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CONNECTED TRANSACTION

FORMATION OF JOINT VENTURE IN RELATION TO LAND IN KAI TAK

FORMATION OF JOINT VENTURE

On 20 March 2019, COLI, CSC and the JV Company (being an indirect wholly-owned subsidiary of COLI) entered into the JV Agreement, pursuant to which CSC agreed to procure the CSC Nominee to subscribe for, and the JV Company agreed to allot and issue, two hundred and fifty (250) JV Shares at a subscription price of HK\$1 per JV Share. Following Completion, the JV Company will be owned as to 80% and 20% by COLI (through the COLI Nominee) and CSC (through the CSC Nominee), respectively. The JV Agreement also sets out matters in relation to the management of the JV Company.

LISTING RULES IMPLICATIONS

As at the date of this joint announcement, COHL is a controlling shareholder of both COLI and CSC by virtue of being interested in approximately 55.99% of the issued share capital of COLI and approximately 64.66% of the issued share capital of CSC. Accordingly, COLI is a connected person of CSC and CSC is a connected person of COLI. Since certain of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules calculated for both COLI and CSC in respect of the entering into of the JV Agreement and the transactions contemplated thereunder (including the Subscription) exceed 0.1% but all are less than 5%, the entering into of the JV Agreement and the transactions contemplated thereunder (including the Subscription) are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

In addition, following Completion, COLI's interests in the JV Company will be reduced from 100% to 80%. As such, the entering into of the JV Agreement and the transactions contemplated thereunder (including the Subscription) constitutes a deemed disposal for COLI under Rule 14.29 of the Listing Rules. As all applicable percentage ratios are less than 5%, the entering into of the JV Agreement and the transactions contemplated thereunder (including the Subscription) does not constitute a notifiable transaction for COLI under Chapter 14 of the Listing Rules and is not subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

FORMATION OF JOINT VENTURE

On 20 March 2019, COLI, CSC and the JV Company (being an indirect wholly-owned subsidiary of COLI) entered into the JV Agreement, pursuant to which CSC agreed to procure the CSC Nominee to subscribe for, and the JV Company agreed to allot and issue, two hundred and fifty (250) JV Shares at a subscription price of HK\$1 per JV Share. Following Completion, the JV Company will be owned as to 80% and 20% by COLI (through the COLI Nominee) and CSC (through the CSC Nominee), respectively. The JV Agreement also sets out matters in relation to the management of the JV Company. Major terms of the JV Agreement are summarised below.

THE JV AGREEMENT

Date

20 March 2019

Parties

- (1) COLI;
- (2) CSC; and
- (3) the JV Company.

As at the date of this joint announcement, the JV Company is wholly-owned by the COLI Nominee, which is in turn wholly-owned by COLI.

As at the date of this joint announcement, COHL is a controlling shareholder of both COLI and CSC by virtue of being interested in approximately 55.99% of the issued share capital of COLI and approximately 64.66% of the issued share capital of CSC. Accordingly, each of COLI and the JV Company is a connected person of CSC and CSC is a connected person of COLI.

Subscription of JV Shares

CSC shall procure the CSC Nominee to subscribe for two hundred and fifty (250) JV Shares at the aggregate subscription price of HK\$250.

The subscription monies shall be paid by CSC (or the CSC Nominee) at Completion. The subscription price was determined based on the amount paid up or regarded as paid up.

Advancement of loan to the JV Company

As at the date of this joint announcement, COLI Finance, a member of the COLI Group, has advanced an inter-company loan in the principal amount of HK\$8,033,880,000 (the “**Inter-company Loan**”) to the JV Company for the payment of the consideration for the acquisition of the Land. The Inter-company Loan is repayable on demand.

At Completion, CSC shall pay, or procure a member of the CSC Group to pay, to COLI Finance at the direction of the JV Company, as a shareholder’s loan, a sum equivalent to 20% of the Inter-company Loan plus interest accrued thereon up to the date on which Completion takes place (the “**CSC Loan**”), as partial settlement of the Inter-company Loan plus interest accrued thereon.

The CSC Loan and the remaining balance of the Inter-company Loan plus interest accrued thereon up to Completion (after the partial settlement thereof by the CSC Loan) shall be regarded as shareholder’s loans of the JV Company upon Completion (collectively, the “**Current Shareholder’s Loans**”).

As a result, at Completion, the JV Company shall become indebted to the COLI Group and the CSC Group in the proportion of 80:20, which corresponds to COLI’s and CSC’s respective effective interests in the JV Company. COLI, CSC and the JV Company shall further agree upon the interest rate applicable to the Current Shareholder’s Loans as from the date of Completion.

Completion

Completion of the Subscription shall take place on or before 22 March 2019 (or such other date as may be agreed by COLI and CSC in writing).

Following Completion, the JV Company shall be owned as to 80% and 20% by COLI (through the COLI Nominee) and CSC (through the CSC Nominee), respectively. The JV Company shall be accounted for as a subsidiary by COLI and as an associate by CSC.

Business of the JV Company

Unless otherwise unanimously agreed between the JV Shareholders, the sole business of the JV Company upon Completion shall be property development and ownership of the Land, except for the accounting work or administrative work arising from the Previous Projects and the preparation of the relevant separate accounts in relation to the Previous Projects and the Kai Tak Project.

Future funding

Working capital requirements of the JV Company in relation to the development of the Land is expected to be HK\$12.64 billion and shall be financed by the COLI Group and the CSC Group in proportion to COLI's and CSC's respective effective interest in the JV Company. The funding of the COLI Group and the CSC Group provided to the JV Company in aggregate for meeting the working capital requirements of the JV Company (which comprises the Current Shareholder's Loans) will not exceed HK\$10 billion, and the JV Company shall seek to meet its working capital requirements which exceed such limit from other financing sources.

Management

Board of directors of the JV Company

The board of directors of the JV Company will consist of seven (7) directors, five (5) of whom will be appointed by COLI, and the remaining two (2) directors will be appointed by CSC. The quorum of a meeting of the board of directors of the JV Company shall be three (3) directors.

Project Management Committee

A committee will be formed by the JV Company for overseeing, supervising and monitoring the development, construction as well as sales and marketing in relation to the Land (the "**Project Management Committee**"). The Project Management Committee will consist of eight (8) members, five (5) of whom will be appointed by COLI, and the remaining three (3) members will be appointed by CSC. The quorum of a meeting of the Project Management Committee shall be two (2) members.

The parties agreed that COLI Group will be responsible for conducting the development plus sales and marketing of the Land, and all other matters in relation to the Land shall be considered and approved by the Project Management Committee. All related expenses incurred for development, construction as well as sales and marketing of the Land shall be subject to the approval by the Project Management Committee. Subject to the foregoing, the board of directors of the JV Company shall be responsible for making decisions relating to the business of the JV Company and its subsidiaries from time to time.

All matters to be determined by the board of directors of the JV Company and the Project Management Committee shall be by majority decision.

Restrictions on equity transfers and encumbrances

A JV Shareholder may not transfer or pledge its equity interest in the JV Company to a third party without the prior written consent of the other JV Shareholder. In the event that a JV Shareholder proposes to transfer its equity interest in the JV Company, the other JV Shareholder shall have a right of first refusal to such equity interest.

Previous Projects

The JV Company has been engaged in the Previous Projects. Any benefits arising from the Previous Projects will not accrue to CSC, and COLI agrees to indemnify CSC from all liabilities arising from the Previous Projects.

Possible engagement of CSC Group

Consistent with COLI's existing practice, the JV Company shall select the main contractor, nominated sub-contractor and/or named domestic sub-contractor for the development of the Land by way of open tender. The parties acknowledge that the JV Company may invite members of the CSC Group to tender for the JV Company's construction work in respect of the Land. In the event that members of the CSC Group is awarded the construction contract, such contract shall be on normal commercial terms and in compliance with the terms of the New Master CSC Group Engagement Agreement and the requirements of the Listing Rules.

INFORMATION ABOUT THE JV COMPANY AND THE LAND

General information

The JV Company is a company incorporated in Hong Kong. As at the date of this joint announcement, the JV Company has one thousand (1,000) JV Shares in issue held by the COLI Nominee, which is in turn indirectly wholly-owned by COLI. The JV Company is principally engaged in property development and owns the Land.

The Land is situated at New Kowloon Inland Lot No. 6575, Kai Tak Area 4B, Site 2, Kai Tak, Kowloon with a site area of approximately 9,048 square metres and a gross floor area of not less than 33,116 square metres and not exceeding 55,192 square metres. The Land is planned for private residential purposes.

Financial information of the JV Company

As at 28 February 2019, the unaudited net asset of the JV Company (adjusted to disregard the assets and liabilities attributable to the Previous Projects) was HK\$1,000.

The unaudited net profit of the JV Company (adjusted to disregard the assets and liabilities attributable to the Previous Projects) for the previous financial years is zero.

FINANCIAL IMPACT ON COLI

Following Completion, the JV Company shall be owned as to 80% and 20% by COLI (through the COLI Nominee) and CSC (through the CSC Nominee), respectively. The JV Company shall be accounted for as a subsidiary by COLI and as an associate by CSC.

The Subscription results in a deemed disposal by COLI of 20% equity interest in the JV Company. Since the subscription price of HK\$250 is payable by CSC (or the CSC Nominee) directly to the JV Company, the COLI Group does not receive any proceeds for the disposal. The consideration payable by CSC in respect of the 20% equity interest in the JV Company is determined at cost. It is expected that the COLI Group will record no gain or loss from the deemed disposal at Completion based on the unaudited net asset of the JV Company (adjusted to disregard the assets and liabilities attributable to the Previous Projects) as at 28 February 2019. There is no original acquisition cost for the 20% equity interest in the JV Company as such shares are to be newly issued for the purpose of the JV Agreement.

REASONS AND BENEFITS OF THE TRANSACTION

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

The COLI Group has extensive experience in property development, whereas the CSC Group has extensive experience in building construction. Taking into account certain degree of complexity of the construction work for developing the Land, the COLI Directors consider that the joint venture arrangement would allow the COLI Group to leverage on the substantial experience of the CSC Group in building construction and site formation. Through the joint management of the Land by the Project Management Committee, directors of both COLI and CSC believe that more

effective cost and quality control in respect of the construction work of the Land can be achieved, thereby bringing synergy between the COLI Group and the CSC Group which would in turn be beneficial to the development of the Land.

The COLI Directors (including the independent non-executive COLI Directors) consider that the terms of the JV Agreement are on normal commercial terms and in the ordinary and usual course of business of COLI, and are fair and reasonable and in the interests of COLI and its shareholders as a whole.

The CSC Directors (including the independent non-executive CSC Directors) consider that the terms of the JV Agreement are on normal commercial terms and in the ordinary and usual course of business of CSC, and are fair and reasonable and in the interests of CSC and its shareholders as a whole.

LISTING RULES IMPLICATIONS

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Mr. Yan Jianguo as a COLI Director, who is also the Vice Chairman and the President of COHL, shall abstain from voting on the board resolution(s) approving the entering into of the JV Agreement and the transactions contemplated thereunder (including the Subscription). As the COLI Directors (other than Mr. Yan Jianguo) and the CSC Directors do not have a material interest in the entering into of the JV

Agreement and the transactions contemplated thereunder (including the Subscription), they are not required to abstain from voting on the board resolution(s) approving the entering into of the JV Agreement and the transactions contemplated thereunder (including the Subscription).

DEFINITIONS

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

- “COHL”** China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, which is interested in approximately 55.99% and 64.66% of the issued share capital of COLI and CSC, respectively;
- “COLI”** China Overseas Land & Investment Limited, 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 Director(s)”** directors of COLI;
- “COLI Finance”** Chung Hoi Finance Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of COLI as at the date of this joint announcement;
- “COLI Group”** COLI and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time;
- “COLI Nominee”** China Overseas Property Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of COLI;
- “Completion”** completion of the Subscription in accordance with the terms of the JV Agreement;
- “connected person(s)”,
“subsidiary(ies)”** each has the meaning ascribed to it under the Listing Rules;

“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 Director(s)”	directors of CSC;
“CSC Group”	CSC and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time;
“CSC Loan”	has the meaning given to it under the section headed “THE JV AGREEMENT — Advancement of loan to the JV Company” of this joint announcement;
“CSC Nominee”	Perfect Castle Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of CSC designated by CSC to subscribe for two hundred and fifty (250) JV Shares pursuant to the terms of the JV Agreement;
“Current Shareholder’s Loans”	has the meaning given to it under the section headed “THE JV AGREEMENT — Advancement of loan to the JV Company” of this joint announcement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Inter-company Loan”	has the meaning given to it under the section headed “THE JV AGREEMENT — Advancement of loan to the JV Company” of this joint announcement;
“JV Agreement”	the joint venture agreement dated 20 March 2019 entered into between COLI, CSC and the JV Company in relation to the Subscription and the management of the JV Company;

“JV Company”	Macfull Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of COLI as at the date of this joint announcement;
“JV Share(s)”	ordinary share(s) in the share capital of the JV Company;
“JV Shareholder(s)”	shareholder(s) of the JV Company;
“Kai Tak Project”	means the development project of the Land;
“Land”	a parcel of land situated at New Kowloon Inland Lot No. 6575, Kai Tak Area 4B, Site 2, Kai Tak, Kowloon as described in the section headed “INFORMATION ABOUT THE JV COMPANY AND THE LAND — General information” of this joint announcement;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	the Macau Special Administrative Region of the PRC;
“New Master CSC Group Engagement Agreement”	the engagement agreement entered into between COLI and CSC on 6 October 2017 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 work in the PRC, Hong Kong and Macau from time to time, particulars of which are described in the joint announcement of COLI and CSC dated 6 October 2017;
“PRC”	the People’s Republic of China, and for the purpose of this joint announcement, excluding Hong Kong, Macau and Taiwan;
“Previous Projects”	any business conducted by the JV Company not related to property development and ownership of the Land by the JV Company;
“Project Management Committee”	has the meaning given to it under the section headed “THE JV AGREEMENT — Management — Project Management Committee” of this joint announcement;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription of two hundred and fifty (250) JV Shares by the CSC Nominee pursuant to the terms of the JV Agreement; and
“%”	per cent.

By Order of the COLI Board
**China Overseas Land &
Investment Limited**
Yan Jianguo
Chairman and Chief Executive Officer

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

Hong Kong, 20 March 2019

The COLI Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the CSC Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those relating to the CSC Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement (other than those relating to the CSC Group), the omission of which would make any statement in this joint announcement misleading.

The CSC Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the COLI Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those relating to the COLI Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement (other than those relating to the COLI Group), the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, Mr. Yan Jianguo (Chairman and Chief Executive Officer), Mr. Luo Liang and Mr. Guo Guanghui are the executive directors of COLI; Mr. Chang Ying is the non-executive director of COLI; and Mr. Lam Kwong Siu, Dr. Fan Hsu Lai Tai, Rita and Mr. Li Man Bun, Brian David are the independent non-executive directors of COLI.

As at the date of this joint announcement, Mr. Zhou Yong (Chairman), Mr. Zhang Haipeng (Chief Executive Officer), Mr. Tian Shuchen, Mr. Zhou Hancheng and Mr. Hung Cheung Shew are the executive directors of CSC; and Dr. Raymond Ho Chung Tai, Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See are the independent non-executive directors of CSC.