaudited net asset value of Tysan Shanghai, Tysan Shenyang and Tysan Tianjin as at 30 September 2017 were approximately HK\$445 million, HK\$798 million and HK\$422 million, respectively.

Tysan Shanghai, Tysan Shenyang and Tysan Tianjin were mainly generating income from sale of properties and a minority of which were generating from lease of commercial buildings. The followings are the unaudited net profit or loss before and after tax and extraordinary items attributable to each of the Target Companies for the financial periods indicated below:

	Tysan Shanghai <i>(HK\$ million)</i>	Tysan Shenyang <i>(HK\$ million)</i>	Tysan Tianjin <i>(HK\$ million)</i>
Net profit/(loss) before taxation and extraordinary items for the financial year ended 31 March 2016	391	(17)	233
Net profit/(loss) after taxation and extraordinary items for the financial year ended 31 March 2016	189	(17)	119
Net profit/(loss) before taxation and extraordinary items for the nine months ended 31 December 2016 <i>(Note)</i>	46	(13)	320
Net profit/(loss) after taxation and extraordinary items for the nine months ended 31 December 2016 <i>(Note)</i>	14	(13)	147

Note: As set out in the Company's announcement dated 20 September 2016, the financial year end date of the Company (and hence its subsidiaries) has been changed from 31 March to 31 December.

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1.3 Information on the Purchasers

HNA Shou Fu Investment is a company established in PRC with limited liability whose principal businesses are investment management, investment consultancy, corporate management consultancy, marketing planning and conferencing and exhibition services (not including travel agency businesses).

HNA Infrastructure Investment is a company established in PRC with limited liability whose shares are listed on the Shanghai Stock Exchange (stock code: 600515) and principal businesses are construction and real estate project management and consultancy, investment feasibility studies, marketing and sales of real estate projects, real estate sales and information consultancy services, housing relocation services, real estate intermediaries consultancy services, airport project investment, airport transformation, airport operations management and ground services relating to domestic and international air transportation, airport management consultancy services, warehousing (non-hazardous goods) and technology cooperation and consultancy services relating to domestic and international air transportation.

Financial information of the Purchasers

The following table summarises the consolidated income statements and statement of financial position of the Purchasers for the nine months ended 30 September 2017 as extracted from the management account of HNA Shou Fu Investment and the 2017 third quarterly report from HNA Infrastructure Investment:

For the nine months ended 30 September 2017

	HNA Shou Fu Investment	HNA Infrastructure Investment
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	—	7,698,665
Profit/(Loss) attributable to ordinary equity holders of the Company	(140)	1,500,291

As at 30 September 2017

	HNA Shou Fu Investment	HNA Infrastructure Investment
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Total assets	220,538	90,456,623
Cash and cash equivalent	53	16,090,288
Net asset	219,841	44,328,122

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It is noted that HNA Infrastructure Investment was profit making for the nine months ended 30 September 2017, and had adequate cash and cash equivalent to settle the Consideration for the Shenyang Disposal. For the Shanghai Disposal and the Tianjin Disposal, as advised by the Management, HNA Holding Group Co., Ltd., an indirect holding company of HNA Shou Fu Investment with total asset value of approximately RMB252 billion as at 31 December 2016, has confirmed to provide financial support to HNA Shou Fu Investment on an as-needed basis.

1.4 Outlook of the property market in the principle business locations of the Target Companies

We have conducted research on the Shanghai, Shenyang and Tianjin property markets and noted that the Shanghai, Shenyang and Tianjin governments have implemented various cooling measures to these property markets in PRC, including but not limited to restrictions on purchasing, restrictions on financing and restrictions on selling.

(i) *Shanghai*

The local registered families are restricted to buy and own at most two residential properties while the single adults are eligible to buy and own one residential property only. In addition, the Shanghai Government has set up the 35% and 50% minimum housing down payment requirement for the first-time buyers and non-first-time buyers, respectively.

(ii) *Shenyang*

The Shenyang Government has implemented the selling restrictions on the non-first-time buyers. The local registered families purchasing an additional residential property in major areas of Shenyang are restricted to sell or transfer the property within 5 years.

(iii) *Tianjin*

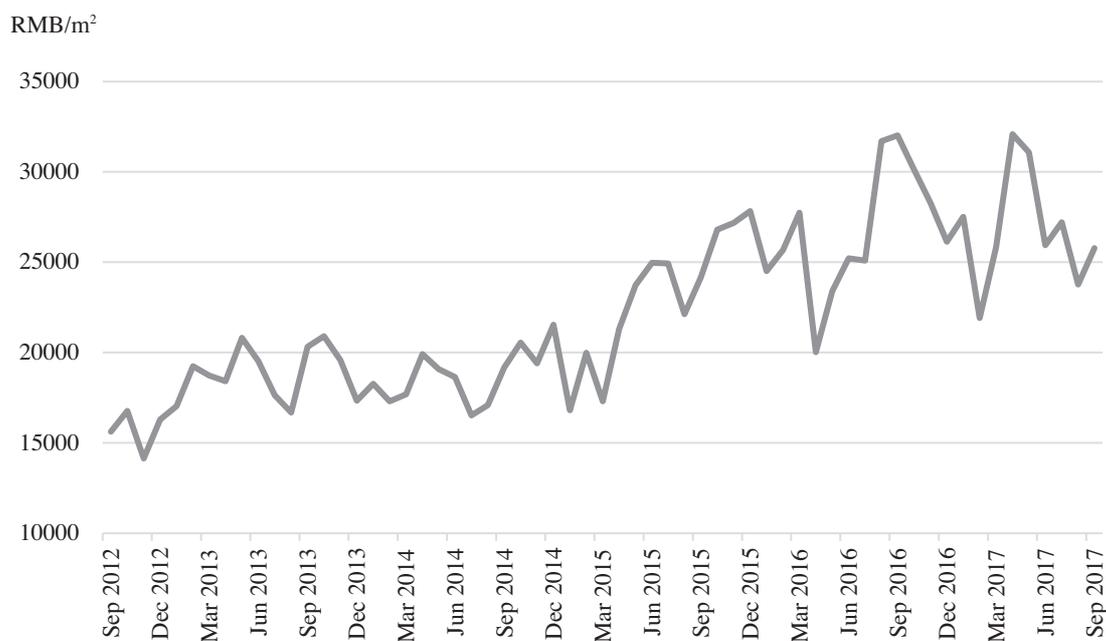
The Tianjin Government has set up the 35% and 50% minimum housing down payment requirement in major areas of Tianjin for the first-time buyers and non-first-time buyers, respectively. Non-registered families are restricted to purchase residential property in major areas of Tianjin if they have already owned one residential property.

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Set out below is the property price trend of Shanghai, Shenyang and Tianjin from September 2012 to September 2017:

(i) *Shanghai*

Average Property Price in Shanghai



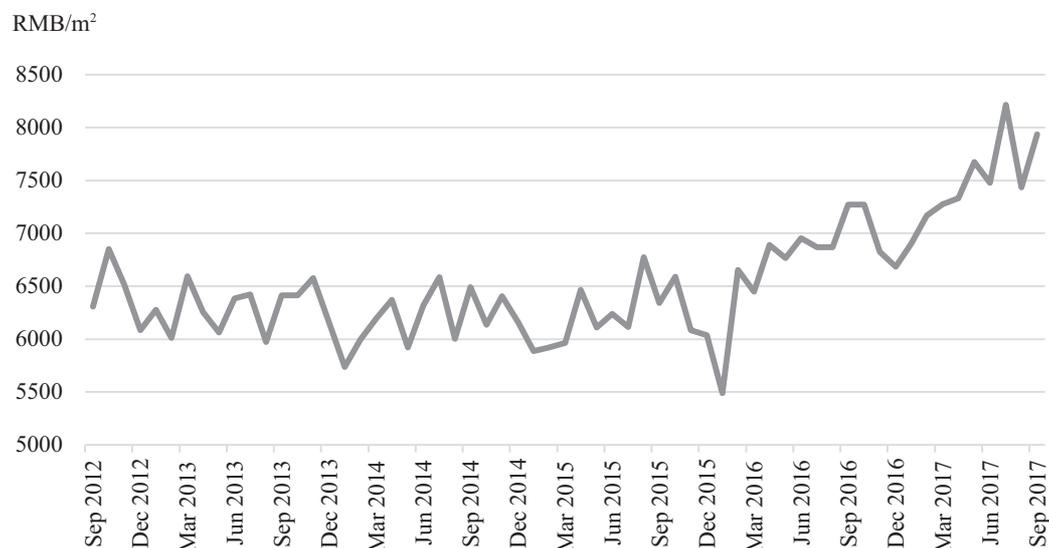
Source: Thomson Reuters

As illustrated in the chart above, in 2017, the average property price of Shanghai has been fluctuated significantly with a maximum of RMB32,091 per sqm in April 2017 and a minimum of RMB21,922 per sqm in February 2017, representing a rise of approximately 46.4% from the bottom within two months. The price further decreased to RMB25,793 per sqm in September 2017, representing a drop of 19.6% from April 2017. As compared to the average price of RMB26,666 per sqm in 2016 and approximately RMB27,509 per sqm in January 2017, the property price in September 2017 of approximately RMB25,793 per sqm also decreased by approximately 3.3% and 6.2%, respectively.

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(ii) *Shenyang*

Average Property Price in Shenyang

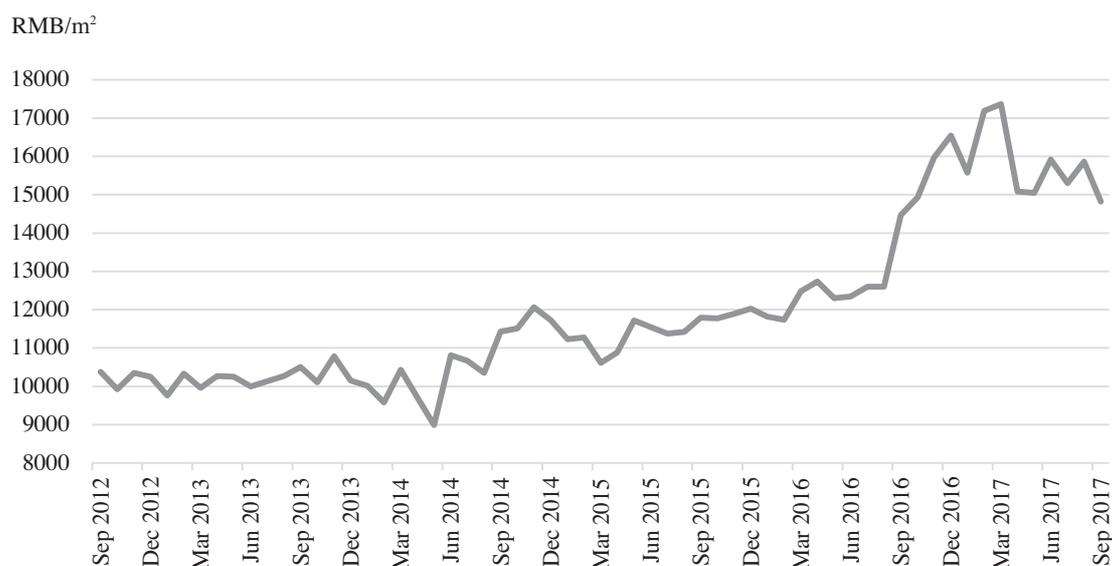


Source: Thomson Reuters

The property price of Shenyang was relatively stable in 2017 as compared to Shanghai with a maximum of RMB8,215 per sqm in July 2017 and a minimum of RMB6,901 per sqm in January 2017. The property price gradually increased from the average price of RMB6,749 per sqm in 2016 and RMB6,901 per sqm in January 2017 to RMB7,934 per sqm in September 2017, representing an increase of approximately 17.6% and 15.0%, respectively.

(iii) *Tianjin*

Average Property Price in Tianjin



Source: Thomson Reuters

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The property price of Tianjin was also relatively stable in 2017 with a maximum of RMB17,366 per sqm in March 2017 and a minimum of RMB14,825 per sqm in September 2017. As compared to the average price of RMB13,378 per sqm in 2016 and approximately RMB15,572 per sqm in January 2017, the property price in September 2017 of approximately RMB14,825 per sqm increased by approximately 10.8% and decreased by 4.8%, respectively.

PRC property market has shown a growing trend in recent years. However, there are uncertainties brought by the property pricing data in 2017 in Shanghai, Shenyang and Tianjin and the cooling measures imposed by PRC government in the property market. As such, we consider that the outlook of the property market in Shanghai, Shenyang and Tianjin is cautious.

1.5 Reasons for and benefit of the Disposals

As disclosed in the Letter from the Board, the Board believes that the Disposals provide a good opportunity for the Company to efficiently realise the return from the three property development projects held by the Target Companies in PRC and generate cash to support the Group's growth and development. Meanwhile, the Company will continue pursuing various business opportunities for the benefit of the Company and its Shareholders as a whole. As at 31 October 2017, the Group had (i) cash and bank balances of approximately HK\$2,876.5 million, of which approximately HK\$53.8 million was pledged for banking facility or restricted in use; (ii) total contracted capital commitments for construction works relating to the Group's property development projects of approximately HK\$72.6 million; and (iii) total bank borrowings of approximately HK\$5,918.7 million, the details of which are set out in Appendix I to the Circular. As at the Latest Practicable Date, the total contracted capital commitment, expected capital expenditure for the year ending 31 December 2018 and the expected total capital expenditure of 6563 Land Parcel and 6564 Land Parcel:

	Total contracted capital commitment as at the Latest Practicable Date (HK\$)	Expected capital expenditure for the year ending 31 December 2018 (HK\$)	Expected total capital expenditure as at the Latest Practicable Date (HK\$)
6563 Land Parcel	35.4 million	360 million	2,760 million
6564 Land Parcel	36.8 million	355 million	2,230 million

Given that (i) the Group had cash and bank balances of approximately HK\$2,876.5 million as at 31 October 2017; (ii) as disclosed in the paragraph headed "Working capital adequacy" in Appendix I to this Circular, the Company has not received any indication or notification from the institutions providing finance to the Group of ceasing cooperation with the Group and the Directors are confident that, in the absence of unforeseeable circumstances, the Group will be able to renew the Top Genius Bank Loan and the Milway Bank Loan amounting to an aggregate of HK\$5,581 million before their respective maturity dates; (iii), as advised by the Management, the capital investment to the fund amounted to approximately HK\$728 million as detailed in the Company's announcement dated 13 October 2017 has been completed and settled as of the Latest Practicable Date (the "**6565 Investment**"); and (iv) the cash and bank balances as at 31 October 2017 after deduction of the 6565 Investment can still cover the intended use of proceeds as discussed below, there is no immediate need

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for the Group to enter into the Disposals in order to meet its capital requirements. The Company is of the view that, taking into consideration the prevailing market value of the properties held by the Target Companies and the future outlook of the property market in PRC, it is in the commercial interest of the Company and its Shareholders as a whole to realise the return from the projects of the Target Companies with a view to reducing its market risks in connection with property investment in PRC, enhancing the Group's cash position and improving the financial flexibility of its operation.

As disclosed in the Letter from the Board and as advised by the Management, among the estimated total net proceeds from the Disposals of HK\$2,100.6 million, the Company intends to allocate (i) approximately HK\$570 million to the repayment of bank loans and payment of bank loan interests and finance charges (the Group intends to renew the remaining bank loans which will mature in February 2018, March 2018 and June 2018, respectively. If the Group is not able to renew such loans, the Company will consider other sources of financing (including refinancing loans from other financial institutions) to repay such loans); (ii) approximately HK\$350 million to the property development projects on the 6563 Land Parcel and 6564 Land Parcel; (iii) approximately HK\$630 million to the investment in the property development project on the 6562 Land Parcel through its investment in the 6562 Fund as disclosed in the Company's announcement dated 30 November 2017; (iv) approximately HK\$180 million to the payment of operating overheads; and (v) the remaining amount of approximately HK\$370.6 million to finance any business opportunities identified in the future to enhance the Group's principal business. As at the Latest Practicable Date, the Company has not identified any specific business opportunities to invest such proceeds in, save for the project on the 6562 Land Parcel. Further to our discussion with the Management, it is noted that the above intended use of proceeds are allocated specifically for the Group's financial needs including the repayment of bank loans, capital expenditure for the development of 6563 Land Parcel and 6564 Land Parcel, capital investment to the 6562 Fund for the development of 6562 Land Parcel and for settlement of its upcoming operating overheads, which with the proceeds of the Consideration, the Group's cash position and financial strength can be further enhanced and can have better financial resources to allocate for its operation in this regard.

As stated in the 2017 Interim Report, the Group will continue with its existing business developments as well as continue to maintain a prudent investment strategy and strive to strengthen the return to its Shareholders. As confirmed by the Directors, the Company will continue to explore other property development opportunities in PRC after taking into account the relevant potential return and risk profiles. We have discussed with the Management in respect of the reasons for and benefits of the Disposals, and having considered that (i) the prospects of the Group's property development projects in Shanghai, Tianjin and Shenyang completed in 2010, 2012 and 2016 respectively; (ii) the outlook of property markets in Shanghai, Tianjin and Shenyang is cautious; (iii) the estimated gain before taxation of approximately HK\$575 million to be realised upon completion of the Disposals; (iv) the proceeds of the Consideration will improve the Group's overall liquidity and capital resources; and (v) the Group's recent development in the property development market in Hong Kong, we concur with the Directors' view that the Disposals and the transactions contemplated thereunder would provide an opportunity for the Group to immediately realise the gain in the property development business in these locations and eliminate the market risks therefrom. Thus, we consider that the Disposals are in the interests of the Company and the Shareholders as a whole.

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2. Principal terms of the Disposal Agreements

On 13 November 2017 (after trading hours), the Shanghai Sellers, the Shenyang Seller and the Tianjin Seller, each being a wholly-owned subsidiary of the Company, entered into the Shanghai Disposal Agreement, the Shenyang Disposal Agreement and the Tianjin Disposal Agreement with, among other parties, HNA Shou Fu Investment and HNA Infrastructure Investment in relation to, among other things, the disposal of the entire equity interest in Tysan Shanghai, Tysan Shenyang and Tysan Tianjin by the Sellers to the Purchasers, respectively. The Consideration for the Shanghai Disposal, the Shenyang Disposal and the Tianjin Disposal are RMB585.8 million, RMB762 million and RMB435.8 million, respectively.

2.1 Consideration

The Consideration under the Disposal Agreements is payable by the Purchasers to the Sellers in cash in the following manner:

- (i) 50% of the Consideration is payable to the Sellers on the date of completion; and
- (ii) the remaining Consideration is payable to the Sellers on the 180th day after the date of completion (or where such day falls on a statutory holiday, the business day immediately preceding such day).

The Consideration and the terms of the Disposal Agreements were arrived at after arm's length negotiations between the parties based on normal commercial terms with reference to, among other things, the net asset value of the Target Companies as at 31 August 2017, the valuation of the unsold and pre-sold properties of the property development projects held by the Target Companies and the adjusted net asset value of the Target Companies as at 30 September 2017 (the "**Valuation**").

We have discussed with the Management the relevant basis of determination of the Considerations and we understand that each of the Consideration for the Shanghai Disposal, the Shenyang Disposal and the Tianjin Disposal was arrived at after arm's length negotiations between the Sellers and the Purchasers after taking into account the respective net asset value and adjusted by the Valuation of the unsold and pre-sold properties of the respective development projects.

As disclosed in the Letter from the Board, as at 31 August 2017, the unaudited net asset value of Tysan Shanghai, Tysan Shenyang and Tysan Tianjin amounted to approximately HK\$456 million, HK\$803 million and HK\$423 million respectively, primarily comprising cost of the unsold portion of the development projects, self-occupied properties and investment properties (the "**Properties**") of approximately RMB204.6 million (equivalent to approximately HK\$242.8 million), RMB1,361.9 million (equivalent to approximately HK\$1,615.9 million) and RMB34.1 million (equivalent to approximately HK\$40.5 million), respectively. The difference between the net asset value of the Target Companies and the cost of the Properties mainly represented cash and cash equivalent and current accounts with related companies.

Given that the principal assets of the Target Companies are the Properties and that their historical revenues and profits are not reflective of their future performance, in order to assess the fairness and reasonableness of the Consideration, our analysis focuses on the market value of the Properties held

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by the Target Companies based on the Valuation as at 30 September 2017 prepared by the Valuer (as defined below) and the reassessed net asset value of the Target Companies (the “**Reassessed NAV**”) after taking into account the difference between the Valuation and the cost of the development projects as at 30 September 2017 of the Target Companies.

Valuation

We have reviewed the valuation report (the “**Valuation Report**”) in respect of the Valuation of the property interests held by the Target Companies (the “**Subject Properties**”) which is contained in Appendix I to the Circular. The Subject Properties were valued by Vigers Appraisal & Consulting Limited, an independent valuer (the “**Valuer**”) appointed by the Company. Set out below is a summary of certain major information as extracted from the Valuation Report.

(i) *Experience of the Valuer and its engagement*

We have conducted an interview with the Valuer regarding its experience in valuing similar real property interests in PRC, and its independence. Based on our interview with the Valuer, we understand that the Valuer is an established independent valuer with a large number of completed assignments acting for listed companies with property interests in, among others, PRC. We also understand that the valuer-in-charge of the Valuer’s valuation team has over 23 years’ post-qualification experience in the valuation in PRC and the relevant valuation team members have valuation experience ranging from 6 years to 30 years.

We have also reviewed the terms of engagement letter of the Valuer and noted that the purpose of which is to prepare a valuation report and provide the Company with the opinion of value on the Subject Properties. The engagement letter also contains standard valuation scopes that are typical of valuation carried out by independent valuers. The Valuer also confirmed that it did not have any material connection or involvement giving rise to a conflict of interest and is providing an objective and unbiased valuation. There is no limitation of the scope of work which might have an adverse impact on the degree of assurance given by the Valuer in the Valuation Report. We note that the Valuer mainly carried out its due diligence through management enquiries and conducted its own research and has relied on publicly available information obtained through its own research as well as the financial information provided by the Management. We were advised by the Valuer that it has assumed such information to be true, complete and accurate and has accepted it without verification. The Valuer, through its team of professional valuers, has inspected the Subject Properties on 14 and 15 November 2017.

Based on the above, we are satisfied that the responsible person of the Valuer for the Valuation Report has relevant qualification as well as sufficient experience in performing the valuation, and that the engagement is under normal commercial terms and the scope of the Valuer’s work is appropriate in conducting the valuation.

(ii) *Valuation methodologies*

As disclosed in the Valuation Report, the Valuer has assumed that all consents, approvals and licences from relevant government authorities for the development proposals have been or will be obtained without onerous conditions or undue time delays, and that the design and construction of the

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development are in compliance with the local planning regulations and have been approved by the relevant authorities. In arriving at its opinion of values, the Valuer adopted the direct comparison approach by making reference to comparable sales evidences as available in the relevant market and has also taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development. As discussed with the Valuer, the Valuer confirmed that the aforementioned valuation method is a generally accepted method when determining the value of project companies holding real property interests in PRC.

Based on the above, we have discussed with the Valuer on the rationale of adopting the direct comparison approach for valuing the Subject Properties. According to the Valuer, the direct comparison approach is the most appropriate valuation method for assessing the market values of the real property interests in PRC. Also, we have discussed with the Valuer on the other methods (including cost method and income method) in valuing the Subject Properties. According to the Valuer, (i) the cost method is used only when there is no market parameter available, but it is not in this case; and (ii) income method has to make some assumptions and projection of the timing of cash flow which are subject to uncertainties. We understand from the Valuer that it is common market practice in evaluating similar kind of real property interests in PRC by making reference to market comparables. Therefore, we concur with the view of the Valuer that the direct comparison method is appropriate in valuing the Subject Properties.

After considering the reasons for the Valuer's choice of adopting the valuation methodology for valuing the Subject Properties, we are of the opinion that, the valuation methodologies used are reasonable and acceptable in establishing the market value of the Subject Properties as at 30 September 2017.

(iii) *Valuation bases and assumptions*

The Valuer adopted the direct comparison approach to derive the market value of the Subject Properties.

As advised by the Valuer, they started the process by collecting and analysing the recent transactions of the market comparables located in the proximity of the Subject Properties. The collected comparables were then adjusted to reflect the difference between the comparables and the Subject Properties in terms of, among others, location, date of transaction, land usage, land use term, land size and nearby infrastructure.

We have discussed with the Valuer on their workings on the selection of the market comparables. We are of the view that the basis of selection of market comparables, including various factors taken into account, made for reflecting the difference between the selected comparables and the properties held by the Target Companies, are reasonable and relevant for the purpose of establishing the appraised value. Moreover, the Valuer also advised that, in valuing each of the Subject Properties, they have complied with (i) The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors and The RICS Valuation — Global Standards 2017 issued by Royal Institution of Chartered Surveyors; and (ii) the requirement set out in Chapter 5 and Practice Note 12 of the Listing Rules. After taken into account the above, we consider that the valuation methodology, together with its bases and assumptions, adopted by the Valuer for the valuation of the Subject Properties as discussed above are reasonable and in line with market practice.

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(iv) *Assessment of the Consideration*

Set out below table are the details of the net asset value of the Target Companies and the valuation surplus of the Subject Properties as at 30 September 2017 and the Consideration:

	Net asset value as at 30 September 2017	Valuation surplus of the Subject Properties as at 30 September 2017	Adjusted net asset value	Consideration	Premium/ (Discount)
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(%)</i>
	<i>(a)</i>	<i>(b)</i>	<i>(c) = (a) + (b)</i>	<i>(d)</i>	<i>((d) - (c))/(c)</i>
Tysan Shanghai	379.2	94.0	473.3	585.8	23.8
Tysan Shenyang	680.4	45.3	725.7	762	5.0
Tysan Tianjin	359.5	45.4	404.9	435.8	7.6
Total	1,419.1	184.7	1,603.9	1,783.6	11.2

As illustrated above, the Consideration of approximately RMB1,783.6 million is at a premium of approximately 11.2% to the adjusted net asset value of the Target Companies of approximately RMB1,603.9 million. In view of (i) the Consideration is at a premium to the adjusted net asset value of the Target Companies; and (ii) valuation methodologies and the bases and assumptions adopted by the Valuer in establishing the fair value of the Subject Properties are reasonable and acceptable as discussed above, we consider that the basis of determination and thus the Consideration are fair and reasonable.

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2.2 Market comparable analysis

In order to assess the fairness and reasonableness of the terms of the Disposal Agreements, in particular, the payment terms, we have, to the best of our knowledge and as far as we are aware, identified 42 announcements in relation to transactions involving PRC property interests conducted by companies listed on the Stock Exchange (the “Comparable(s)”), which we consider to be exhaustive and complete, from 1 August 2017 up to the date of the Disposal Agreements, being an approximate three months period before the entering into of the Disposal Agreements which we considered to be appropriate to reflect recent market statistics on comparable transactions. Details of our analysis are set out in the table below:

Date of announcement	Company (stock code)	Approximate consideration (HK\$ million) (Note)	Payment terms
30 October 2017	Ceneric (Holdings) Limited (542)	175	Upon completion or 2 months from the date of announcement
27 October 2017	New World Development Company Limited (17)	2,183	Upon completion
23 October 2017	Soho China Limited (410)	3,486	Upon completion
20 October 2017	China Overseas Land & Investment Limited (688)	224	15 days after completion
17 October 2017	Jingrui Holdings Limited (1862)	203	75 days after the date of announcement
11 October 2017	Richly Field China Development Limited (313)	270	Undisclosed
11 October 2017	China Minsheng Drawin Technology Group Limited (726)	41	15 days after the date of announcement
30 September 2017	Shui On Land Limited (272)	3,471	15 days after completion
29 September 2017	Jingrui Holdings Limited (1862)	35	5 business days after completion
29 September 2017	Beijing Capital Land Ltd. (2868)	18	5 business days after the signing of agreement
27 September 2017	Zh International Holdings Limited (185)	1,061	Upon completion
27 September 2017	Hopson Development Holdings Limited (754)	4,325	2 business days after completion
27 September 2017	Jingrui Holdings Limited (1862)	1,576	64 days after the date of announcement
26 September 2017	Agile Group Holdings Limited (3383)	4,366	180 days after completion
26 September 2017	Wanda Hotel Development Company Limited (169)	878	365 days after completion

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Date of announcement	Company (stock code)	Approximate consideration <i>(HK\$ million)</i> <i>(Note)</i>	Payment terms
22 September 2017	Tian Shan Development (Holding) Limited (2118)	117	2 business days after completion
21 September 2017	China Aoyuan Property Group Limited (3883)	931	2 business days after completion
20 September 2017	Hydoo International Holding Limited (1396)	581	6 months after the signing of the agreement
17 September 2017	Chen Xing Development Holdings Limited (2286)	173	3 business days after completion
15 September 2017	Modern Land (China) Co., Limited (1107)	1,829	Paid prior to the date of announcement
15 September 2017	C&D International Investment Group Limited (1908)	2,032	7 days after the date of announcement
11 September 2017	Shanghai Zendai Property Limited (755)	258	10 business days after completion
11 September 2017	Jingrui Holdings Limited (1862)	683	5 business days after completion
8 September 2017	China Merchants Land Limited (978)	380	Undisclosed
7 September 2017	Tsim Sha Tsui Properties Limited (247)	10,510	150 days after the date of the agreement
31 August 2017	Yuexiu Property Company Limited (123)	235	15 business days from the date on which the agreement becomes effective
31 August 2017	Guorui Properties Limited (2329)	276	30 days after completion
30 August 2017	Greenland Hong Kong Holdings Limited (337)	794	30 days after the date of announcement
25 August 2017	China Jinmao Holdings Group Limited (817)	2,604	15 business days after completion
24 August 2017	C&D International Investment Group Limited (1908)	970	Upon completion
23 August 2017	Central China Real Estate Limited (832)	713	495 days after the date of announcement
18 August 2017	Zhuguang Holdings Group Company Limited (1176)	31	28 days after the date of announcement
17 August 2017	C&D International Investment Group Limited (1908)	517	5 working days after completion
16 August 2017	Modern Land (China) Co., Limited (1107)	553	318 days after the date of announcement
15 August 2017	Top Spring International Holdings Limited (3688)	12,593	6 months after the date of the first completion criteria

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Date of announcement	Company (stock code)	Approximate consideration (HK\$ million) (Note)	Payment terms
14 August 2017	Landsea Green Properties Co., Ltd. (106)	314.4	1 business day after completion
14 August 2017	Landsea Green Properties Co., Ltd. (106)	1,276.8	5 business days after the date of agreement
11 August 2017	Ceneric (Holdings) Limited (542)	175	Upon completion
10 August 2017	Hydoo International Holding Limited (1396)	234	233 days after the date of announcement
7 August 2017	China Aoyuan Property Group Limited (3883)	925	10 business days after completion
3 August 2017	C&D International Investment Group Limited (1908)	162	Undisclosed
1 August 2017	Jingrui Holdings Limited (1862)	837	3 days after the date of announcement
		Longest	495 days after the date of announcement
		Shortest	Paid prior to the date of announcement
13 November 2017	The Company	2,104.6	180 days after completion

Source: Website of the Stock Exchange

Note: For illustrative purpose, the exchange rate of RMB1.00 = HK\$1.18 and US\$1.00 = HK\$7.75 have been used, where applicable, for the committed fund size not denominated in Hong Kong dollars in the announcement of the Comparables.

As illustrated in the table above, it is noted that the payment terms of PRC property interests transactions ranged from the shortest of payment prior to the date of announcement and the longest of 495 days after the date of announcement. The full settlement date of the Consideration of 180 days after completion is within such range. It is further noted that the respective consideration full settlement date of the Comparables varies with 7 Comparables with defer payment terms of six months after the signing of the agreement or longer, which indicated that defer payment of six months or longer was not uncommon for transactions involving PRC property interests.

Having considered (i) the Valuation represents the fair market value of the Subject Properties that can be sold as at 30 September 2017; (ii) the Consideration is at a premium to the adjusted net asset value of the Target Companies; (iii) the defer payment of six months or longer was not uncommon for transactions involving PRC property interests; (iv) the Disposals can immediately realise the gain in the property development business in these locations and eliminate the market risks therefrom; (v) the remaining unsold units of the Subject Properties have been selling since obtaining the respective pre-selling approval, and there is no guarantee that the Target Companies can sell the

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remaining unsold units within six months and receive the cash inflow and recognise the revenue and profit in a timeframe earlier than defer payment or at all; (vi) the annualised rental income of approximately RMB6.8 million of Tysan Shanghai based on the management account for the nine months ended 30 September 2017 was not significant as compared to the consideration for Shanghai Disposal of approximately RMB585.5 million; (vii) regarding the Shenyang Disposal, it is noted that the development project of The Pinnacle was only completed recently in 2016, however, the pre-selling of The Pinnacle in fact commenced since 2015, and approximately 32,656 sqm out of approximately 102,510 sqm for residential units, remained unsold as at 30 September 2017. Given the uncertainty in the timing to completely sell all remaining unsold residential units and the market risks of the selling prices of the remaining residential units, the Shenyang Disposal representing that the Group is able to sell all unsold units of Tysan Shenyang at the current market price with certainty, the Directors are of the view that realising the Group's investment through the Shenyang Disposal will be beneficial to the Group by fully eliminating the market risks and inventory risks and allow the Group to reallocate its resources to other ongoing development projects of the Group; and (viii) as advised by the Management, the Purchasers have sound financial positions to settle the Considerations, we consider the terms of the Disposal Agreements to be fair and reasonable in this regard.

3. Financial effects of the Disposals on the Company

Upon completion of the Disposals, the Target Companies will cease to be subsidiaries of the Company and the financial results of the Target Companies will no longer be consolidated into the financial statements of the Company.

3.1 Earnings

It is noted that the Target Companies recorded profits after taxation of approximately HK\$147.8 million and HK\$57.5 million for the nine months ended 31 December 2016 and for the nine months ended 30 September 2017. After completion, the revenue and profit of the Target Companies will not be consolidated into the financial statements of the Company.

As disclosed in the Letter from the Board, it is expected that the Group will record an estimated gain before taxation on the Disposals of approximately HK\$575 million. Notwithstanding that the revenue and profit of the Target Companies will not be reflected in the financial statements of the Company after completion, taking into account the gain on Disposals before taxation of approximately HK\$575 million, the Disposals will likely have a positive effect on the earnings of the Group.

3.2 Net asset value

According to the 2017 Interim Report, the unaudited net asset value of the Group as at 30 June 2017 was approximately HK\$12,200.2 million. As disclosed in the Letter from the Board, it is expected that the Group will record an estimated gain on Disposals before taxation of approximately HK\$575 million. As a result, the net asset value of the Group will likely to increase accordingly.

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3.3 Working capital and cash flow

According to the 2017 Interim Report, the unaudited cash and cash equivalents of the Group as at 30 June 2017 was approximately HK\$2,761.7 million, of which approximately HK\$521.0 million was held by the Target Companies. The net proceeds of the Disposals (after deducting all relevant expenses in relation to the Disposals) of approximately HK\$2,100.6 million will be applied to general working capital and/or finance its business opportunities as and when appropriate. It is expected that the Disposals will likely have a positive effect on the working capital and cash flow of the Group.

In view of the foregoing, in particular, the estimated gain on the Disposals which will have positive impact on the Group's earnings, net asset value and working capital, we concur with the view of the Directors that the Disposals will not have material adverse impact to the Group.

RECOMMENDATION

Having considered the above principal factors, we are of the view that (i) the terms and conditions of the Disposal Agreements are fair and reasonable and on normal commercial terms; and (ii) the Disposals and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the resolution(s) approving the Disposals and the transactions contemplated thereunder at the SGM.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Stanley Ng
Managing Director

Mr. Stanley Ng is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 12 years of experience in the auditing and investment banking industry.

THREE-YEAR FINANCIAL INFORMATION OF THE COMPANY

The Company is required to set out or refer to in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes on the annual accounts for the last financial year for the Group. The financial information of the Group is disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hkicimgroup.com>):

- annual report of the Company for the year ended 31 March 2014 published on 9 July 2014 (pages 48 to 175), which can be accessed via the link at

(<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0709/LTN20140709179.pdf>)
- 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>)
- 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>)
- 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>)
- interim report of the Company for the six months ended 30 June 2017 published on 13 September 2017 (pages 11 to 30), which can be accessed via the link at

(<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0913/LTN20170913023.pdf>)

INDEBTEDNESS

As at 31 October 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\$5,918,715,000 and HK\$211,698,000, respectively, details of which are as follows:

	<i>HK\$'000</i>
Bank borrowings	
<i>Current</i>	
Bank loan, unsecured	38,000
Bank loans, secured	5,805,434
Instalment loan, secured	<u>4,232</u>
	<u>5,847,666</u>
<i>Non-current</i>	
Instalment loan, secured	<u>71,049</u>
Total	<u><u>5,918,715</u></u>
Other borrowings	
<i>Non-current</i>	
Guaranteed notes	<u><u>211,698</u></u>

As at 31 October 2017, out of the total current secured bank loans of approximately HK\$5,805,434,000, HK\$5,576,434,000 was secured by the Group's property under development located at the 6563 Land Parcel and the 6564 Land Parcel with aggregate carrying amount of approximately HK\$13,105,680,000 and all the issued shares of Top Genius and Milway, floating charge on bank balances of approximately HK\$18,941,000, and were supported by corporate guarantee from the Company.

As at 31 October 2017, the Group's current secured bank loan of HK\$229,000,000 and secured installment loan of HK\$75,281,000 were secured by the Group's office premise of gross floor area of 29,526 sq.ft located at 20th floor, One Island South, Wong Chuk Hang, Hong Kong with carrying amount of approximately HK\$162,580,000 and were supported by corporate guarantee from the Company.

All unsecured bank and other borrowings were supported by corporate guarantees from the Company and certain subsidiaries of the Company, respectively.

The unsecured bank loan of HK\$38,000,000 with interest rate of Hong Kong Interbank Offered Rate (“**HIBOR**”) plus 1.5% per annum was repaid on the due date of 17 November 2017. Out of the secured bank loans of approximately HK\$5,805,434,000, HK\$2,600,100,000 will mature on 20 February 2018, HK\$229,000,000 will mature on 14 March 2018 and approximately HK\$2,976,334,000 will mature on 7 June 2018. As at 31 October 2017, the interest payables relating to such banks loans were approximately HK\$1,121,000, HK\$212,000 and HK\$3,388,000, respectively.

Interest rates of bank borrowings are ranged from HIBOR plus 1.3% to HIBOR plus 2.25% per annum. Interest rate of guaranteed notes is 7% per annum.

Contingent liabilities

As at 31 October 2017:

- (a) the Group provided guarantees to certain banks in respect of performance bonds granted to certain subsidiaries of approximately HK\$276,434,000, out of which approximately HK\$41,414,000 performance bonds were supported by pledged bank balances of HK\$41,414,000;
- (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\$37,134,000;
- (c) the Company provided guarantees to holders of the guaranteed medium term notes issued by a subsidiary of the Company in an aggregate amount of approximately HK\$220,000,000; and
- (d) the Company provided guarantees to certain banks in connection with bank loans and general credit facilities granted to its certain subsidiaries in an aggregate amount of approximately HK\$6,422,881,000.

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 31 October 2017.

WORKING CAPITAL ADEQUACY

According to the Top Genius Bank Loan Agreement and the Milway Bank Loan Agreement, the Top Genius Bank Loan and the Milway Bank Loan will be due in February 2018 and June 2018, respectively, and the Company plans to renew the Top Genius Bank Loan and the Milway Bank Loan with the existing banks before the respective maturity dates. 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 the Milway Bank Loan. If the Group cannot renew the Top Genius Bank Loan and Milway Bank Loan, the Group will have insufficient working capital for its present requirements. Nevertheless, as at the Latest Practicable Date, the Company has not received any indication or notification from the institutions providing finance to the Group of ceasing cooperation with the Group, and the Directors are confident that, in the absence of unforeseeable circumstances, the Group will be able to renew the Top Genius Bank Loan and the Milway Bank Loan before their respective maturity dates.

The Directors are of the opinion that, in the absence of unforeseeable circumstances and after taking into account (i) the Group's internal resources; (ii) the loan facilities presently available to the Group; (iii) cash proceeds from the Disposals; and (iv) 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.

NO 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.

FINANCIAL AND TRADING PROSPECTS OF THE REMAINING 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. For the six months ended 30 June 2017, the turnover of this business segment increased by 13% to HK\$1,460 million while contribution to net profit decreased by 15% to HK\$121 million as compared to the corresponding period in the previous year (i.e. the six months ended 30 September 2016). The earnings before interest, taxes, depreciation and amortization (“**EBITDA**”) of the segment decreased by 15% to HK\$146 million as compared to the corresponding period in the previous year. The overall EBITDA margin for the segment decreased by 3% to 10% for the six months ended 30 June 2017. This trend is expected to affect the Group's financial results for the financial year ending 31 December 2017. As at 31 October 2017, the Group had 18 contracts on hand, comprising two contracts between subsidiaries of the Group for the development of the 6563 Land Parcel and 6564 Land Parcel, two contracts with connected persons of the Company and 14 contracts with independent third parties.

Property development

The government of Hong Kong 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. The foundation works of the development projects on the 6563 Land Parcel and 6564 Land Parcel have commenced in October 2017. 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 as at the Latest Practicable Date for developing the 6563 Land Parcel and the 6564 Land Parcel is expected to be HK\$2.76 billion and HK\$2.23 billion respectively. The capital expenditure as at the Latest Practicable Date for developing the 6563 Land Parcel and the 6564 Land Parcel for the year ending 31 December 2017 is approximately HK\$33.8 million and HK\$26.5 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.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Vigers Appraisal & Consulting Limited, an independent valuer, in connection with its valuation as at 30 September 2017 of the Property interests.

Vigers Appraisal & Consulting Limited
International Assets Appraisal Consultants

10th Floor, The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong



7 December 2017

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

Dear Sirs,

In accordance with the instructions of Hong Kong International Construction Investment Management Group Co., Limited (the “**Company**”) and its subsidiaries (hereinafter referred to as the “**Group**”) for us to value the property interests in the People’s Republic of China (“**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interests as at 30 September 2017 (“**Valuation Date**”) for the purpose of incorporation in the circular.

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

In valuing property interests, we have assessed the value of the properties by adopting the direct comparison approach and made reference to the recent transactions for similar premises in the proximity. Adjustments have been made for the differences in transaction dates, building age, floor area etc. between the comparable properties and the properties.

We have not caused title searches to be made for the property interests at the relevant government bureau in PRC. We have been provided with certain extracts of title documents relating to the property interests. However, we have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the property interests, we have relied on the legal opinion (the “**PRC legal opinion**”) provided by the Company’s PRC legal adviser, JunHe LLP.

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us by the Group on such matters as planning approvals or statutory notices, easements, tenure, occupation, lettings, site and floor areas and in the identification of the properties and other relevant matter. We have also been advised by the Group that no material facts had been concealed or omitted in the information provided to us. All documents have been used for reference only.

All dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Group and are approximations only. No on-site measurement has been taken. We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the properties are free from defect. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Our valuation is prepared in accordance with the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors (HKIS) and the requirements set out in Chapter 5 and Practice Note 12 of the Listing Rules.

Unless otherwise stated, all money amounts stated are in Renminbi (RMB). The exchange rate used in valuing the property interests in PRC as at 30 September 2017 was RMB1.00=HK\$1.18. There has been no significant fluctuation in the exchange rate for Renminbi against Hong Kong Dollars (HK\$) between that date and the date of this letter.

We enclose herewith a summary of valuation and the valuation certificates.

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

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

SUMMARY OF VALUATION

Property interest held by the Group in PRC for owner occupation

Property	Market Value in existing state as at 30 September 2017
1. 2 residential units located at Bei Ling Street, Huanggu District, Shenyang City, Liaoning Province, PRC	RMB2,230,000 (equivalent to approximately <u>HK\$2,631,000</u>)
Sub-Total	RMB2,230,000 (equivalent to approximately <u>HK\$2,631,000</u>)

Property interests held by the Group in PRC for investment

Property	Market Value in existing state as at 30 September 2017
2. 13 shop units (Shop No. 258, 262, 264, 266, 268, 270, 272, 274, 276, 280, 282, 284 and 286) of The Waterfront, Zhen Ping Road, Putuo District, Shanghai, PRC	RMB133,770,000 (equivalent to approximately <u>HK\$157,849,000</u>)
3. A historic building located at The Waterfront, No. 165 Guangfu Road West, Putuo District, Shanghai, PRC	RMB56,630,000 (equivalent to approximately <u>HK\$66,823,000</u>)
Sub-Total	RMB190,400,000 (equivalent to approximately <u>HK\$224,672,000</u>)

Property interests held by the Group in PRC for sale

Property	Market Value in existing state as at 30 September 2017
4. The unsold portion and pre-sold portion of The Pinnacle located at the western side of Huanghe Nan Avenue amid Huanggu District, Shenyang City, Liaoning Province, PRC	RMB1,205,250,000 (equivalent to approximately HK\$1,422,195,000)
5. 2 residential units and 11 car parking spaces located at The Waterfront, No. 165 Guangfu Road West, Putuo District, Shanghai, PRC	RMB108,220,000 (equivalent to approximately HK\$127,700,000)
6. 2 commercial units, 24 car parking spaces and a clubhouse located at The Riverside, No. 19 Qiongzhou Road, Hexi District, Tianjin, PRC	RMB75,120,000 (equivalent to approximately <u>HK\$88,642,000</u>)
Sub-Total	RMB1,388,590,000 (equivalent to approximately <u>HK\$1,638,537,000</u>)
Total	RMB1,581,220,000 (equivalent to approximately <u>HK\$1,865,840,000</u>)

Property interest held by the Group in PRC for owner occupation

VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2017
1. 2 residential units located at Bei Ling Street, Huanggu District, Shenyang City, Liaoning Province, PRC	The property comprises 2 residential units on 18th Floor and 19th Floor of a 44-storey residential building completed in 2011. The property has a total gross floor area of approximately 233.68 sqm.	The property is currently occupied by the Group for residential uses.	RMB2,230,000 (equivalent to approximately HK\$2,631,000)

Notes:

1. According to a Building Ownership Certificate (Document No.: Shen Fang Quan Zheng Huanggu Zi No. N040072686), the building ownership rights and the land use rights of the property having a gross floor area of approximately 116.84 sqm have been granted to Tysan Shenyang.
2. According to a Building Ownership Certificate (Document No.: Shen Fang Quan Zheng Huanggu Zi No. N040072687), the building ownership rights and the land use rights of the property having a gross floor area of approximately 116.84 sqm have been granted to Tysan Shenyang.
3. PRC legal opinion states, inter alia, the following:
 - (i) Tysan Shenyang has obtained the Building Ownership and the Land Use Rights of the property and is entitled to occupy, use, lease or otherwise dispose of the property; and
 - (ii) The property is free from any mortgages and seizure.
4. The status of title and grant of major approvals and permits in accordance with PRC legal opinion and information provided by the Group are as follows:
 - (i) Building Ownership Certificate Yes
5. The property was inspected by Ms. Carol Liu, China Real Estate Appraiser, on 15 November 2017.

Property interests held by the Group in PRC for investment

VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2017
2. 13 shop units (Shop No. 258, 262, 264, 266, 268, 270, 272, 274, 276, 280, 282, 284 and 286) of The Waterfront, Zhen Ping Road, Putuo District, Shanghai, PRC	<p>The Waterfront (referred hereinafter as the “Development”) comprises 6 blocks of high-rise and 3 blocks of medium-rise residential buildings, shops, club house and carpark erected over a site with an area of 36,562 sqm.</p> <p>The Development is a self-contained residential estate of reinforced concrete construction completed in between 2008 and 2010.</p>	<p>The property is subject to various tenancies with the latest term expiring on 30 June 2022. The total annual income as at the Valuation Date in the sum of RMB 4,365,348.</p>	<p>RMB133,770,000</p> <p>(equivalent to approximately HK\$157,849,000)</p>

The property comprises 13 shop units of the Development.

The gross floor area of the property is approximately as follows:-

Shop	Approximate Gross Floor Area (sqm)
258	140.84
262	79.09
264	203.82
266	224.18
268	142.24
270	144.57
272	569.30
274	35.17
276	210.54
280	239.39
282	224.14
284	232.91
286	228.39
Total:	2,674.58

The property is held under land use rights for a term expiring on 7 January 2073.

Notes:

1. Pursuant to a Shanghai Certificate of Real Estate Ownership (Document No. Hu Fang De Pu Zi (2008) No. 019642) dated 27 August 2008 issued by Shanghai Building and Land Administration Bureau, Shop 258, 262, 266, 268, 270, 274, 276, 280, 282, 284 and 286 have been vested in 泰升房地產(上海)有限公司 (Tysan Land (Shanghai) Limited) (referred hereinafter as “**Tysan Shanghai**”) for a term commencing from 8 January 2003 and expiring on 7 January 2073.
2. Pursuant to a Shanghai Certificate of Real Estate Ownership (Document No. Hu Fang De Pu Zi (2012) No. 008785) dated 15 June 2012 issued by Shanghai Putuo District Building and Land Registration Office, Shop 264 and 272 have been vested in Tysan Shanghai for a term commencing from 8 January 2003 and expiring on 7 January 2073.

Pursuant to the same Real Estate title Certificate, the total gross floor area of Shop 264 and 272 is 773.12 sqm for shop use.

3. Pursuant to a 房屋土地權屬調查報告書 (Housing Land Ownership Investigation Report) issued in 2008, the particulars of Shop 258, 262, 266, 268, 270, 274, 276, 280, 282, 284 and 286 are as follows:

Shop	Level	Building Use	Approximate Gross Floor Area (sqm)
Shop 258	1	Shop	140.84
Shop 262	1	Shop	79.09
Shop 266	1	Shop	224.18
Shop 268	1	Shop	142.24
Shop 270	1	Shop	144.57
Shop 274	1	Shop	35.17
Shop 276	1	Shop	210.54
Shop 280	1	Shop	239.39
Shop 282	1	Shop	224.14
Shop 284	1	Shop	232.91
Shop 286	1	Shop	228.39

4. As informed by the Group, the gross floor area of Shop 264 is 203.82 sqm and the gross floor area of Shop 272 is 569.3 sqm.
5. PRC legal opinion states, inter alia, the following:
 - (i) Tysan Shanghai has obtained the Building Ownership and the Land Use Right of the property and is entitled to occupy, use, lease or otherwise dispose of the property; and
 - (ii) The property is free from any mortgages and seizure.

6. The status of title and grant of major approvals and permits in accordance with PRC legal opinion and information provided by the Group are as follows:

(i) Shanghai Certificate of Real Estate Ownership Yes

7. The property was inspected by Mr. William Jin, China Real Estate Appraiser, on 14 November 2017.

VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2017
3. A historic building located at The Waterfront, No. 165 Guangfu Road West, Putuo District, Shanghai, PRC	<p>The property comprises a 3-storey historic building with a basement. The building was refurbished in 2013.</p> <p>The property has a gross floor area of approximately 2,086.05 sqm.</p> <p>The property is held under land use rights for a term commencing from 24 January 2011 and expiring on 23 January 2061.</p>	<p>The property is subject to a tenancy at an annual rent of RMB3,045,636 as at the Valuation Date with the term expiring on 30 September 2021.</p>	<p>RMB56,630,000</p> <p>(equivalent to approximately HK\$66,823,000)</p>

Notes:

1. Pursuant to a Shanghai Certificate of Real Estate Ownership (Document No. Hu Fang De Pu Zi (2014) No. 018301) dated 28 August 2014, the land use rights of the property having a site area of approximately 1,023 sqm have been granted to Tysan Shanghai for culture and entertainment (文化娛樂) uses with a term commencing from 24 January 2011 and expiring on 23 January 2061.
2. Pursuant to the same Real Estate Title Certificate, the property with a gross floor area of 2,086.05 sqm has been vested in Tysan Shanghai. A remark in the appendix stated that it is a retained building (保留建築). However, the building use is not stated in the copy of said certificate.
3. According to the title search obtained from Putuo District Real Estate Registration Office (普陀區房地產登記處), the land use rights of the property having a site area of approximately 1,023 sqm has been granted to Tysan Shanghai for a term commencing from 24 January 2011 and expiring on 23 January 2061 for culture and entertainment (文化娛樂) uses. The building ownership of the property with a gross floor area of approximately 2,086.05 sqm for culture and exhibition (文化展覽) uses is vested in Tysan Shanghai. A remark stated that it is a retained building (保留建築).
4. PRC legal opinion states, inter alia, the following:
 - (i) Tysan Shanghai has obtained the Building Ownership and the Land Use Right of the property and is entitled to occupy, use, lease or otherwise dispose of the property; and
 - (ii) The property is free from any mortgages and seizure.
5. The status of title and grant of major approvals and permits in accordance with PRC legal opinion and information provided by the Group are as follows:
 - (i) Shanghai Certificate of Real Estate Ownership Yes
6. The property was inspected by Mr. William Jin, China Real Estate Appraiser, on 14 November 2017.

Property interests held by the Group in PRC for sale

VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2017										
4. The unsold portion and pre-sold portion of The Pinnacle located at the western side of Huanghe Nan Avenue amid Huanggu District, Shenyang City, Liaoning Province, PRC	<p>The property comprises 8 residential towers (Block 1 to 8) and an office tower (Block 9) over the commercial podium completed in September 2016 comprising retail portion and basement carpark erected on a parcel of land with site area of approximately 41,209.2 sqm.</p> <p>The total gross floor area of unsold and pre-sold units of The Pinnacle is approximately as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area Approximately (sqm)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>44,738.82 sqm</td> </tr> <tr> <td>Shopping Mall</td> <td>46,093.03 sqm</td> </tr> <tr> <td>Office</td> <td>16,238.51 sqm</td> </tr> <tr> <td>Total :</td> <td>107,070.36 sqm</td> </tr> </tbody> </table> <p>The property consists of 839 unsold underground car parking spaces, 49 pre-sold underground car parking spaces and a pre-sold storeroom.</p> <p>The land use rights of the Property have been granted for terms of 50 years expiring on 26 June 2061 for residential use and 40 years expiring on 26 June 2051 for commercial use.</p>	Use	Gross Floor Area Approximately (sqm)	Residential	44,738.82 sqm	Shopping Mall	46,093.03 sqm	Office	16,238.51 sqm	Total :	107,070.36 sqm	<p>The residential portion of the property is currently vacant. Decoration work of certain portion of the office block and shopping mall of the property has not been started. The decoration work is expected to be completed within 4 months.</p> <p>Portions of the office portion of the property having a total gross floor area of approximately 1,482.40 sqm are subject to various tenancies with the latest term expiring on 30 November 2022. The total monthly income as at the Latest Practicable Date in sum of RMB101,120.</p>	<p>RMB1,205,250,000</p> <p>(equivalent to approximately HK\$1,422,195,000)</p>
Use	Gross Floor Area Approximately (sqm)												
Residential	44,738.82 sqm												
Shopping Mall	46,093.03 sqm												
Office	16,238.51 sqm												
Total :	107,070.36 sqm												

Notes:

- Pursuant to the State-owned Land Use Rights Certificate (Document No.: Shenyang Guo Yong (2011) Di No. 0141) issued by 瀋陽市規劃和國土資源局 (Shenyang Planning and State-owned Land Resources Bureau, referred hereinafter as “SPLRB”) on 8 August 2011, the land use rights of the Property having a site area of approximately 41,209.2 sqm has been granted to Tysan Land (Shenyang) Limited (泰昇房地產(瀋陽)有限公司) (referred hereinafter as “Tysan Shenyang”) for terms of 50 years expiring on 26 June 2061 for residential use and 40 years expiring on 26 June 2051 for commercial use.
- According to six Completion Certificates issued by Shenyang Town and Country Development Committee (瀋陽市城鄉建設委員會) on 12 September 2016 and 21 September 2016, 8 residential towers (Block 1 to 8) and an office tower (Block 9) over the commercial podium comprising retail portion and basement carpark were completed.

3. According to a Real Estate Ownership Certificate (Document No.: Liao (2017) Shenyang City Real Estate Right No. 0181164), the land use rights and building ownership rights of the property having a gross floor area of approximately 16,238.51 sqm have been granted to Tysan Shenyang for office use for a term expiring on 26 June 2051.
4. According to a Real Estate Ownership Certificate (Document No.: Liao (2017) Shenyang City Real Estate Right No. 0207047), the land use rights and building ownership rights of the property having a gross floor area of approximately 46,093.03 sqm have been granted to Tysan Shenyang for commercial use for a term expiring on 26 June 2051.
5. According to the information provided by the Group, 93 apartment units with a total gross floor area of approximately 12,083.14 sqm have been pre-sold for a total consideration of approximately RMB142,110,000. In the course of our valuation, we have included such consideration.
6. In the valuation of the property, we have attributed no commercial value to 839 unsold car parking spaces, 49 pre-sold car parking spaces and a pre-sold storeroom, which have not obtained Real Estate Ownership Certificates. We have ascribed no commercial value to these car parking spaces and storerooms. For reference purposes, we are of the opinion that the value of these car parking spaces and storerooms as at the Valuation Date would be RMB177,993,000 (equivalent to approximately HK\$210,032,000) assuming Real Estate Ownership Certificates have been obtained and they could be freely transferred. For the avoidance of doubt, the value of these car parking spaces and storerooms of RMB177,993,000 is not included in the market value of the property of RMB1,205,250,000. According to the information provided by the Group, 49 car parking spaces and a storeroom have been pre-sold for a total consideration of approximately RMB10,193,000. In the course of our valuation, we have included such consideration.
7. PRC legal opinion states, inter alia, the following:
 - (i) Tysan Shenyang has obtained the Building Ownership of the unsold residential portion of the property and is entitled to occupy, use, lease or otherwise dispose of the unsold residential portion of the property;
 - (ii) Tysan Shenyang has obtained the Building Ownership and the Land Use Right of the office block and shopping mall of the property and is entitled to occupy, use, lease or otherwise dispose of the property excluding car parking spaces;
 - (iii) Tysan Shenyang is entitled to use and lease the unsold car parking spaces of the property;
 - (iv) Tysan Shenyang could not sell, lease out and mortgage the pre-sold portion of the property; and
 - (v) The property is free from any mortgages and seizure.
8. The status of title and grant of major approvals and permits in accordance with PRC legal opinion and information provided by the Group are as follows:

(i) State-owned Land Use Rights Certificate	Yes
(ii) Completion Certificates	Yes
(iii) Real Estate Ownership Certificate	Yes
9. The property was inspected by Ms. Carol Liu, China Real Estate Appraiser, on 15 November 2017.

VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2017
5.	2 residential units and 11 car parking spaces located at The Waterfront, No. 165 Guangfu Road West, Putuo District, Shanghai, PRC	The Waterfront (referred hereinafter as the “Development”) comprises 6 blocks of high-rise and 3 blocks of medium-rise residential buildings, shops, club house and carpark erected over a site with an area of 36,562 sqm. The Development is a self-contained residential estate of reinforced concrete construction completed in between 2008 and 2010. The property comprises a duplex residential unit on 11th Floor and 12th Floor, a residential unit on 37th Floor and 11 car parking spaces. According to the information provided by the Group, the total gross floor area of the property is approximately 1,046 sqm and 11 car parking spaces of the development. The property is held with the land use rights for a term from 8 January 2003 and expiring on 7 January 2073 for residential uses.	The property is currently vacant. RMB108,220,000 (equivalent to approximately HK\$127,700,000)

Notes:

1. According to a Shanghai Certificate of Real Estate Ownership (Document No: Hu Fang Di Pu Zi (2009) No. 013271) dated 27 May 2009, the land use rights and building ownership rights of flat No. 3701 of block 8 with a gross floor area of approximately 747.92 sqm were granted to Tysan Shanghai for a term commencing from 8 January 2003 and expiring on 7 January 2073 for residential use.
2. According to a Shanghai Certificate of Real Estate Ownership (Document No: Hu Fang Di Pu Zi (2012) No. 024088) dated 31 December 2012, the land use rights and building ownership rights of flat No. 1133 of block 33 were granted to Tysan Shanghai for a term commencing from 8 January 2003 and expiring on 7 January 2073 for residential use.
3. Pursuant to a 房屋土地權屬調查報告書 (Housing Land Ownership Investigation Report) issued in 2010, the gross floor area of flat No. 1133 of block 33 is approximate 298.08 sqm.
4. According to a Shanghai Certificate of Real Estate Ownership (Document No: Hu Fang Di Pu Zi (2008) No. 024782) dated 24 November 2008, the land use rights and building ownership rights of the car parking space Nos. 102, 130, 506, 507 and 757 were granted to Tysan Shanghai.
5. According to a Shanghai Certificate of Real Estate Ownership (Document No: Hu Fang Di Pu Zi (2010) No. 023415) dated 21 September 2010, the land use rights and building ownership rights of the car parking spaces Nos. 900, 901, 902, 903, 914 and 917 were granted to Tysan Shanghai.

6. PRC legal opinion states, inter alia, the following:
- (i) Tysan Shanghai has obtained the Building Ownership and the Land Use Right of the property and is entitled to occupy, use, lease or otherwise dispose of the property; and
 - (ii) The property is free from any mortgages and seizure.
7. The status of title and grant of major approvals and permits in accordance with PRC legal opinion and information provided by the Group are as follows:
- (i) Shanghai Certificate of Real Estate Ownership Yes
8. The property was inspected by Mr. William Jin, China Real Estate Appraiser, on 14 November 2017.

VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 September 2017
6. 2 commercial units, 24 car parking spaces and a clubhouse located at The Riverside, No. 19 Qiongzhou Road, Hexi District, Tianjin, PRC	<p>The Riverside (referred hereinafter as the “Development”) comprises 6 blocks of high-rise residential buildings, shops, club house and carpark erected over a site area of 15,160 sqm.</p> <p>The Development is a self-contained residential estate of reinforced concrete construction completed in 2012.</p> <p>The property comprises 2 commercial units, a clubhouse and 24 car parking spaces.</p> <p>According to the information provided by the Group, the total gross floor area of the property is approximately 3,945.48 sqm and 24 car parking spaces of the development.</p> <p>The property is held with the land use rights for a term expiring on 30 April 2074 for urban residential uses.</p>	<p>One commercial unit with a gross floor area of 564.02 sqm is currently used by the Tysan Property Development (Tianjin) Company Limited as office. The clubhouse is currently used for providing clubhouse services. The remaining portion of the property is currently vacant.</p>	<p>RMB75,120,000</p> <p>(equivalent to approximately HK\$88,642,000)</p>

Notes:

1. According to a Real Estate Ownership Certificate (Document No.: Fang Di Zheng Jin Zi No. 103051400007) dated 28 February 2014, the land use rights of the development having a site area of approximately 15,160.1 sqm have been granted to Tysan Property Development (Tianjin) Company Limited (泰昇房地產開發(天津)有限公司) (referred hereinafter as “**Tysan Tianjin**”) for a term expiring on 30 April 2074 for urban residential uses.
2. According to a Real Estate Ownership Certificate (Document No: Fang Di Zheng Jin Zi No. 103051367357) dated 18 April 2013, the land use rights and building ownership rights of a non-residential unit with a gross floor area of approximately 1,281.57 sqm were granted to Tysan Tianjin for non-residential use.
3. According to a Real Estate Ownership Certificate (Document No: Fang Di Zheng Jin Zi No. 1030814001259) dated 15 July 2014, the land use rights and building ownership rights of a non-residential unit with a gross floor area of approximately 564.02 sqm were granted to Tysan Tianjin for non-residential use.
4. According to a Real Estate Ownership Certificate (Document No: Fang Di Zheng Jin Zi No. 103011304204) dated 19 April 2013, the land use rights and building ownership rights of the car park on basement were granted to Tysan Tianjin for non-residential use.
5. According to a Real Estate Ownership Certificate (Document No: Fang Di Zheng Jin Zi No. 1030814001260) dated 15 July 2014, the land use rights and building ownership rights of a non-residential unit with a gross floor area of approximately 2,099.89 sqm were granted to Tysan Tianjin for a term expiring on 30 April 2074 for non-residential use.

6. PRC legal opinion states, inter alia, the following:
- (i) Tysan Tianjin has obtained the Building Ownership and the Land Use Right of the property and is entitled to occupy, use, lease or otherwise dispose of the property; and
 - (ii) The property is free from any mortgages and seizure.
7. The status of title and grant of major approvals and permits in accordance with PRC legal opinion and information provided by the Group are as follows:
- (i) Real Estate Ownership Certificate Yes
8. The property was inspected by Ms. Michelle Li, China Real Estate Appraiser, on 15 November 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. 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

Name	Capacity	Number of Shares interested	Percentage of issued share capital of the Company (%)
Hainan Province Cihang Foundation ⁽¹⁾	Interest of controlled corporation	2,540,222,144	74.66
Tang Dynasty Development (Yangpu) Company Limited ⁽¹⁾	Interest of controlled corporation	2,540,222,144	74.66
Hainan Traffic Administration Holding Co., Ltd ⁽¹⁾	Interest of controlled corporation	2,540,222,144	74.66
HNA Group ⁽¹⁾	Interest of controlled corporation	2,540,222,144	74.66
HNA Holding Group Co., Ltd. ⁽¹⁾	Interest of controlled corporation	2,540,222,144	74.66
HNA Investment Holding Co., Ltd. ⁽¹⁾	Interest of controlled corporation	2,540,222,144	74.66
Beijing HNA Financial Holdings Co., Ltd. ⁽¹⁾	Interest of controlled corporation	2,540,222,144	74.66
HNA Financial Holdings International Co., Ltd. ⁽¹⁾	Interest of controlled corporation	2,540,222,144	74.66
Hong Kong HNA Holding Group Co. Limited ⁽¹⁾	Interest of controlled corporation	2,540,222,144	74.66
HNA Finance I	Beneficial owner	2,540,222,144	74.66
Central Huijin Investment Ltd. ⁽²⁾	Security interest in Shares	265,000,000	5.44
China Construction Bank Corporation ⁽²⁾	Security interest in Shares	265,000,000	5.44
中國交通建設股份有限公司	Beneficial owner	171,000,000	5.03

Notes:

- (1) These parties were deemed to have interests in 2,540,222,144 Shares by virtue of their equity interests in HNA Finance I. Based on the disclosure of interests notices filed by Hainan Province Cihang Foundation on 21 June 2017, HNA Finance I was wholly-owned by Hong Kong HNA Holding Group Co. Limited; Hong Kong HNA Holding Group Co. Limited was wholly-owned by HNA Financial Holdings International Co., Ltd.; HNA Financial Holdings International Co., Ltd. was wholly-owned by Beijing HNA Financial Holdings Co., Ltd.; Beijing HNA Financial Holdings Co., Ltd. was wholly-owned by HNA Investment Holding Co., Ltd.; HNA Investment Holding Co., Ltd. was wholly-owned by HNA Holding Group Co., Ltd.; HNA Holding Group Co., Ltd. was wholly-owned by HNA Group; HNA Group was owned as to 70% by Hainan Traffic Administration Holding Co., Ltd.; Hainan Traffic Administration Holding Co., Ltd. was owned as to 50% by Tang Dynasty Development (Yangpu) Company Limited and Tang Dynasty Development (Yangpu) Company Limited was owned as to 65% by Hainan Province Cihang Foundation. Therefore, each of the aforesaid entities was deemed under the SFO to be interested in the 2,540,222,144 Shares (which includes (i) the 321,000,000 Shares

pledged by HNA Finance I in favour of an associate of CCB International Capital Limited (according to the register kept by the Company pursuant to Section 336 of the SFO, such associate of CCB International Capital Limited held security interest in 265,000,000 Shares as at the Latest Practicable Date); (ii) the 244,180,000 Shares pledged by HNA Finance I in favour of a branch of Bank of Luoyang; and (iii) the 16,318,013 Shares pledged by HNA Finance I in favour of a lender, who is an independent third party, according to a master loan agreement, a master pledge agreement and a control agreement pursuant to which such lender may sell, transfer, pledge or otherwise deal in such securities subject to the terms of such agreement).

- (2) 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, were deemed to be interested in the 265,000,000 Shares over which CCB International Overseas Limited had a security interest.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no person 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.

As at the Latest Practicable Date, the following Directors were a director or employee of a company which had an interest or a short position in the Shares and 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:

Director	Company	Position
Mr. Huang Qijun	HNA Group HNA Holding Group Co., Ltd.	Director Director, chairman of the board and chief executive officer
Mr. Zhao Quan	Beijing HNA Financial Holdings Co., Ltd. HNA Group	Director Director
Mr. Mu Xianyi	HNA Holding Group Co., Ltd.	Chief investment officer

Save as disclosed above, as at the Latest Practicable Date, none of the Directors were a director or employee of a company which had an interest or a short position in the Shares and 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.

3. 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).

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

Save for the interest of Mr. Fung Chiu Chak, Victor (“**Mr. Fung**”) in the sale and purchase agreement dated 19 April 2016 entered into among the Company as purchaser, Fortunate Pool Limited (“**Fortunate Pool**”, a company wholly-owned by Mr. Fung) as vendor and Mr. Fung as guarantor in relation to sale and purchase of 40 issued shares of Tysan Foundation and the master agreement dated 6 July 2017 entered into between the Company (for itself and for and on behalf of other members of the Group) and Mr. Fung (for himself and on behalf of companies owned or controlled by him) in respect of the subcontracting of certain categories of works, since 31 December 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 was significant in relation to the business of the Group, and no Director was interested in any assets which had been acquired or disposed of by or leased to (or are proposed to be acquired or disposed of by or leased to) any member of the Group since the date of the latest published audited accounts of the Company.

As at the Latest Practicable Date, 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.

5. 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 sale and purchase agreement (“**Foundation SPA**”) dated 19 April 2016 entered into between the Company (as purchaser), Fortunate Pool (as vendor) and Mr. Fung (as guarantor) in relation to the obligations, commitments and undertakings of Fortunate Pool under such agreement for an aggregate consideration of HK\$836,790,400;
- (b) the subscription agreement dated 22 August 2016 entered into between 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 between 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 between the Company (as issuer) and Hong Kong Marine Construction Limited (“**HKMCL**”) (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 between the Company as issuer and Hwabao Trust Co., Ltd.* (華寶信託有限責任公司) (“**Hwabao Trust**”) (as trustee) and for and on behalf of and for the benefit of 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**”) (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 between the Company (as issuer) and CRCC Hong Kong Development Limited (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 between the Company as issuer and Hwabao Trust (as trustee and for and on behalf of and for the benefit of Suzhou Gold Mantis Corporation (Group) Co., Ltd.* (蘇州金螳螂企業(集團)有限公司) (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 between the Company as issuer and Hwabao Trust (as trustee) and for and on behalf of and for the benefit of Hainan Shengda Industrial Co., Ltd.* (海南生達實業有限公司) (“**Hainan Shengda**”) (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 between 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 the Top Genius Acquisition;
- (j) the underwriting agreement dated 28 March 2017 (as amended and supplemented by side letters dated 20 April 2017 and 25 April 2017) and entered into between the Company and CCB International Capital Limited (“**CCBI**”) and HNA Finance I (as underwriters) in relation to the Rights Issue;
- (k) an irrevocable undertaking dated 28 March 2017 given by HNA Finance I in favour of the Company and CCBI in relation to the Rights Issue;
- (l) the shareholder’s loan agreement dated 5 April 2017 entered into between the Company (as borrower) and HNA Finance I (as lender) in relation to an interest-free unsecured loan of HK\$2,700 million for financing the Milway Acquisition;
- (m) the shareholder’s loan agreement dated 7 April 2017 entered into between the Company (as borrower) and HNA Finance I (as lender) in relation to an interest-free unsecured loan of HK\$3,700 million for financing the Milway Acquisition;

- (n) the programme agreement dated 7 April 2017 entered into between Silverbell Asia Limited (“**Silverbell**”) (a direct 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 unconditionally and irrevocably guaranteed by the Company;
- (o) the trust deed dated 7 April 2017 entered into between the Company, Silverbell and The Bank of New York Mellon, London Branch (“**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 (“**Agency Agreement**”) entered into between the Company, Silverbell, the Trustee, The Bank of New York Mellon, London Branch as principal paying agent, and the other agents named in it in relation to the rights and duties of such agents in respect of any notes to be issued under the Medium Term Note Programme;
- (q) an irrevocable undertaking dated 10 April 2017 given by an existing Shareholder, 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, 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;
- (s) an irrevocable undertaking dated 18 April 2017 given by an existing Shareholder, 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;
- (t) the deed of release dated 27 April 2017 entered into between the Company, Tysan Foundation (a wholly-owned subsidiary of the Company) and Fortunate Pool in relation to the release of each party to the shareholders’ agreement of Tysan Foundation dated 17 January 2014 of their obligations and/or liabilities thereunder, upon completion of the Foundation SPA;

- (u) the master agreement dated 6 July 2017 entered into between the Company and Mr. Fung in respect of the subcontracting of foundation works, building and construction works, electrical and mechanical engineering works and/or rental of tower cranes and provision of engineering services;
- (v) the pricing supplemental agreement dated 21 July 2017 entered into between Silverbell (as issuer) and the Company (as guarantor) in relation to the pricing details of certain guaranteed notes due 2020 with a nominal value of HK\$130,000,000 and a coupon of 7.0% under the Medium Term Note Programme;
- (w) the confirmation letter dated 21 July 2017 entered into between Silverbell (as issuer) and the Company (as guarantor) in relation to the confirmation of the appointment of Guotai Junan Securities (Hong Kong) Limited as a dealer for the guaranteed notes referred to in item (v) above;
- (x) the pricing supplement agreement dated 10 August 2017 entered into between Silverbell (as issuer) and the Company (as guarantor) in relation to the pricing details of certain guaranteed notes due 2020 with a nominal value of HK\$90,000,000 under the Medium Term Note Programme (to be consolidated and form a single series with the guaranteed notes referred to in item (v) above);
- (y) the confirmation letter dated 10 August 2017 entered into between Silverbell (as issuer) and the Company (as guarantor) in relation to the confirmation of the appointment of Guotai Junan Securities (Hong Kong) Limited as a dealer for the guaranteed notes referred to in item (x) above;
- (z) the subscription agreement dated 4 September 2017 entered into between Uni-Genius Investments Limited (as subscriber) and Right Time Global Investment SPC (“**Right Time Global**”) (as issuer) in relation to the subscription of shares of Right Time Global in an aggregate amount of US\$200 million;
- (aa) the master agreement dated 22 September 2017 entered into between TFHK with Denco Properties Limited and Hongkong Island Construction Properties Co., Limited in relation to the provision of foundation works by members of the Group to members of HNA Group;
- (bb) the master agreement dated 22 September 2017 entered into between the Company and Hainan Marine Construction Project Management Contracting Company Limited* (海南海建工程管理總承包有限公司), in relation to the provision of BIM (building information modelling) modelling services and BIM platform by members of HNA Group to members of the Group;
- (cc) 6565 Limited Partnership Agreement;
- (dd) 6565 Fund Subscription Agreement;
- (ee) the Shanghai Disposal Agreement;

- (ff) the Shenyang Disposal Agreement;
- (gg) the Tianjin Disposal Agreement;
- (hh) 6562 Limited Partnership Agreement;
- (ii) 6562 Fund Subscription Agreement;
- (jj) the pricing supplement agreement dated 1 December 2017 entered into between Silverbell (as issuer) and the Company (as guarantor) in relation to the pricing details of certain guaranteed notes due 2020 with a nominal value of HK\$85,000,000 and a coupon of 7.0% under the Medium Term Note Programme; and
- (kk) the confirmation letter dated 1 December 2017 entered into between Silverbell (as issuer) and the Company (as guarantor) in relation to the confirmation of the appointment of Guotai Junan Securities (Hong Kong) Limited as a dealer for the guaranteed notes referred to in item (jj) above.

6. LITIGATION

As at the Latest Practicable Date, no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. QUALIFICATION AND CONSENT OF EXPERT

The following are the qualifications of the expert who has given advice, letter or opinion for incorporation and as contained in this circular:

Name	Qualification
Lego Corporate Finance Limited	a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activities
Vigers Appraisal & Consulting Limited	Registered Professional Surveyor and China Real Estate Appraiser
JunHe LLP	Legal adviser as to PRC law

Each of the experts has given and has not withdrawn its written consent to the issue of this circular, with the inclusion therein of its letter and/or report or the references to its name in the form and context in which it appears.

As of the Latest Practicable Date, none of the experts had any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group and none of

them had any interest, either direct or indirect, in any assets which had since 31 December 2016, being the date to which the latest published audited financial statements of the Company were made up, 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.

8. 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 branch share registrar of the Company in Hong Kong is Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) 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.
- (e) The English text of this circular shall prevail over its respective Chinese text for the purpose of interpretation.

9. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts referred to in the paragraph headed "Material contracts" in this Appendix;
- (c) the audited consolidated financial statements of the Company for the financial year ended 31 March 2016 and the nine months ended 31 December 2016;
- (d) the property valuation report prepared by Vigers Appraisal & Consulting Limited as set out in Appendix II to this circular;
- (e) the letter from the Independent Financial Adviser;
- (f) the written consents from Lego Corporate Finance Limited and Vigers Appraisal & Consulting Limited referred to in the paragraph headed "Qualification and consent of expert" in this Appendix;

- (g) PRC legal opinion issued by JunHe LLP referred to in Appendix II to this circular;
- (h) the circulars of the Company dated 13 March 2017, 28 April 2017, 15 August 2017, 26 October 2017 and 4 November 2017; and
- (i) this circular.

NOTICE OF SGM



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 Wednesday, 27 December 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 equity transfer agreement (the “**Shanghai Disposal Agreement**”, a copy of which marked “A” has been tabled before the meeting and initialled by the chairman of the meeting for the purpose of identification) entered into between Great Regent Investments Limited, Shanghai Changning Duncan Property Consulting Co., Ltd., Red Shine Investment Limited, Carriway Limited, Hainan HNA Shou Fu Investment Co., Ltd. and Tysan Land (Shanghai) Limited on 13 November 2017 in relation to the disposal of the entire equity interest of Tysan Land (Shanghai) Limited and all other transactions contemplated in connection therewith and any other ancillary documents be and are hereby approved, confirmed and ratified; 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 Shanghai Disposal Agreement.”

2. “**THAT**

- (a) the equity transfer agreement (the “**Shenyang Disposal Agreement**”, a copy of which marked “B” has been tabled before the meeting and initialled by the chairman of the meeting for the purpose of identification) entered into between Sparkle Key Limited,

NOTICE OF SGM

Hainan HNA Infrastructure Investment Group Co., Ltd. and Tysan Land (Shenyang) Limited on 13 November 2017 in relation to the disposal of the entire equity interest of Tysan Land (Shenyang) Limited and all other transactions contemplated in connection therewith and any other ancillary documents be and are hereby approved, confirmed and ratified; 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 Shenyang Disposal Agreement.”

3. **“THAT**

- (a) the equity transfer agreement (the **“Tianjin Disposal Agreement”**, a copy of which marked **“C”** has been tabled before the meeting and initialled by the chairman of the meeting for the purpose of identification) entered into between Great Prosper Limited, Hainan HNA Shou Fu Investment Co., Ltd. and Tysan Property Development (Tianjin) Co. Ltd. on 13 November 2017 in relation to the disposal of the entire equity interest of Tysan Property Development (Tianjin) Co. Ltd. and all other transactions contemplated in connection therewith and any other ancillary documents be and are hereby approved, confirmed and ratified; 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 Tianjin Disposal Agreement.”

By Order of the Board

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

HUANG Qijun

Chairman

Hong Kong, 7 December 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

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.

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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's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjourned meeting thereof.
3. Completion and return of the accompanying form of proxy will not preclude members of the Company from attending and voting in person at the meeting or any adjournment thereof should they so wish.
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 are Mr. Huang Qijun, Mr. Zhao Quan, Mr. Fung Chiu Chak, Victor, Mr. Liu Junchun, Mr. Mu Xianyi, Mr. Wong Tai Lun Kenneth and Mr. Mung Hon Ting Jackie; the non-executive Directors are Mr. Tang King Shing and Mr. Tang Kit; and the independent non-executive Directors are Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George, Mr. Li Kit Chee and Mr. Leung Kai Cheung.