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香港金融集團

HONG KONG FINANCE INVESTMENT HOLDING GROUP LIMITED
香港金融投資控股集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 7)

**ANNOUNCEMENT
BUSINESS UPDATE**

Reference is made to the announcement of Hong Kong Finance Investment Holding Group Limited (the “**Company**”) dated 17 April 2020 in relation to the granting by the relevant authority of the Government of Papua New Guinea an exclusive right to HKFB, a wholly-owned subsidiary of the Company, for, inter alia, conducting sand mining and export business in the Kikori Delta in the Gulf of Papua with a total area of 23,300 square kilometers as well as investing and operating port and terminal facilities in the Kikori Delta (the “**Announcement**”). Unless otherwise stated, terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board is pleased to announce that the Company entered into a strategic cooperation framework agreement (the “**Cooperation Agreement**”) with China Harbour Engineering Company Limited (“**China Harbour Engineering**”) on 24 July 2020. Pursuant to the Cooperation Agreement, the Company will appoint China Harbour Engineering to conduct a sand mining operation, and plan and construct the fairway and terminal facilities, in the Kikori Delta. Both contracting parties also agreed to fully cooperate with each other to ensure that China Harbour Engineering can fully utilize the Company’s abundant resources of sea sand, river sand, gravel and fill materials in the Kikori Delta (with a total area of 23,300 square kilometers) for its reclamation engineering projects.

Both parties further agreed to make use of their respective competitive advantages to complement each other and form an international strategic alliance operating company for comprehensive cooperation in developing and implementing other engineering projects derived from the Company's exclusive right for sand, gravel and fill materials mining and port and terminal facility management and operation in the Kikori Delta. To deepen the business cooperation between the two parties, achieve an ideal return for the project investment and operation, and maximize the benefits of both parties in the cooperation projects, the Company and China Harbour Engineering will also consider forming a joint venture company as an engineering contractor for implementation of land reclamation projects and construction and operation of port terminals, civil airports and other infrastructure projects in Papua New Guinea, Singapore and the South Pacific region.

After the specific implementation conditions of the cooperative projects and cooperative companies are formed, the Company and China Harbour Engineering will enter into, and execute, a formal cooperation agreement.

China Harbour Engineering is a wholly-owned subsidiary of China Communications Construction Company, Limited ("CCCC"), which is one of the world's largest infrastructure construction companies. CCCC, being the main contractor for the reclamation works of the Three-Runway System (3RS) at the Hong Kong International Airport, is responsible for the procurement of 100 million cubic metres of fill materials, including sea sand, and engineering construction work, for the reclamation of land of approximately 650 hectares. The 3RS project commenced in 2016 and is expected to be completed in 2024. The total cost for the 3RS project was estimated to be HK\$141.5 billion, of which HK\$15.26 billion was budgeted for the reclamation, with a large portion for procurement of fill materials, including sea sand. Moreover, China Harbour Engineering is one of the main contractors with Grade A1 contractor licence in Singapore. It also possesses the relevant import licence for sea sand in Singapore. It is expected that reclamation of land of approximately of 200 square kilometers will be carried out in Singapore in the near future, which will drive a demand of over 1 billion cubic metres of sea sand.

The Board considers that the cooperation with China Harbour Engineering, which has a strong technical background in infrastructure construction and is in the leading position among similar businesses internationally, shall effectively expedite the Company's business development in the Kikori Delta. The supply of sand, gravel and fill materials to China Harbour Engineering for its reclamation engineering projects is also expected to provide a continuous steady income and ideal profit contribution to the Company.

By order of the Board

Hong Kong Finance Investment Holding Group Limited

Dr. Hui Chi Ming, G.B.S., J.P.

Chairman

Hong Kong, 24 July 2020

As at the date of this announcement, the Honorary Chairman and Senior Consultant of the Company is Dr. Yukio Hatoyama; the senior consultants of the Company comprise Dr. Wang Tao, Mr. Fu Chenyu and Mr. Lalaharisaina Joelivalerien; the board of directors comprises eight executive Directors, namely, Dr. Hui Chi Ming, G.B.S., J.P., Mr. Neil Bush, Mr. Chen Mailin, Mr. Cao Yu, Mr. Xu Jun Jia, Mr. Lam Kwok Hing, M.H., J.P., Mr. Nam Kwok Lun and Mr. Hui Ngok Lun; and four independent non-executive Directors, namely, Mr. Ngan Kam Biu, Stanford, Mr. Tam Chak Chi, Mr. Ma Kin Ling and Mr. Chow Kin Wing.