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

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 687)**

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

#### **INTRODUCTION**

The Company announces that on 19 June 2019, the Vendor (an indirect wholly-owned subsidiary of the Company) and the Company (as the guarantor of the Vendor) entered into the SPA with the Purchaser and the Purchaser Guarantor, pursuant to which the Vendor agreed to sell and assign to the Purchaser, and the Purchaser agreed to purchase and take the assignment from the Vendor, the Sale Shares and the Sale Loan for a total Consideration of HK\$595,000,000 (subject to adjustments). The Target Group owns the Property known as “CentreHollywood”, which is located at No. 151 Hollywood Road, Hong Kong, and operates the leasing of the Property.

#### **LISTING RULES IMPLICATIONS**

As one or more of the percentage ratios set forth under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the reporting and disclosure requirements under Chapter 14 of the Listing Rules.

**As the SPA is subject to fulfilment of the conditions precedent, Completion may or may not take place. Therefore, investors are recommended to exercise caution when dealing in the securities of the Company.**

## **THE SPA**

### **Date**

19 June 2019

### **Parties**

- (a) Fundamental Assets IV Limited (a wholly-owned subsidiary of the Company) as vendor;
- (b) the Company as the guarantor of the Vendor;
- (c) New Pursue Limited as purchaser; and
- (d) Emperor International Holdings Limited as the guarantor of the Purchaser.

### **Subject matter**

The Vendor agreed to sell and assign to the Purchaser, and the Purchaser agreed to purchase and take the assignment from the Vendor, the Sale Shares and the Sale Loan for a total Consideration of HK\$595,000,000 (subject to adjustments).

### **Consideration**

The Consideration (being the consideration for the Sale Shares and the Sale Loan) is HK\$595,000,000 (subject to adjustments). The Consideration was determined after arm's length commercial negotiations between the Vendor and the Purchaser after taking into account factors including, among other things, the valuation report commissioned by the Company in relation to the Property and the trend of the property market in Hong Kong.

The Consideration will be subject to the following adjustments:

- (a) Initial adjustment at Completion – the Consideration will be reduced by the amount of liabilities of the Target Group including but not limited to all accrued expenses (excluding the Sale Loan and deferred tax liabilities (if any)) as at the Completion Date and increased by the amount of the assets of the Target Group which are readily convertible into cash or cash equivalent as at the Completion Date (excluding the Property, chattels, fixed assets and intangible assets) as set out in the pro forma completion accounts of the Target Group; and
- (b) Final adjustment post Completion – if the amount of liabilities and assets as set out in the final completion accounts is different from the pro forma completion accounts of the Target Group, the Consideration will be adjusted accordingly.

## **Terms of payment**

The Consideration will be paid by the Purchaser in the following manner:

- (a) a sum of HK\$59,500,000 upon the signing of the SPA as initial deposit;
- (b) a sum of HK\$59,500,000 within one month after the signing of the SPA as further deposit; and
- (c) the balance of the Consideration (as adjusted pursuant to the mechanism stated in subparagraph (a) under the paragraph headed “Consideration”) at Completion.

The deposits paid by the Purchaser under paragraphs (a) and (b) above will be held by the Vendor’s solicitors as stakeholders who will release the same to the Vendor at Completion.

There may be adjustment to the Consideration as stated in the paragraph headed “Consideration”.

## **Conditions Precedent**

Completion of the SPA is conditional upon the following conditions being satisfied or waived by the Purchaser:

- (a) the compliance with the Listing Rules by the Company;
- (b) the Vendor having procured the transfer of the domain name “www.centrehollywood.com.hk” to the Target Subsidiary;
- (c) the Target Subsidiary being the sole legal and beneficial owner of the Property, is subject to the terms of the SPA, able to show and give good title to the Property in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong) free from all encumbrances;
- (d) the Vendor being the sole legal and beneficial owner of the Sale Shares and the Sale Loan free from all encumbrances and having the capacity and power to sell the Sale Shares and assign all or any part of the Sale Loan to the Purchaser free from all encumbrances; and
- (e) the Target being the sole legal and beneficial owner of all the issued shares of the Target Subsidiary free from all encumbrances.

## **Completion**

Completion shall take place on 19 August 2019, i.e. the first business day falling on the expiry of the two-month period from the date of the SPA (or such other date as may be agreed in writing by the Vendor and Purchaser).

## **Tax indemnity**

At Completion, the Vendor, the Company, the Purchaser, the Purchaser Guarantor and the Target will enter into a deed of tax indemnity pursuant to which the Vendor (falling which, the Vendor Guarantor) will indemnify the Purchaser from and against depletion or reduction in the value of the shares of the Target Group arising from and against tax claims prior to Completion against the Target Group and the Target from and against taxation prior to Completion, subject to the terms and limitations therein.

## **INFORMATION ABOUT THE TARGET GROUP AND THE PROPERTY**

### **The Target**

The Target is a company incorporated in the British Virgin Islands with limited liability and as at the date of this announcement is a direct wholly-owned subsidiary of the Vendor. The Target is the sole shareholder of the Target Subsidiary, which is the sole legal and beneficial owner of the Property. Upon Completion, the Target and the Target Subsidiary will cease to be subsidiaries of the Company.

A summary of the financial information of the Target (on a consolidated basis) for the two years ended 31 March 2019 is set out below:

	<b>For the year ended 31 March 2018</b>	<b>For the year ended 31 March 2019</b>
	<i>HK\$</i>	<i>HK\$</i>
Net profit before taxation and extraordinary items	16,808,990	28,709,978
Net profit after taxation and extraordinary items	17,738,508	26,983,260

As at 31 March 2019, the net asset value and total assets of the Target Group (on a consolidated basis) amounted to approximately HK\$357,079,993 and HK\$701,644,944 respectively.

### **The Target Subsidiary**

The Target Subsidiary is a company incorporated in Hong Kong with limited liability whose principal business activity is holding and leasing the Property, and is a wholly-owned subsidiary of the Target. The Target Subsidiary is the registered and the sole legal and beneficial owner of the Property.

## **The Property**

The Property comprises all those pieces or parcels of ground registered in the Land Registry as The Remaining Portion of Sub-Section 1 of Section E of Inland Lot No.853, The Remaining Portion of Sub-Section 2 of Section E of Inland Lot No.853 and The Remaining Portion of Section E of Inland Lot No.853 together with the messuages, erections and buildings thereon known as “CentreHollywood” (formerly known as “iZi” and “Yee Hing Loong Commercial Building”), No.151 Hollywood Road, Hong Kong and the appurtenances thereto. The Property has a total gross floor area of approximately 32,728 square feet, comprising a 26-storey commercial building with ground floor for shop use, upper floors for office use and the lower ground floor for main switch room.

## **INFORMATION ABOUT THE GROUP AND THE PARTIES TO THE SPA**

### **The Vendor**

The Vendor is a company incorporated in the British Virgin Islands whose principal business activity is investment holding. The Vendor is a wholly-owned subsidiary of the Company.

### **The Purchaser and the Purchaser Guarantor**

The Purchaser is a company incorporated in the British Virgin Islands indirectly wholly-owned by the Purchaser Guarantor whose principal business activity is property investment.

The Purchaser Guarantor is a company incorporated in Bermuda whose shares are listed on the Stock Exchange. The Purchaser Guarantor is an investment holding company and its subsidiaries are principally engaged in property investments, property development and hospitality in the Greater China and overseas.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the Purchaser, the Purchaser Guarantor and their respective controlling shareholders are third parties independent of the Company and connected persons of the Company.

## **FINANCIAL EFFECT OF THE DISPOSAL**

Based on the financial information of the Target Group as at 31 March 2019, it is estimated that the Company could recognise a loss of approximately HK\$111 million in relation to the Disposal. The estimated loss is determined based on (i) the unaudited consolidated net assets of the Target attributable to the Group as at 31 March 2019; and (ii) the estimated related transaction costs and expenses. The above financial impact is shown for illustrative purpose only and the actual gain or loss of the Disposal to be recorded by the Company can only be determined after Completion. The Group intends to apply the proceeds of the Disposal for general working capital of the Group and/or appropriate investment opportunities as and when they arise.

## REASONS FOR THE DISPOSAL

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

As disclosed in the composite document published by the Company and Times Holdings II Limited dated 11 April 2019 in relation to the mandatory unconditional cash offers, the offeror intends to optimise and rationalise the assets portfolio of the Group by realising the real estate assets of the Group in Hong Kong. Having considered the recent conditions and trend of the property market in Hong Kong, the Directors consider the Disposal represents a good opportunity for the Group to realise its interest in the Target Group into cash for other investment opportunities.

In view of the aforesaid, the Directors consider that the terms of the SPA are made on normal commercial terms and are fair and reasonable, and that entering into the SPA and the Disposal are in the interests of the Company and the Shareholders as a whole.

## LISTING RULES IMPLICATIONS

As one or more of the percentage ratio set forth under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the reporting and disclosure requirements under Chapter 14 of the Listing Rules.

**As the SPA is subject to fulfilment of the conditions precedent, Completion may or may not take place. Therefore, investors are recommended to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

“Board”	the board of Directors;
“Company”	Hong Kong International Construction Investment Management Group Co., Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited;
“Completion”	completion of the SPA;
“Consideration”	HK\$595,000,000 (subject to adjustment);

“Directors”	the directors of the Company;
“Disposal”	the sale and purchase of the Sale Shares and the assignment of the Sale Loan from the Vendor to the Purchaser;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Property”	No.151 Hollywood Road, Hong Kong, as more particularly described in this announcement;
“Purchaser”	New Pursue Limited, a company incorporated in the British Virgin Islands;
“Purchaser Guarantor”	Emperor International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (Stock Code: 163)
“Sale Loan”	all, if any, loan(s) owing by the Target to the Vendor as at and immediately before Completion;
“Sale Shares”	ten ordinary shares of the Target, being all the issued shares of the Target;
“Shareholders”	shareholders of the Company;

“SPA”	the sale and purchase agreement dated 19 June 2019 entered into between the Vendor, the Company, the Purchaser and the Purchaser Guarantor in relation to the Disposal
“Target”	Superior Choice Holdings Limited, a company incorporated in the British Virgin Islands
“Target Group”	the Target and the Target Subsidiary;
“Target Subsidiary”	Excel Pointer Limited, a company incorporated in Hong Kong, which is a subsidiary of the Target;
“Vendor”	Fundamental Assets IV Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company.

By order of the Board  
**HONG KONG INTERNATIONAL CONSTRUCTION  
INVESTMENT MANAGEMENT GROUP CO., LIMITED**  
**Fung Chiu Chak, Victor**  
*Vice-Chairman*

Hong Kong, 19 June 2019

*As at the date of this announcement, the executive Directors are Mr. Fung Chiu Chak, Victor and Mr. Sun Kin Ho Steven; the non-executive Directors are Mr. Justin Wai, Mr. Wang Tianbing, Mr. David Robert McClure, Mr. Lau Che Hang Alex, Mr. Wu Charles Hsing-yuan and Mr. Yuen Pak Man; and the independent non-executive Directors are Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George and Mr. Li Kit Chee.*

*Company website: [www.hkicimgroup.com](http://www.hkicimgroup.com)*