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REVISION OF CAPS FOR AND THE RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO CONSTRUCTION WORKS

Reference is made to the announcement jointly issued by COLI and CSC dated 18 May 2012 in relation to, among other things, the Previous CSC Group Engagement Agreement entered into between COLI and CSC which will expire on 30 June 2015.

In order to revise the caps for the continuing connected transactions under the Previous CSC Group Engagement Agreement and to renew the transactions thereunder, on 31 October 2014, COLI and CSC entered into the New CSC Group Engagement Agreement, whereby (i) the CSC Group may tender for the COLI Group's construction works in the PRC, Hong Kong and Macau in accordance with the tendering procedures of the COLI Group from time to time for the period commencing from 1 January 2015 and ending on 31 December 2017 subject to the revised caps, i.e. the COLI Works Cap; and (ii) COLI and CSC agreed to terminate the Previous CSC Group Engagement Agreement upon the taking effect of the New CSC Group Engagement Agreement.

COHL is interested in approximately 53.18% of the issued share capital of COLI and approximately 57.00% of the issued share capital of CSC. Accordingly, members of the COLI Group are connected persons of the CSC Group and members of the CSC Group are connected persons of the COLI Group. The transactions contemplated under the New CSC Group Engagement Agreement between members of the COLI Group on the one hand and members of the CSC Group on the other hand, constitute continuing connected transactions for both CSC and COLI under Chapter 14A of the Listing Rules.

For COLI, since the applicable percentage ratios as defined under the Listing Rules in respect of the maximum total contract sum that may be granted for each year under the New CSC Group Engagement Agreement (i.e. the COLI Works Cap) are more than 0.1% but less than 5%, the transactions contemplated under the New CSC Group Engagement Agreement are subject to the annual review, reporting and announcement requirements but are exempt from the independent shareholders' approval requirement.

For CSC, since the applicable percentage ratios as defined under the Listing Rules in respect of the maximum total contract sum that may be awarded for each year under the New CSC Group Engagement Agreement (i.e. the COLI Works Cap) exceed 5%, the transactions contemplated under the New CSC Group Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements.

An independent board committee of CSC comprising all the independent non-executive directors of CSC will be formed to advise the CSC's Independent Shareholders in respect of the transactions contemplated under the New CSC Group Engagement Agreement. An independent financial adviser will be appointed to advise the independent board committee of CSC and the CSC's Independent Shareholders in this connection. Voting at the CSC EGM will be conducted by poll and COHL and its associates will abstain from voting at the CSC EGM.

A circular containing, among other things, further particulars of the transactions contemplated under the New CSC Group Engagement Agreement together with, the recommendations of the independent board committee of CSC, a letter from the independent financial adviser to the independent board committee of CSC and the CSC's Independent Shareholders, and a notice convening the CSC EGM is expected to be despatched to the shareholders of CSC on or before 18 November 2014 in accordance with the Listing Rules.

REVISION OF CAPS FOR AND THE RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement jointly issued by COLI and CSC dated 18 May 2012 in relation to, among other things, the Previous CSC Group Engagement Agreement entered into between COLI and CSC which will expire on 30 June 2015.

Pursuant to the Previous CSC Group Engagement Agreement, the CSC Group may tender for the construction works in the PRC, Hong Kong and Macau of the COLI Group provided that the maximum total contract sum that may be awarded by the

COLI Group to the CSC Group for the period between 1 July 2012 and 31 December 2012 shall not exceed HK\$400 million, for each of the two years ending 31 December 2014 shall not exceed HK\$800 million, and for the period between 1 January 2015 and 30 June 2015 shall not exceed HK\$400 million.

In order to revise the caps for the continuing connected transactions under the Previous CSC Group Engagement Agreement and renew the transactions thereunder, on 31 October 2014, COLI and CSC entered into the New CSC Group Engagement Agreement under which COLI and CSC agreed to, among others, terminate the Previous CSC Group Engagement Agreement upon the taking effect of the New CSC Group Engagement Agreement.

In the event that the New CSC Group Engagement Agreement does not become effective, the Previous CSC Group Engagement Agreement will remain in full force and binding on COLI and CSC.

The directors of COLI and CSC confirm that neither COLI nor CSC has to pay the other party any compensation as a result of the termination of the Previous CSC Group Engagement Agreement.

The directors of COLI and the directors of CSC also confirm that the revision of the caps for the continuing connected transactions under the Previous CSC Group Engagement Agreement and the renewal of the transactions thereunder were occasioned by an expected increase in business transactions between the COLI Group and the CSC Group and that the termination of the Previous CSC Group Engagement Agreement will not cause any material adverse impact to the CSC Group and the COLI Group due to the entering into of the New CSC Group Engagement Agreement.

THE NEW CSC GROUP ENGAGEMENT AGREEMENT

Date

31 October 2014

Parties

1. COLI; and
2. CSC.

Continuing Connected Transactions in relation to Construction Works

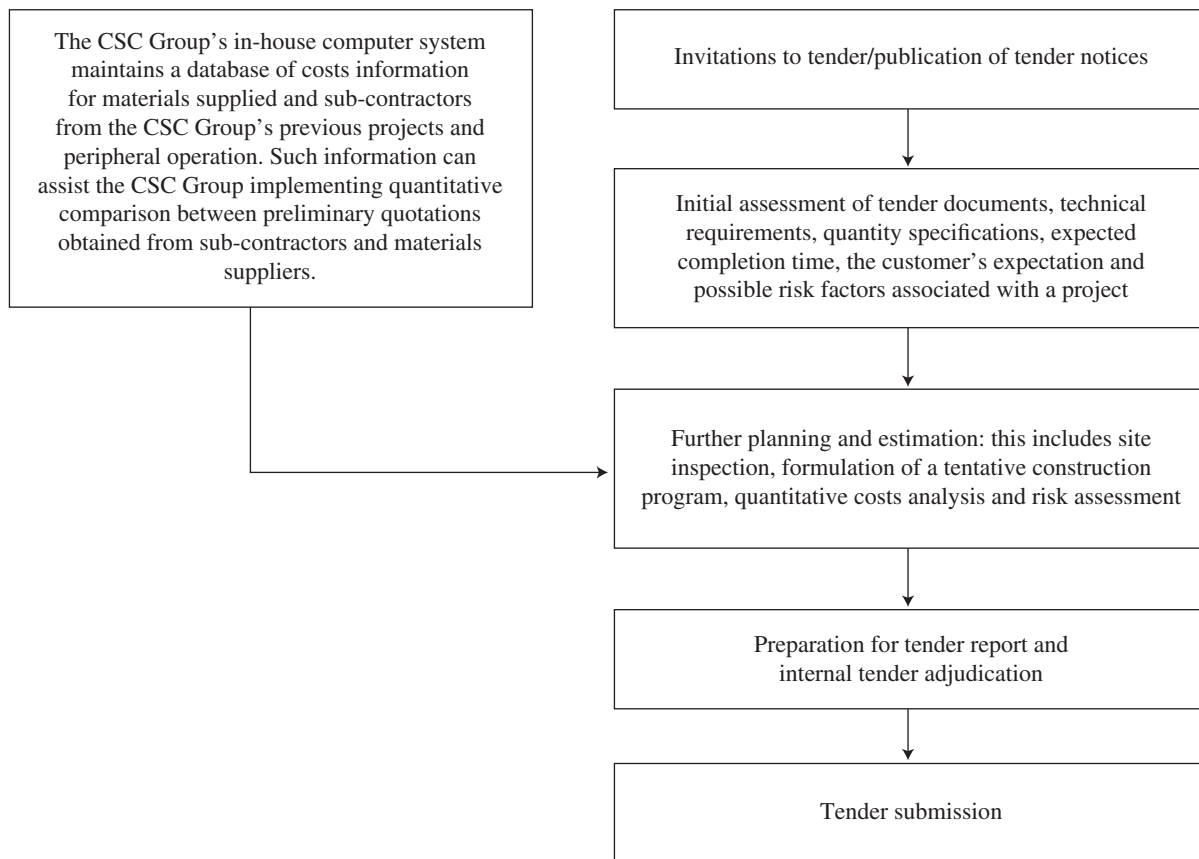
The directors of COLI expect that the COLI Group will continue to invite the CSC Group to participate in competitive tender for the COLI Group's construction works in the PRC, Hong Kong and Macau from time to time. In this connection, on 31 October 2014, COLI and CSC entered into the New CSC Group Engagement Agreement for a term of three years commencing from 1 January 2015 and ending on 31 December 2017 whereby the parties agreed that:

- (a) the CSC Group may tender for the COLI Group's construction works in the PRC, Hong Kong and Macau in accordance with the tendering procedures of the COLI Group from time to time and on the same and normal terms as offered to other independent third party construction contractors;
- (b) if any contract is granted in favour of the CSC Group as a result of the above tender, the CSC Group may act as construction contractor for the COLI Group's construction works in the PRC, Hong Kong and Macau based on the terms of the successful tender provided that the maximum total contract sum that may be awarded by the COLI Group to the CSC Group for the financial year ending 31 December 2015 shall not exceed HK\$3,000 million, for the financial year ending 31 December 2016 shall not exceed HK\$3,000 million and for the financial year ending 31 December 2017 shall not exceed HK\$3,000 million (i.e. the COLI Works Cap); and
- (c) the construction fees payable by the COLI Group to the CSC Group will be settled pursuant to the payment terms set out in the tender documents for the specific construction contracts.

Pricing basis of the tenders submitted by CSC Group

The price and terms of the tenders submitted by CSC Group to COLI Group for the COLI Group's construction works in the PRC, Hong Kong and Macau are subject to the standard and systematic tender submission procedure maintained by the CSC Group, which applies for tender submitted to both connected persons and independent third parties of the CSC Group, in order to ensure that the price and terms of the proposed tender submitted by the CSC Group to COLI Group is no more favourable than those submitted to independent third parties.

The standard and systematic tender submission procedure generally involves (i) receiving invitation to tender; (ii) initial assessment of tender documents; (iii) further planning and estimation; (iv) preparation for tender report and internal tender adjudication; and (v) tender submission. The procedure, as illustrated in the following diagram, will enable the CSC Group to review the feasibility and profitability of the tender to be submitted and to decide the contents and pricing terms of the tender to be submitted.



In preparing and assessing the tender documents, the CSC Group will take into account factors including the technical requirements, quantity specifications, expected completion time, the customer's expectations and the possible risk factors associated with the project. The CSC Group will then perform site inspection, form a tentative construction program and conduct quantitative costs analysis and risk assessment.

In determining the pricing terms, the CSC Group will review the costs information maintained by its in-house computer database for materials supplied and sub-contractors from the CSC Group's previous projects and peripheral operation. These information will assist the CSC Group to conduct quantitative comparison between quotations obtained from sub-contractors and on the costs of the materials.

If any contract is granted in favour of the CSC Group as a result of the competitive tender, the relevant project owner of COLI Group will issue a letter of award to the CSC Group and the CSC Group will act as the construction contractor for the COLI Group's construction works in the PRC, Hong Kong and Macau based on the terms of the successful tender.

Pricing basis of the tenders granted by COLI Group

In conducting the COLI Group's invitations to tender, review of tenders and tender selection, the participation of the members of the CSC Group in the tender process shall not in any way affect the COLI Group's tender procedures, contract terms and selection principles. The members of the CSC Group shall be treated in the same way as independent third parties.

The price and terms of the tenders awarded by the COLI Group to the CSC Group are subject to the standard and systematic tender procedure maintained by the COLI Group, which applies to tenders submitted by both connected persons and independent third parties to ensure that the price and terms of the tender awarded by the COLI Group to CSC Group is no more favourable than those awarded to independent third parties.

1. Invitation for Tenders

- (i) The COLI Group has established its own list of approved contractors. All contractors invited to submit tender for COLI Group's projects are selected from contractors on the list of approved contractors. Contractors accepted on the list of approved contractors include contractors with or without prior working history with the COLI Group. Contractors with working history with the COLI Group will be subject to suitability assessment following completion of each project of the COLI Group. A contractor can be retained in the list of approved contractors if its assessment after the project completion is satisfactory. The COLI Group will remove a contractor from the list of approved contractors if it fails to meet the minimum criteria for retention. If a contractor has no prior working history with the COLI Group, the contractor will be subject to qualification evaluation and review to ascertain if it is suitable for inclusion on the list of approved contractors.
- (ii) The number of invitations for tender: the number of tenders to be invited in a contracting project shall not be less than three.

(iii) Selection of contractors to be invited for tenders: the suitability of a contractor is assessed with general reference to selection criteria including but not limited to the contractor's qualification grade, financial ability, technical capability, cooperation record, project management ability, quality of work and business management capability. Depending on the estimated value of the sub-construction contract, the person in charge and line managers of the regional office or the district office shall conduct the vetting process to ascertain certain contractors to be invited to tender, following which the invitation for tender letters will be issued.

2. Tendering and Selection of bids

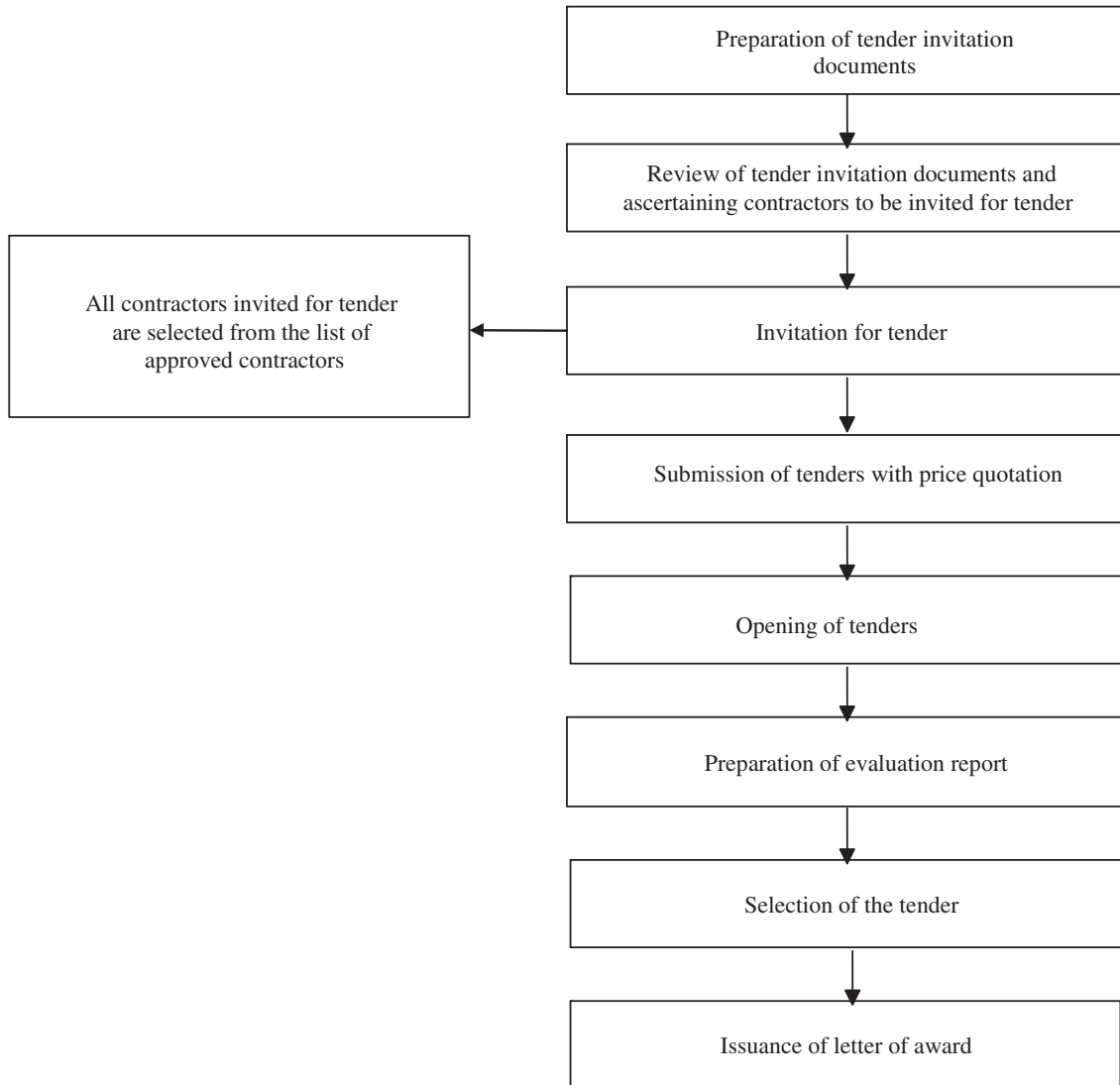
(i) Tendering: the tender documents with price quotations shall be submitted in a sealed envelope. All tender correspondence and registration are standardised by the COLI Group.

(ii) Opening of tenders: the tenders will be opened in the presence of an officer from the financial department of the regional office or from the human resources department of the member of the COLI Group. The supervising officer will execute the tendering documents which will be confirmed and signed by all parties present at the opening.

(iii) Selection of tenders: based on the COLI Group's established system of tendering, the winning bid will usually be the one conforming to the technical requirements with a reasonable and minimum price offered. The selection of tenders is determined collectively by the decision-making body in a meeting where contents of the proposed tender, and the contractor's capability and risk of default are given full consideration. The relevant letter of award will be issued once the final decision is made in the meeting of the decision-making body based on the final tender amount.

3. To ensure that the tender exercise is open and fair, professional consultants are usually employed to prepare an evaluation report to review the proposed tender and recommend contractors for property projects in Hong Kong and Macau.

Tendering Procedure



Calculation of the COLI Works Cap

The COLI Works Cap is calculated with reference to the following factors:

- (a) total contract sum awarded by the COLI Group to the CSC Group as construction contractor for the construction works in the PRC, Hong Kong and Macau of the COLI Group in the period between 1 July 2012 and 31 December 2012 of approximately HK\$21.3 million, for the year ended 31 December 2013 of approximately HK\$86.6 million, and in the period between 1 January 2014 and 30 September 2014 of approximately HK\$3.3 million;

- (b) total contract sum of construction projects of the COLI Group in the PRC, Hong Kong and Macau for the year ended 31 December 2013 of approximately HK\$42,154.0 million, and in the period between 1 January 2014 and 30 September 2014 of approximately HK\$26,093.9 million; and
- (c) the total estimated contract sum of new construction projects of the COLI Group in the PRC, Hong Kong and Macau in the three-year period commencing from 1 January 2015 and ending on 31 December 2017, estimated with reference to the COLI Group's future growth and expansion in its land reserves and the CSC Group's construction works capacity in the PRC, Hong Kong and Macau for such period.

The contract sums under the New CSC Group Engagement Agreement will be satisfied by COLI Group in cash from its general working capital.

Condition Precedent

The transactions contemplated under the New CSC Group Engagement Agreement (together with the COLI Works Cap) are conditional upon the passing of the resolution by the CSC's Independent Shareholders at the CSC EGM approving the New CSC Group Engagement Agreement and the transactions contemplated thereunder.

Reasons for the Transactions

The COLI Group is principally engaged in property development and investment, real estate agency and management, and treasury operation. The CSC Group is principally engaged in building construction, civil engineering works, infrastructure investments and project consultancy businesses.

The directors of COLI consider that engaging the CSC Group as construction contractor upon successful tender allows the COLI Group to secure a more diverse base of contractors to participate in the construction works of the COLI Group. The directors of CSC consider that being able to participate in the construction works of the COLI Group upon successful tender allows the CSC Group to secure a more diverse base of customers for building construction.

The directors of COLI (including the independent non-executive directors of COLI) consider that the transactions contemplated under the New CSC Group Engagement Agreement are expected to be entered into in the ordinary and usual course of business of the COLI Group, and the New CSC Group Engagement Agreement (together with the COLI Works Cap) has been entered into on normal commercial

terms after arm's length negotiations between the parties, and the terms of the transactions contemplated under the New CSC Group Engagement Agreement (together with the COLI Works Cap) are fair and reasonable and in the interests of COLI and its Shareholders as a whole.

The directors of CSC (other than the independent non-executive directors of CSC whose opinion will be provided after reviewing the advice of the independent financial adviser) consider that the transactions contemplated under New CSC Group Engagement Agreement are expected to be entered into in the ordinary and usual course of business of the CSC Group, and the New CSC Group Engagement Agreement (together with the COLI Works Cap) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the transactions contemplated under the New CSC Group Engagement Agreement (together with the COLI Works Cap) are fair and reasonable and in the interests of CSC and its Shareholders as a whole.

OTHERS

References are made to:

- (i) an engagement agreement entered into between Far East and CSCECL dated 28 October 2014, details of which are set out in the announcement dated 28 October 2014 jointly issued by CSC and Far East;
- (ii) an engagement agreement entered into between CSC and CSCECL dated 28 October 2014, details of which are set out in the announcement of CSC dated 28 October 2014;
- (iii) a "Build-Transfer" construction agreement entered into between CSC and COHL dated 28 October 2014, details of which are set out in the announcement of CSC dated 28 October 2014;
- (iv) a master design consultancy services agreement entered into between CSC and COLI on 19 August 2013, details of which are set out in the announcement dated 19 August 2013 jointly issued by CSC and COLI; and
- (v) a master connection services agreement entered into between CSC and COLI on 18 May 2012, details of which are set out in the announcement dated 18 May 2012 jointly issued by CSC and COLI.

For clarification purposes, each of the abovementioned arrangements will not be subject to the provisions of the New CSC Group Engagement Agreement and each of the relevant caps thereunder for each year/ period is separate and distinct from the COLI Works Cap.

LISTING RULES IMPLICATION

COHL is interested in approximately 53.18% of the issued share capital of COLI and approximately 57.00% of the issued share capital of CSC. Accordingly, members of the COLI Group are connected persons of the CSC Group and members of the CSC Group are connected persons of the COLI Group. The transactions contemplated under the New CSC Group Engagement Agreement between members of the COLI Group on the one hand and members of the CSC Group on the other hand, constitute continuing connected transactions for both CSC and COLI under Chapter 14A of the Listing Rules.

For COLI, since the applicable percentage ratios as defined under the Listing Rules in respect of the maximum total contract sum that may be granted for each year under the New CSC Group Engagement Agreement (i.e. the COLI Works Cap) are more than 0.1% but less than 5%, the transactions contemplated under the New CSC Group Engagement Agreement are subject to the annual review, reporting and announcement requirements but are exempt from the independent shareholders' approval requirement. No director of COLI has a material interest in the transactions contemplated under the New CSC Group Engagement Agreement, nor is required to abstain from voting on the board resolution approving the transactions contemplated under the New CSC Group Engagement Agreement.

For CSC, since the applicable percentage ratios as defined under the Listing Rules in respect of the maximum total contract sum that may be awarded for each year under the New CSC Group Engagement Agreement (i.e. the COLI Works Cap) exceed 5%, the transactions contemplated under the New CSC Group Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements.

An independent board committee of CSC comprising all the independent non-executive directors of CSC will be formed to advise the CSC's Independent Shareholders in respect of the transactions contemplated under the New CSC Group Engagement Agreement. An independent financial adviser will be appointed to advise the independent board committee of CSC and the CSC's Independent Shareholders in this connection. Voting at the CSC EGM will be conducted by poll and COHL and its associates will abstain from voting at the CSC EGM.

A circular containing, among other things, further particulars of the transactions contemplated under the New CSC Group Engagement Agreement together with, the recommendations of the independent board committee of CSC, a letter from the independent financial adviser to the independent board committee of CSC and the CSC's Independent Shareholders, and a notice convening the CSC EGM is expected to be despatched to the shareholders of CSC on or before 18 November 2014 in accordance with the Listing Rules.

Shareholders of COLI should note that the COLI Works Cap represent the best estimates by the directors of COLI of the amount of the relevant transaction based on the information currently available. The COLI Works Cap bear no direct relationships to, nor should be taken to have any direct bearings to, the COLI Group's financial or potential financial performance. The COLI Group may or may not retain the CSC Group to engage in construction works up to the level of the COLI Works Cap, if at all, as the engagements are subject to tender procedures which are open to other independent third party construction contractors.

Shareholders of CSC should note that the COLI Works Cap represent the best estimates by the directors of CSC of the amount of the relevant transaction based on the information currently available. The COLI Works Cap bear no direct relationships to, nor should be taken to have any direct bearings to, the CSC Group's financial or potential financial performance. The COLI Group may or may not retain the CSC Group to engage in construction works up to the level of the COLI Works Cap, if at all, as the engagements are subject to tender procedures which are open to other independent third party construction contractors.

DEFINITIONS

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

“associate(s)”,	each has the meaning ascribed to it under the Listing
“connected	Rules;
person(s)”,	
“controlling	
shareholder(s)”,	
“subsidiary(ies)”	

“Board”	the board of directors of a company;
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, is a wholly owned subsidiary of CSCECL;
“COLI”	China Overseas Land & Investment Ltd., a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 688);
“COLI Group”	COLI and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time;
“COLI Works Cap”	the maximum total contract sum of the construction contracts that may be awarded by the COLI Group to the CSC Group (as construction contractor of the COLI Group) for each year under the New CSC Group Engagement Agreement ;
“CSC”	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 3311);
“CSC EGM”	the extraordinary general meeting of CSC to be held to consider and approve, among other things, the New CSC Group Engagement Agreement and the transactions contemplated thereunder;
“CSC Group”	CSC and its subsidiaries (excluding the Far East Group) from time to time;
“CSCECL”	中國建築股份有限公司 (China State Construction Engineering Corporation Limited), a joint stock company established in the PRC whose shares are listed on the Shanghai Stock Exchange (stock code: 601668), is a non-wholly owned subsidiary of 中國建築工程總公司 (China State Construction Engineering Corporation);

“CSC’s Independent Shareholders”	shareholder(s) of CSC, other than COHL and its associates;
“Far East”	Far East Global Group Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 830), is a non-wholly owned subsidiary of CSC;
“Far East Group”	Far East and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	the Macao Special Administrative Region of the PRC;
“New CSC Group Engagement Agreement”	the engagement agreement entered into between COLI and CSC on 31 October 2014 in respect of the engagement of members of the CSC Group by members of the COLI Group as construction contractor of the COLI Group for COLI Group’s construction works in the PRC, Hong Kong and Macau from time to time;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan;
“Previous CSC Group Engagement Agreement”	the engagement agreement entered into between COLI and CSC on 18 May 2012 in respect of the engagement of the CSC Group by the COLI Group as construction contractor for the construction works in the PRC, Hong Kong and Macau of the COLI Group;
“Shareholder(s)”	shareholder(s) of a company from time to time;

“Stock Exchange” The Stock Exchange of Hong Kong Limited; and
“%” per cent..

By Order of the Board
**China Overseas Land &
Investment Limited**
Hao Jian Min
Chairman & Chief Executive Officer

By Order of the Board
**China State Construction
International Holdings Limited**
Zhou Yong
Chairman and Chief Executive Officer

Hong Kong, 31 October 2014

As at the date of this announcement, Messrs. Hao Jian Min (Chairman and Chief Executive Officer), Xiao Xiao (Vice Chairman), Chen Yi, Luo Liang, Nip Yun Wing, Guo Yong and Kan Hongbo are the executive directors; Mr. Zheng Xuexuan is the non-executive director; and Messrs. Lam Kwong Siu, Wong Ying Ho, Kennedy, Li Man Bun, Brian David and Madam Fan Hsu Lai Tai, Rita are the independent non-executive directors of COLI.

As at the date of this announcement, the Board of CSC comprises Mr. Zhou Yong (Chairman and Chief Executive Officer), Mr. Tian Shuchen, Mr. Zhou Hancheng, Mr. Pan Shujie, Mr. Hung Cheung Shew and Mr. Wu Mingqing as Executive Directors; Mr. Li Jian as Non-executive Director; and Dr. Raymond Ho Chung Tai, Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See as Independent Non-executive Directors.