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

(Incorporated in Bermuda with limited liability)

(Stock code: 687)

**CONNECTED TRANSACTION
INVESTMENT IN A FUND**

THE INVESTMENT

On 6 June 2018 (after trading hours), the Subsidiary entered into the Partnership Agreement with the General Partner to invest in the Fund. The Subsidiary will commit a cash contribution of RMB 300 million (approximately HK\$367.7 million) to the Fund.

LISTING RULES IMPLICATION

As at the date of this announcement, each of the General Partner and HNA Holding (being an initial Limited Partner) 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 General Partner and HNA Holding is a connected person of the Company and the formation of a partnership with the General Partner and HNA Holding and the transactions contemplated under the Partnership Agreement constitute a connected transaction of the Company.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Partnership Agreement is more than 0.1% but all of the applicable percentage ratios are less than 5%, the transactions contemplated under the Partnership Agreement are only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, and are exempt from the approval by the independent Shareholders.

THE PARTNERSHIP AGREEMENT

On 6 June 2018 (after trading hours), the Subsidiary entered into the Partnership Agreement with the General Partner in relation to the investment in the Fund.

The principal terms of the Partnership Agreement are as follows:

- Date:** 6 June 2018
- Name of the Fund:** Hengqin Zhonghang Equity Investment Fund Partnership (Limited Partnership)* (橫琴眾航股權投資基金合夥企業(有限合夥))
- Parties:** (i) The General Partner: and
(ii) The Subsidiary as a type A Limited Partner.
- Term of the Fund:** 10 years from the date the General Partner declares the Fund is established, subject to the General Partner's right to extend the term of the Fund.
- The General Partner can, at its discretion, extend the term of the Fund for 1 or 2 times for a period of 1 year each time. If the General Partner decides to extend the term of the Fund, the term of the Fund will be up to 12 years from the date the General Partner declares the Fund is established (the "**Fund Term**").
- If, after the Fund Term, the General Partner wants to further extend the term of the Fund, this has to be approved by majority of the voting rights held by the Limited Partners attending the relevant partners' meeting of the Fund.
- Purpose of the Fund and scope of business:** The main purpose of the Fund is to invest in approximately 90% of a PRC incorporated company (the "**Intermediate Company**"). As at the date of this announcement, it is intended after the investment in the Intermediate Company by the Fund, the Intermediate Company will be held as to 90% by the Fund and 10% by HNA Infrastructure.

It is intended that the Intermediate Company will in turn participate in the tender to acquire and invest in the Target Company (the “**Tender**”). The Intermediate Company may or may not succeed in the Tender. If the Tender is successful, it is intended that the Intermediate Company will become interested in approximately 38.73% of the Target Company. If the Tender is not successful, the Fund may invest in other project when opportunity arises or pay back the principal to the relevant parties.

Further information relating to the Intermediate Company and the Target Company is set out in the paragraph headed “Information of the Group and other parties” below.

Capital contribution:

As at the date of this announcement, the Subsidiary will contribute RMB300 million (approximately HK\$367.7 million) in cash to the Fund as Limited Partner and the General Partner will continue to look for potential investors to invest in the Fund as Limited Partners. Given that the Group does not control the General Partner and that the General Partner expects to attract more investors into the Fund to raise no more than RMB 16,000 million, as at the date of this announcement the Group does not expect to consolidate the Fund and the Fund will be classified as financial instrument of the Group. Further investors could include other Independent Third Parties or connected persons. The Subsidiary is one of the first Limited Partners and expects to have its percentage interest in the Fund continuously diluted.

The Subsidiary will pay the subscription money within 7 business days after signing the Partnership Agreement and the Group will finance its capital commitment in the Fund from its internal resources.

The capital contribution of the Subsidiary was determined after arm's length negotiations between the General Partner and the Subsidiary with reference to the anticipated capital requirements of the Fund. The General Partner has confirmed to the Subsidiary that save as to the amount of investment and the differences between the rights of type A Limited Partners and type B Limited Partners to distributions from the Fund, the terms of investment in the Fund by other Limited Partners are substantially the same or no less favourable to the Subsidiary than those set out in the Partnership Agreement).

Distribution:

After deducting the fees payable by the Fund, the Fund will distribute income to partners of the Fund. Under the Partnership Agreement, the income of the Fund, when become distributable, will be distributed in the following manner:

(a) firstly, to type A Limited Partners up to:

$$\frac{\text{Capital contribution of type A Limited Partner} + \left(\text{Capital contribution of type A Limited Partner} \times 8\% \times \frac{\text{number of days since the date on which the type A Limited Partner made the capital contribution into the Fund}}{365} \right)}{365}$$

(b) secondly, to the type B Limited Partners up to:

$$\frac{\text{Capital contribution of type B Limited Partner} + \left(\text{Capital contribution of type B Limited Partner} \times 7\% \times \frac{\text{number of days since the date on which the type B Limited Partner made the capital contribution into the Fund}}{365} \right)}{365}$$

(c) thirdly, if the profit of the Fund was beyond expected income distribution as set out above, after the above distributions, 20% of the remaining income of the Fund would be distributed to the General Partner as performance bonus and 80% to the Limited Partners (including the Subsidiary).

Management of the Fund:

The General Partner shall also act as the manager of the Fund and will provide management and operational services to the Fund.

The Fund shall pay the General Partner (as manager) management fee equivalent to 1% per annum of the total capital contribution made by all the Limited Partners upon establishment of the Fund.

Investment consultant and Financial consultant:

The Fund may engage an investment consultant and financial consultant depending on the needs of the Fund in the future.

Transfer of interest:

Within the first 3 years, type A Limited Partners can transfer their interest in the Fund to any other third party qualified by the General Partner.

INFORMATION OF THE GROUP AND OTHER PARTIES

The Company and 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, property investment and management and asset management.

The General Partner

The General Partner is a company established in the PRC with limited liability and the principal business activity of the General Partner is development of real estate, equity investment, financial consultation and asset management.

Other Limited Partners

The Directors note that the General Partner will invite other investors to invest in the Fund as Limited Partners. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, other than HNA Holding which is an initial Limited Partner, other Limited Partners who have committed to invest in the Fund and their respective ultimate beneficial owner(s) are Independent Third Parties.

The Intermediate Company

The Intermediate Company is a company established in the PRC with limited liability and as at the date of this announcement, the Intermediate Company has not commenced any business. As at the date of this announcement, the Intermediate Company is wholly-owned by HNA Infrastructure, which is a subsidiary of HNA Group.

The Target Company

The Target Company is a company established in the PRC with limited liability whose principal business activities are the operation and management of railway in Hainan province, railway construction, exploration and management of assets and operation of ferry business. As at the date of this announcement, the railways under the operation and management of the Target Company primarily include the Hainan Roundabout High Speed Railway* (海南環島高鐵), the Zhanghai Line Railway* (湛海綫) from Zhanjiang to Hai'an in Guangdong province, the Qiongzhou Strait Rail Ferry* (瓊州海峽鐵路渡輪), the Western Line Railway* (西環綫) from Haikou to Sanya in Hainan province, the Changba Extension* (昌八支綫), the Chashi Extension* (叉石支綫) and the related connections. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, prior to the intended investment by the Intermediate Company, the shareholders of the Target Company and their respective ultimate beneficial owner(s) are Independent Third Parties.

As at 31 December 2017, the audited net asset value of the Target Company were approximately RMB19,454 million, and the revenue and net loss of the Target Company were (a) approximately RMB3,116 million and approximately RMB2,091 million respectively for the year ended 31 December 2017; and (b) approximately RMB2,651 million and approximately RMB2,427 million for the year ended 31 December 2016.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PARTNERSHIP AGREEMENT

The Directors noted that Hainan province will establish a free trade pilot zone and a free trade port with Chinese characteristics and open up the cooperation in the Nanhai economic circle to become a hub of the Silk Road. The Directors are optimistic about the development of the Hainan province and of the view that infrastructure (including railway) will be crucial for the development of the Hainan province. The Directors consider that the introduction of non-state owned enterprises to invest in the Target Company and the undertaking of the state-owned enterprise mixed-ownership reform project by the Target Company will enhance the efficiency

of the Target Company and improve the performance of the Target Company. The investment allows the Company to participate in the state-owned enterprise mixed-ownership reform project of the Target Company, and through the indirect investment in the Target Company, to participate in the development of non-railway transportation business and land along the railway lines, share the development of Hainan province and the ancillary benefits and receive attractive returns in the future.

In view of the aforesaid, the Directors (including the independent non-executive Directors) consider that although the investment in the Fund is not in the ordinary course of business of the Group, the investment and the terms of the Partnership Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, each of the General Partner and HNA Holding (being an initial Limited Partner) 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 General Partner and HNA Holding is a connected person of the Company and the formation of a partnership with the General Partner and HNA Holding and the transactions contemplated under the Partnership Agreement constitute a connected transaction of the Company.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Partnership Agreement is more than 0.1% but all of the applicable percentage ratios are less than 5%, the transactions contemplated under the Partnership Agreement are only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, and are exempt from the approval by the independent Shareholders.

Each of Mr. Huang Qijun, Mr. Liu Junchun, Mr. Li Xiaoming, Mr. Wong Tai Lun Kenneth and Mr. Tang King Shing, being Directors nominated to the Board by HNA Finance I who attended the relevant Board meeting, had abstained from voting on the board resolutions to approve the Partnership Agreement. Save as disclosed above, no other Directors is regarded to have any material interest in the transactions and required to abstain from voting on the Board resolutions in the Board meeting for considering and approving the transactions.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Board”	the board of directors of the Company
“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
“connected person(s)”	has the meaning ascribed to such term in the Listing Rules
“Director(s)”	the director(s) of the Company
“Fund”	Hengqin Zhonghang Equity Investment Fund Partnership (Limited Partnership)* (橫琴眾航股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC
“Fund Term”	has the meaning given to it in the sub-section “Term of the Fund” under the paragraph headed “The Partnership Agreement”
“General Partner”	Haikou Xincheng District Equity Investment Fund Management Co., Ltd.* (海口新城區股權投資基金管理有限公司), the general partner of the Fund
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, 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 Infrastructure”	HNA Infrastructure Investment Group Co., Ltd, the issued Shares of which are listed on the Shanghai Stock Exchange
“HNA Group”	HNA Group Co., Ltd., a company established under the laws of PRC and the holding company of HNA Finance I

“HNA Holding”	HNA Holding Group Co., Ltd., a company established under the laws of PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Intermediate Company”	has the meaning given to it in the sub-section “Purpose of the Fund and scope of business” under the paragraph headed “The Partnership Agreement”
“Limited Partners”	the limited partners of the Fund
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Partnership Agreement”	the partnership agreement dated 6 June 2018 entered into between the General Partner and the Subsidiary
“PRC”	People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holder(s) of the Share(s)
“Shares”	ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	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 the PRC and a wholly-owned subsidiary of the Company
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Hainan Railway Company Limited* (海南鐵路有限公司), a company established in the PRC

“Tender”	has the meaning given to it in the sub-section “Purpose of the Fund and scope of business” under the paragraph headed “The Partnership Agreement”
“%”	per cent
“*”	English translations of company names from the Chinese language are marked with “*” and are provided for identification purposes only

For the purpose of this announcement, conversion of RMB into HK\$ is based on the approximate exchange rate of RMB1 to HK\$1.2255. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ or RMB have been, could have been or may be converted at such or any other rate or at all.

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

Hong Kong, 6 June 2018

As at the date of this announcement, the executive directors of the Company are Mr. Huang Qijun, Mr. Mung Kin Keung, Mr. Fung Chiu Chak, Victor, Mr. Liu Junchun, Mr. Mu Xianyi, Mr. Li Xiaoming, Mr. Wong Tai Lun Kenneth and Mr. Mung Hon Ting Jackie; the non-executive directors of the Company are Mr. Tang King Shing and Mr. Tang Kit; and the independent non-executive directors of the Company are Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George, Mr. Li Kit Chee and Mr. Leung Kai Cheung.

Company website: www.hkicimgroup.com