

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

(Incorporated in Bermuda with limited liability)

(Stock code: 687)

**PROPOSED MAJOR TRANSACTION
SUBSCRIPTION FOR CONVERTIBLE BONDS**

The Board is pleased to announce that on 13 June 2018 (after trading hours), the Subscriber and the Issuer entered into the Subscription Agreement, pursuant to which the Issuer has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Bonds which may be converted into the Conversion Shares pursuant to the terms and conditions of the Convertible Bonds, in the principal amount of HK\$800 million.

IMPLICATIONS OF THE SUBSCRIPTION UNDER THE LISTING RULES

The Subscription constitutes a major transaction for the Company under the Listing Rules as one or more of the applicable percentage ratios are more than 25% but are less than 100%. Accordingly, the Subscription is subject to announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. Since no Shareholder is required to abstain from voting if the Company were to convene a special general meeting for the approval of the Subscription, and the Company has obtained a written approval for the Subscription from HNA Finance I Co., Ltd. (the controlling shareholder of the Company holding 2,540,222,144 ordinary shares of the Company, representing approximately 74.66% of the issued share capital of the Company as at the date of this announcement), a special general meeting of the Company to approve the Subscription is not required pursuant to Rule 14.44 of the Listing Rules and will not be convened.

A circular containing, among other things, further details of the Subscription Agreement and the transactions contemplated under it will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. It is expected that the circular will be despatched to the Shareholders on or before 6 July 2018.

As completion of the Subscription Agreement is subject to the fulfilment and/or waiver of certain conditions, accordingly the Subscription may or may not proceed. Investors should exercise caution when dealing in the Shares. If in doubt, investors are recommended to consult their professional adviser(s).

INTRODUCTION

The Board is pleased to announce that on 13 June 2018 (after trading hours), the Subscriber and the Issuer entered into the Subscription Agreement, pursuant to which the Issuer has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Bonds which may be converted into the Conversion Shares pursuant to the terms and conditions of the Convertible Bonds, in the principal amount of HK\$800 million.

PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT

Date

13 June 2018 (after trading hours)

Parties

- (1) Subscriber as the subscriber; and
- (2) Issuer as the issuer.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Issuer and the Issuer's ultimate beneficial owners (other than Mr. Mung Kin Keung who directly and indirectly holds an aggregate of approximately 0.5% indirect interest in the Issuer) are third parties independent from the Company and its connected persons. As at the date of this announcement, each of Mr. Mung Kin Keung, Mr. Tang King Shing and Mr. Tang Kit are directors of both the Company and HKA (which indirectly owns all of the outstanding share capital of the Issuer). As a result, each of Mr. Mung Kin Keung, Mr. Tang King Shing and Mr. Tang Kit would have to abstain from voting at any Board meetings in connection with the Subscription and the transactions contemplated thereunder. Accordingly, Mr.

Tang King Shing has abstained from voting at the Board meeting held on 12 June 2018 with respect to the approval of the Subscription and the transactions contemplated thereunder, whilst Mr. Mung Kin Keung and Mr. Tang Kit did not attend (hence did not vote at) the Board meeting held on 12 June 2018.

Subject matter

Pursuant to the Subscription Agreement, the Issuer has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Bonds, which may be converted into the Conversion Shares pursuant to the terms and conditions of the Convertible Bonds, in the principal amount of HK\$800 million.

The Issuer shall apply the proceeds from the Subscription for the purpose of funding certain potential equity investments (the “**Potential Investment**”) or for other capital expenditure.

Consideration

The consideration payable for the Subscription is HK\$800 million, being the principal amount of the Convertible Bonds. The consideration will be satisfied by internal resources of the Group.

Conditions precedent

Closing is subject to and conditional upon, amongst other:

- (a) the representations and warranties of the Issuer contained in the Subscription Agreement being true, correct, accurate, complete and not misleading during the period beginning on the date of the Subscription Agreement and ending on the Closing Date;
- (b) the Issuer, HKA, HKAI and HKC having performed and complied with all agreements, obligations, and conditions contained in the Subscription Agreement and other ancillary transaction documents that are required to be performed or complied with on or before Closing Date;
- (c) no material adverse effect having occurred with respect to the Issuer, HKA, HKAI and HKC since the date of the Subscription Agreement;
- (d) there being no governmental authority or person that has (i) instituted or threatened any legal, arbitral or administrative proceedings or inquiry against the Issuer, HKA, HKAI or HKC to restrain, prohibit or otherwise challenge the subscription of the Convertible Bonds or any other transaction contemplated under any ancillary transaction documents, or requested any information in

- connection with the possible institution of any such proceedings or inquiry; or
- (ii) proposed or enacted any statute or regulation which would prohibit, materially restrict, impact or delay implementation of the transactions contemplated under any ancillary transaction documents, or the operation of any of the Issuer and its subsidiaries;
- (e) each of the ancillary transaction documents having been duly executed and delivered to the Subscriber;
- (f) the Issuer, HKA, HKAI and HKC having obtained all applicable authorizations, approvals, consents, waivers and permits of any person or governmental authority and duly attended to and carried out all corporate procedures necessary for execution, delivery, performance and the consummation of all the transactions contemplated under the Subscription Agreement and other ancillary transaction documents; and all such authorizations, approvals, consents, waivers and permits shall be effective as of the Closing; and having provided copies of all resolutions (and all attachments thereto) authorizing the execution, delivery and the performance by the Issuer of the Subscription Agreement and other ancillary transaction documents and the underlying transactions contemplated therein;
- (g) the Subscriber having completed to its reasonable satisfaction commercial, financial, tax, legal, insurance and environmental due diligence on the Issuer and other relevant parties in connection with the Subscription and the transactions contemplated therein;
- (h) the Subscriber having complied with all necessary requirements under the Listing Rules that are required to be performed prior to the Closing, including obtaining shareholders' approval as required under the Listing Rules;
- (i) the Issuer having delivered to the Subscriber an indemnification agreement between the Issuer and the director nominated and appointed by the Subscriber to the board of directors of the Issuer (the "**Subscriber Director**") in respect of such director's liability as a director of the Issuer, in form and substance reasonably satisfactory to the Subscriber;
- (j) the representations and warranties of the Subscriber contained in the Subscription Agreement being true, complete, accurate, and not misleading during the period beginning on the date of the Subscription Agreement and ending on the Closing Date;

- (k) the Subscriber having delivered to the Issuer counterpart signatures to the other ancillary transaction documents in connection with the Subscription and a letter of consent to act as a director of the Issuer from the Subscriber Director in respect of his appointment; and
- (l) the Subscriber having performed and complied with all its covenants, agreements and obligations contained in the Subscription Agreement or any other ancillary transaction documents to which it is a party that are required to be performed or complied with on or before Closing Date;

provided that any one or more of the conditions (a) to (i) may be waived by the Subscriber in its sole discretion and any one or more of the conditions (j) to (l) may be waived by the Issuer in its sole discretion.

Closing

Closing shall take place on the Closing Date, subject to the fulfilment or the waiver (if applicable) of the conditions precedent as set out in the Subscription Agreement.

The Issuer shall, amongst other actions, allot and issue the Convertible Bonds to the Subscriber and duly register the Subscriber as the holder of the Convertible Bonds in the Issuer's register of bondholders.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

A summary of the principal terms of the Convertible Bonds is set out as follows:

Issuer:	The Issuer.
Principal Amount:	HK\$800 million.
Issue Price:	100% of the principal amount of the Convertible Bonds.
Coupon Rate:	The Convertible Bonds shall bear interest from and including the date of issue of the Convertible Bonds until the maturity date of the Convertible Bonds at the rate of eight percent (8%) per annum, payable annually in arrears on each anniversary date of the date of issue of the Convertible Bonds (if prior to redemption or Conversion) and for the last payment on the date of redemption or Conversion.

Form and Denomination:	The Convertible Bonds are issued in registered form in the denomination of HK\$100,000,000 each and integral multiples of HK\$1,000 in excess thereof.
Maturity Date:	3 years following the date of issue of the Convertible Bonds.
Conversion:	Holder of the Convertible Bonds may, at its options, at any time prior to the maturity date of the Convertible Bonds exercise the conversion right attaching to the Convertible Bonds that can be exercised to convert all or any of its Convertible Bonds into Conversion Shares of the Issuer.
Conversion Price:	<p>The price at which the Conversion Shares will be issued upon conversion, as adjusted from time to time, such that the entire Principal Amount will be converted into 95% of the issued and outstanding share capital of the Issuer, subject to adjustment events disclosed in the section headed “Adjustments to the Conversion Price” below.</p> <p>The Conversion Price was arrived at after arm’s length negotiations between the Issuer and the Subscriber with reference to the value of the Potential Investment.</p>
Adjustments to the Conversion Price:	<p>The Conversion Price will be subject to adjustment in the following events:</p> <ul style="list-style-type: none"> (i) adjustment for subdivision, consolidation or reclassification of the Issuer’s shares; and (ii) adjustments to conversion price for dilutive issuance.

Conversion Shares

(1) Dividend Entitlement

Upon conversion of the Convertible Bonds, each holder of the Conversion Shares shall be entitled to receive dividends at a simple rate of eight percent (8%) of the Conversion Price per annum (the “**Preferential Dividend**”), payable out of funds or assets when and as such funds or assets become legally available. Such dividends shall be payable only when, as, and if declared by the board of directors of the Issuer and if not declared, shall be cumulative.

(2) Liquidation Preference

Upon the occurrence of any liquidation event of the Issuer and before any distribution or payment shall be made to the holders of any other share capital of the Issuer, each holder of the Conversion Shares shall be entitled to receive an amount equal to one hundred percent (100%) of the Conversion Price with respect to each Conversion Share, plus all unpaid Preferential Dividend thereon. If, upon any such liquidation, the assets of the Issuer shall be insufficient to make payment of the foregoing amounts in full on all the Conversion Shares, then such assets shall be distributed among the holders of the Conversion Shares ratably in proportion to the full amounts to which they would otherwise be respectively entitled thereon.

Upon the full payment of the liquidation preference amount on all applicable share capital of the Issuer, any remaining funds or assets of the Issuer legally available for distribution to shareholders of the Issuer shall be distributed ratably among all shareholders on an as-converted basis.

Redemption:

(1) Redemption at maturity

Unless previously redeemed, converted, purchased or cancelled, the Issuer will redeem all of the Convertible Bonds on the maturity date of the Convertible Bonds at their Principal Amount together with accrued but unpaid interest (including any default interest, as applicable).

(2) Early redemption

Unless previously redeemed, converted, purchased or cancelled, and if the Potential Investment has not been consummated on or prior to December 31, 2018 or if certain conditions in relation to the Potential Investment has not been performed within nine (9) months following the consummation of the Potential Investment, at the request of the Subscriber thereafter, the Issuer will redeem any or all of the Convertible Bonds at their Principal Amount together with accrued but unpaid interest (including any default interest, as applicable).

Default Interest: From and after the occurrence, and during the continuance, of an event of default, an additional interest shall accrue on any outstanding Principal Amount at a rate of five percent (5%) per annum up to but excluding the date on which such event of default is subsequently cured to the reasonable satisfaction of the Subscriber. In addition, if an event of default occurs and is continuing, the Subscriber may give written notice to the Issuer that the Convertible Bonds are, and shall immediately become, due and redeemable, and the Issuer shall redeem all the Convertible Bonds at the Principal Amount plus all accrued and unpaid interest (including any default interest as applicable).

Transferability: Subject to the terms and conditions of the Convertible Bonds, transfer of the Convertible Bonds can be made by the holders of the Convertible Bonds.

Status: The Convertible Bonds constitute direct, unconditional and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves.

DEED OF GUARANTEE

At the same time when the Subscription Agreement was entered, HKA and HKC (collectively the “**Guarantors**”) entered into a deed of guarantee in favour of the Subscriber, under which they, among other things, jointly and severally, irrevocably and unconditionally,

- a. guarantee to the Subscriber the due performance by each of the Issuer, HKAI and the Guarantors (collectively, the “**Obligors**”) of their respective obligations (“**Guaranteed Obligations**”), which include among other things, all outstanding Principal Amount of, and all other amounts owing under, the Convertible Bonds;
- b. undertake with the Subscriber that whenever any Obligor defaults on the due payment of any Guaranteed Obligation, each Guarantor shall immediately on demand pay that amount to the Subscriber as if it was the principal obligor; and
- c. agree with the Subscriber that if any Guaranteed Obligation is or becomes unenforceable, invalid or illegal, they will, as a separate, independent and primary obligation, indemnify the Subscriber immediately on demand against any cost, loss or liability incurred as a result of any Obligor not paying any amount of the Guaranteed Obligations on the date when it would have been due or performing any Guaranteed Obligations on the date and in the manner specified in the Subscription Agreement and any other ancillary transaction documents.

INFORMATION ON THE COMPANY, THE ISSUER, HKA, HKAI AND HKC

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 Issuer is an investment holding company that is principally engaged in making equity investments. The Issuer intends to use the proceeds of the issue of the Convertible Bonds to fund certain potential equity investments or for other capital expenditure. As at the date of this announcement, the Issuer is a wholly-owned subsidiary of HKAI, which is in turn wholly-owned by HKA.

HKA is a full-service airline company providing ground operation to inflight service. As at the date of this announcement, it is the sole shareholder of HKAI.

HKAI is an investment holding company that is principally engaged in making equity investments. As at the date of this announcement, it is the sole shareholder of the Issuer.

HKC is an all-cargo airline based in Hong Kong providing international public air freight transportation service. As at the date of this announcement, it is a subsidiary of HKA.

REASONS AND BENEFITS OF THE SUBSCRIPTION

The Group has been actively looking for other business opportunities that will enhance the income stream of the Group, including expanding the asset management segment of its business. The Board believes that the fixed interest income generated from the Subscription will bring a stable source of cash flow to the Group and will expand the asset management segment of its business. In addition, it is expected that the Subscription will help the Group build up business connections with the Issuer and HKA.

Having considered the reasons for and the benefits from the Subscription set out above, the Board is of the opinion that the consideration, the terms of the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Subscription constitutes a major transaction for the Company under the Listing Rules as one or more of the applicable percentage ratios are more than 25% but are less than 100%. Accordingly, the Subscription is subject to announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. Since no Shareholder is required to abstain from voting if the Company were to convene a special general meeting for the approval of the Subscription, and the Company has obtained a written approval for the Subscription from HNA Finance I Co., Ltd. (the controlling shareholder of the Company holding 2,540,222,144 ordinary shares of the Company, representing approximately 74.66% of the issued share capital of the Company as at the date of this announcement), a special general meeting of the Company to approve the Subscription is not required pursuant to Rule 14.44 of the Listing Rules and will not be convened.

A circular containing, among other things, further details of the Subscription Agreement and the transactions contemplated under it will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. It is expected that the circular will be despatched to the Shareholders on or before 6 July 2018.

As completion of the Subscription Agreement is subject to the fulfilment and/or waiver of certain conditions, the Subscription may or may not proceed. Investors should exercise caution when dealing in the Shares. If in doubt, investors are recommended to consult their professional adviser(s).

DEFINITIONS

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

“Board”	the board of Directors
“Class A Shares”	the Class A Shares in the share capital of the Issuer
“Closing”	closing of the issue and subscription of the Convertible Bonds pursuant to the Subscription Agreement
“Closing Date”	the date of the Closing to be agreed between the Issuer and the Subscriber following the fulfillment (or waiver) of the conditions precedent
“Company”	Hong Kong International Construction Investment Management Group Co., Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 687)
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules
“Conversion Price”	the price at which the Conversion Shares will be issued upon Conversion, as adjusted from time to time, such that the entire Principal Amount will be converted into 95% of the issued and outstanding share capital of the Issuer, subject to adjustment
“Conversion Shares”	the Issuer’s Class A Shares to be allotted and issued by the Issuer upon the exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the eight percent (8%) convertible bonds in the aggregate principal amount of HK\$800,000,000, due 2021, to be issued by the Issuer to the Subscriber at the Closing pursuant to the Subscription Agreement and subject to its underlying terms and conditions
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“HKA”	Hong Kong Airlines Limited, a limited liability company incorporated under the laws of Hong Kong, which as at the date of this announcement, is the sole shareholder of HKAI
“HKAI”	HKA Investment Development Company Limited, a limited liability company incorporated under the laws of Hong Kong, which as at the date of this announcement, is the sole shareholder of the Issuer
“HKC”	Hong Kong Air Cargo Carrier Limited, a limited liability company incorporated under the laws of Hong Kong, which as at the date of this announcement, is a subsidiary of HKA
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issuer”	Holistic Capital Investment Limited (company registration number 1930859), a company with limited liability incorporated under the laws of British Virgin Islands, which as at the date of this announcement, is a wholly-owned subsidiary of HKAI, which in turn is wholly-owned by HKA
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, not including Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Principal Amount”	the outstanding principal amount of the Convertible Bonds from time to time (excluding any other sums due but unpaid thereon)
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”	HKICIM Fund VI, L.P., an exempted limited partnership registered in the Cayman Islands, the investment vehicle of the Company for the Subscription. The Company indirectly holds the entire partnership interest in the Subscriber as at the date of this announcement
“Subscription”	the proposed subscription for the Convertible Bonds by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the agreement dated 13 June 2018 and entered into between the Issuer and the Subscriber in relation to the subscription and issue of the Convertible Bonds
“subsidiaries”	has the meaning ascribed to it by the Listing Rules
“%”	per cent

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

Hong Kong, 13 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