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**中國海外發展有限公司**

**CHINA OVERSEAS LAND & INVESTMENT LTD.**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 688)



**中國建築國際集團有限公司**

**CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 3311)

**CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO CONSTRUCTION WORKS  
AND  
CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO PROVISION OF SECURITY SERVICES  
AND  
CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO LEASING OF PROPERTIES**

**CONTINUING CONNECTED TRANSACTIONS IN RELATION TO  
CONSTRUCTION WORKS**

On 2 April 2009, COLI and CSC entered into the CSC Group Engagement Agreement, whereby the COLI Group may engage the CSC Group as construction contractor in the PRC, Hong Kong and Macau upon successful tender for a term of three years commencing from 1 July 2009 and ending on 30 June 2012 subject to the Construction Works Cap.

**CONTINUING CONNECTED TRANSACTIONS IN RELATION TO  
PROVISION OF SECURITY SERVICES**

On 2 April 2009, CSC and COLI entered into the Master Security Services Agreement, whereby members of the COLI Group with the relevant licenses to provide security services in Hong Kong may provide security services to the work sites of the CSC Group upon successful tender for a term of three years commencing from 1 July 2009 and ending on 30 June 2012 subject to the Security Services Cap.

## **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO LEASING OF PROPERTIES**

On 2 April 2009, CSC and COLI entered into the Master Lease Agreement, whereby members of the CSC Group may lease Properties from members of the COLI Group for a term of three years commencing from 1 July 2009 and ending on 30 June 2012 subject to the Lease Cap.

## **LISTING RULES IMPLICATIONS**

COHL is interested in approximately 51.7% of the issued share capital of COLI and approximately 62.9% of the issued share capital of CSC. Accordingly, members of the CSC Group are connected persons of COLI and members of the COLI Group are connected persons of CSC. The transactions contemplated under each of the CSC Group Engagement Agreement, the Master Security Services Agreement and the Master Lease Agreement constitute continuing connected transactions for both COLI and CSC under Chapter 14A of the Listing Rules.

### **CSC Group Engagement Agreement**

For COLI, since the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules in respect of the maximum total contract sum that may be awarded to the CSC Group for each year/period under the CSC Group Engagement Agreement, i.e. the Construction Works Cap, exceed 2.5%, the transactions contemplated under the CSC Group Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements. Voting at the COLI EGM will be conducted by poll and COHL and its associates will abstain from voting at the COLI EGM.

An independent board committee of COLI comprising all the independent non-executive directors of COLI has been formed to advise the Independent COLI Shareholders in respect of the transactions contemplated under the CSC Group Engagement Agreement. An independent financial adviser will be appointed to advise the independent board committee of COLI and the Independent COLI Shareholders in this connection.

A circular containing, among other things, further particulars of the transactions contemplated under the CSC Group Engagement Agreement together with, the recommendations of the independent board committee of COLI, a letter from the independent financial adviser to the independent board committee of COLI and the Independent COLI Shareholders, and a notice convening the COLI EGM will be despatched to the COLI Shareholders as soon as practicable in accordance with the Listing Rules.

For CSC, since the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules in respect of the maximum total contract sum that may be awarded to the CSC Group for each year/period under the CSC Group Engagement Agreement, i.e. the Construction Works Cap, exceed 2.5%, the transactions contemplated under the CSC Group Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements. Voting at the CSC EGM will be conducted by poll and COHL and its associates will abstain from voting at the CSC EGM.

An independent board committee of CSC comprising all the independent non-executive directors of CSC will be formed to advise the Independent CSC Shareholders in respect of the transactions contemplated under the CSC Group Engagement Agreement. An independent financial adviser will be appointed to advise the independent board committee of CSC and the Independent CSC Shareholders in this connection.

A circular containing, among other things, further particulars of the transactions contemplated under the 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 Independent CSC Shareholders, and a notice convening the CSC EGM will be despatched to the CSC Shareholders as soon as practicable in accordance with the Listing Rules.

#### **Master Security Services Agreement**

For COLI, since each of the applicable percentage ratios as defined under Rule 14A.10 of the Listing Rules in respect of the maximum total contract sum for the provision of the security services by the COLI Group for each year/period under the Master Security Services Agreement, i.e. the Security Services Cap, is less than 2.5%, the transactions contemplated under the Master Security Services Agreement are subject only to the annual review, reporting and announcement requirements, and are exempt from the independent shareholders' approval requirement.

For CSC, since each of the applicable percentage ratios as defined under Rule 14A.10 of the Listing Rules in respect of the maximum total contract sum for the provision of the security services by the COLI Group for each year/period under the Master Security Services Agreement, i.e. the Security Services Cap, is less than 2.5%, the transactions contemplated under the Master Security Services Agreement are subject only to the annual review, reporting and announcement requirements, and are exempt from the independent shareholders' approval requirement.

## **Master Lease Agreement**

For COLI, since each of the applicable percentage ratios as defined under Rule 14A.10 of the Listing Rules in respect of the maximum aggregate rental (exclusive of rates, government rent, management fees and air-conditioning charges, water charges, cleaning charges and electricity charges) payable by the CSC Group to the COLI Group for each year/period under the Master Lease Agreement, i.e. the Lease Cap, is less than 0.1%, the transactions contemplated under the Master Lease Agreement are exempt from the annual review, reporting, announcement and the independent shareholders' approval requirements. The disclosure herein in relation to the Master Lease Agreement is made on a voluntary basis by COLI.

For CSC, since each of the applicable percentage ratios as defined under Rule 14A.10 of the Listing Rules in respect of the maximum aggregate rental (exclusive of rates, government rent, management fees and air-conditioning charges, water charges, cleaning charges and electricity charges) payable by the CSC Group to the COLI Group for each year/period under the Master Lease Agreement, i.e. the Lease Cap, is less than 2.5%, the transactions contemplated under the Master Lease Agreement are subject only to the annual review, reporting and announcement requirements, and are exempt from the independent shareholders' approval requirement.

Shareholders of COLI should note that the Caps represent the best estimates by the directors of COLI of the amount of the relevant transaction based on the information currently available. The Caps 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 and the CSC Group may or may not retain the COLI Group for security services up to the level of the respective Caps, if at all, as the engagements are subject to tender procedures which are open to other independent third party construction contractors or security services providers. In addition, the CSC Group may or may not lease Properties from the COLI Group up to the level of the Lease Cap.

Shareholders of CSC should note that the Caps represent the best estimates by the directors of CSC of the amount of the relevant transaction based on the information currently available. The Caps 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 and the CSC Group may or may not retain the COLI Group for security services up to the level of the respective Caps, if at all, as the engagements are subject to tender procedures which are open to other independent third party construction contractors or security services providers. In addition, the CSC Group may or may not lease Properties from the COLI Group up to the level of the Lease Cap.

## **CSC GROUP ENGAGEMENT AGREEMENT**

### **Continuing Connected Transactions in relation to Construction Works**

The directors of COLI expect that the COLI Group will 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 2 April 2009, COLI and CSC entered into the CSC Group Engagement Agreement for a term of three years commencing from 1 July 2009 and ending on 30 June 2012 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 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 period between 1 July 2009 and 31 December 2009 shall not exceed HK\$1,000 million, for each of the two years ending 31 December 2011 shall not exceed HK\$2,000 million, and for the period between 1 January 2012 and 30 June 2012 shall not exceed HK\$1,000 million (i.e. the Construction 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.

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

- (i) total contract sum of new construction projects of the COLI Group in the PRC, Hong Kong and Macau in each of the past three financial years ended 31 December 2008 of approximately HK\$4,131 million, HK\$7,670 million and HK\$15,523 million respectively; and
- (ii) 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 July 2009 and ending on 30 June 2012, estimated with reference to the COLI Group's future growth and expansion in its land reserves in the PRC, Hong Kong and Macau for such period.

The CSC Group Engagement Agreement (together with the Construction Works Cap) will take effect conditional upon the approvals of Independent COLI Shareholders and Independent CSC Shareholders having been obtained at the COLI EGM and the CSC EGM respectively.

### **Reasons for the Transactions**

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

In November 2005, COLI entered into various agreements, namely, the SCOCE Engagement Agreement with SCOCE (which has subsequently changed its name to SCOCL), the CCE Macau Engagement Agreement with CCE Macau and the CSC Engagement Agreement with CSC, which served as the basis for COLI to award construction contracts to these connected persons in compliance with the connected transaction requirements under the Listing Rules. The continuing connected transactions contemplated under such agreements and the related annual caps were announced by COLI and CSC on 22 November 2005 and were, where applicable, approved by the Independent COLI Shareholders and the Independent CSC Shareholders on 29 December 2005.

On 9 May 2006, CSC, COHL and a wholly-owned subsidiary of COHL entered into a sale and purchase agreement, whereby CSC agreed to acquire from such parties the entire interest in CCE Macau, and such transaction was completed on 29 June 2006. Upon completion of such agreement, CCE Macau became a wholly-owned subsidiary of CSC and the transactions contemplated under CCE Macau Engagement Agreement became continuing connected transactions for CSC. Such continuing connected transactions were announced by CSC on 9 May 2006 and were approved by the Independent CSC Shareholders on 26 June 2006.

On 20 July 2007, CSC and COHL entered into another sale and purchase agreement, whereby CSC agreed to acquire from COHL the entire interest in SCOCL, and such transaction was completed on 27 September 2007. Upon completion of such agreement, SCOCL became a wholly-owned subsidiary of CSC and the transactions contemplated under the SCOCE Engagement Agreement became continuing connected transactions for CSC. Such continuing connected transactions were announced by CSC on 23 July 2007 and were approved by the Independent CSC Shareholders on 31 August 2007.

As the SCOCE Engagement Agreement, the CCE Macau Engagement Agreement and the CSC Engagement Agreement have expired on 31 December 2008, COLI and CSC entered into the new CSC Group Engagement Agreement.

The aggregate amount of total contract sum awarded to SCOCL, CCE Macau and CSC under such previous engagement agreements for each of the three years ended 31 December 2008 were HK\$354.2 million, nil and HK\$215.8 million respectively.

On the same date of the CSC Group Engagement Agreement, COLI also entered into an engagement agreement with CSCECL, which served as the basis for COLI to award construction contracts in the PRC to the CSCECL Group in compliance with the continuing connected transaction requirements under the Listing Rules. Further details of such engagement agreement were set out in the announcement of COLI dated 2 April 2009. The maximum total contract sum that may be awarded by COLI under such arrangement with the CSCECL Group for each year/period is separate and distinct from the Construction Works Cap.

To efficiently manage its construction projects in a cost-effective manner, CSC has also entered into the Sub-construction Engagement Agreement with CSCECL, whereby: (i) CSC may engage the CSCECL Group as construction sub-contractor and/or project management contractor in the PRC and the United Arab Emirates in compliance with the continuing connected transaction requirements under the Listing Rules; and (ii) the CSCECL Group may engage the CSC Group as construction sub-contractor in the PRC in compliance with the continuing connected transaction requirements under the Listing Rules. Further details of the Sub-construction Engagement Agreement are set out in the announcement of CSC dated 2 April 2009. The maximum total contract sum that may be awarded by or to CSC under such arrangement with the CSCECL Group for each year/period is separate and distinct from the Construction Works Cap.

The directors of COLI (other than the independent non-executive directors of COLI whose opinion will be provided after reviewing the advice of the independent financial adviser) consider that the transactions contemplated under the CSC Group Engagement Agreement are expected to be entered into in the ordinary and usual course of business of the COLI Group, and the CSC Group Engagement Agreement (together with the Construction 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 CSC Group Engagement Agreement (together with the Construction Works Cap) are fair and reasonable and in the interests of the Shareholders of COLI 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 the CSC Group Engagement Agreement are expected to be entered into in the ordinary and usual course of business of the CSC Group, and the CSC Group Engagement Agreement (together with the Construction 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 CSC Group Engagement Agreement (together with the Construction Works Cap) are fair and reasonable and in the interests of the Shareholders of CSC as a whole.

## **MASTER SECURITY SERVICES AGREEMENT**

### **Continuing Connected Transactions in relation to Security Services**

The directors of CSC expect that the CSC Group will invite members of the COLI Group which hold the relevant licenses to provide security services in Hong Kong to participate in competitive tender for the security services to the work sites of the CSC Group in Hong Kong from time to time. In this connection, on 2 April 2009, COLI and CSC entered into the Master Security Services Agreement for a term of three years commencing from 1 July 2009 and ending on 30 June 2012 whereby the parties agreed that:

- (a) members of the COLI Group which hold the relevant licenses to provide security services in Hong Kong may tender for security services to the work sites of the CSC Group in Hong Kong in accordance with the tendering procedure of the CSC Group from time to time and on the same and normal terms as offered to other independent third party security services providers;
- (b) if any contract is granted in favour of any member of the COLI Group as a result of the above tender, such member of the COLI Group may act as security services provider for the CSC Group in Hong Kong based on the terms of the successful tender provided that the maximum total contract sum that may be awarded by the CSC Group to the COLI Group for the provision of the security services under the Master Security Services Agreement for the period between 1 July 2009 and 31 December 2009 shall not exceed HK\$15 million, for each of the two years ending 31 December 2011 shall not exceed HK\$30 million, and for the period between 1 January 2012 and 30 June 2012 shall not exceed HK\$15 million (i.e. the Security Services Cap); and
- (c) the security service fees payable by the CSC Group to the COLI Group will be settled pursuant to the payment terms set out in the tender documents for the specific security services contracts.



The Security Services Cap is calculated with reference to the following factors:

- (i) the aggregate amount of total contract sum awarded to COS under the previous master security services agreement between CSC and COS, an indirect wholly-owned subsidiary of COLI, as detailed below; and
- (ii) total estimated contract sum of security services contracts in Hong Kong for the CSC Group in the three-year period commencing from 1 July 2009 and ending on 30 June 2012, estimated with reference to the CSC Group's future growth and expansion in its construction works in Hong Kong for such period.

The consideration of the provision of security services will be determined in accordance with the number of security guards provided and by reference to market rates of comparable prices that CSC may obtain from independent security services providers.

### **Reasons for the Transactions**

On 15 May 2006, CSC and COS, an indirect wholly-owned subsidiary of COLI, entered into a master security services agreement, whereby COS agreed to provide security services to the CSC Group up to the end of 31 December 2008. Details of such agreement are set out in the joint announcement of COLI and CSC dated 16 May 2006.

The aggregate amount of total contract sum awarded to COS under such previous master security services agreement for each of the three years ended 31 December 2008 were HK\$7.4 million, HK\$11.3 million and HK\$11.4 million respectively.

As the said master security services agreement with COS has expired on 31 December 2008, CSC and COLI has entered into the new Master Security Services Agreement.

The directors of COLI (including the independent non-executive directors of COLI) consider that the transactions contemplated under the Master Security Services Agreement are expected to be entered into in the ordinary and usual course of business of the COLI Group, and the Master Security Services Agreement (together with the Security Services 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 Master Security Services Agreement (together with the Security Services Cap) are fair and reasonable and in the interests of the Shareholders of COLI as a whole.

The directors of CSC (including the independent non-executive directors of CSC) consider that the transactions contemplated under the Master Security Services Agreement are expected to be entered into in the ordinary and usual course of business of the CSC Group, and the Master Security Services Agreement (together with the Security Services 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 Master Security Services Agreement (together with the Security Services Cap) are fair and reasonable and in the interests of the Shareholders of CSC as a whole.

## **MASTER LEASE AGREEMENT**

### **Continuing Connected Transactions in relation to leasing of Properties**

The directors of CSC expect that the CSC Group will lease Properties from the COLI Group from time to time. In this connection, on 2 April 2009, COLI and CSC entered into the Master Lease Agreement for a term of three years commencing from 1 July 2009 and ending on 30 June 2012 whereby the parties agreed that:

- (a) members of the CSC Group may lease Properties from members of the COLI Group in accordance with the terms of the Master Lease Agreement, subject to the subsequent agreement of the other detailed terms and conditions by the parties thereto in relation to each particular Properties, which shall be recorded in writing in the form of a tenancy agreement, and shall be on normal commercial terms as offered to other independent third parties;
- (b) the rent (exclusive of the charges) for the Properties will be determined by the COLI Group and the CSC Group with reference to the then prevailing market conditions and the rental level of similar properties in the vicinity of the Properties;
- (c) expenses in relation to the subsequent tenancy agreements for the Properties (including stamp duty) will be borne by the COLI Group and the CSC Group on equal basis;
- (d) the rent for the Properties is exclusive of rates, government rent, management fees and air-conditioning charges, water charges, cleaning charges and electricity charges;
- (e) leasing of Properties under the Master Lease Agreement for the period between 1 July 2009 and 31 December 2009 shall not exceed HK\$6 million, for each of the two years ending 31 December 2011 shall not exceed HK\$12 million, and for the period between 1 January 2012 and 30 June 2012 shall not exceed HK\$6 million (i.e. the Lease Cap); and

- (f) the rent for the Properties will be paid by the CSC Group to the COLI Group in advance on the first day of each calendar month.

The Lease Cap is calculated with reference to the following factors:

- (i) the historical aggregate rent paid by CSCL, an indirect wholly-owned subsidiary of CSC, to On Success pursuant to a master tenancy agreement dated 15 May 2006 as described in more detail below; and
- (ii) a possible increase in the area of the Properties to be leased by the CSC Group from the COLI Group for the three-year period commencing from 1 July 2009 and ending on 30 June 2012.

### **Reasons for the Transactions**

On 15 May 2006, On Success entered into a master tenancy agreement with CSCL, an indirect wholly-owned subsidiary of CSC, whereby CSCL agreed to lease certain properties located at China Overseas Building as offices of the CSC Group up to the end of 30 June 2009. Details of which are set out in the joint announcement of COLI and CSC dated 16 May 2006.

The aggregate amount of total rent paid and payable to On Success under such previous master tenancy agreement for each of the three years ended 30 June 2007, 30 June 2008 and 30 June 2009 were HK\$6.6 million, HK\$8.6 million and HK\$8.6 million respectively.

As the said master tenancy agreement will expire on 30 June 2009, CSC and COLI have entered into the Master Lease Agreement to replace such previous master tenancy agreement, taking into account any additional Properties that may be leased by the CSC Group from the COLI Group for the three-year period commencing from 1 July 2009 and ending on 30 June 2012.

The directors of COLI (including the independent non-executive directors of COLI) consider that the transactions contemplated under the Master Lease Agreement are expected to be entered into in the ordinary and usual course of business of the COLI Group, and the Master Lease Agreement (together with the Lease 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 Master Lease Agreement (together with the Lease Cap) are fair and reasonable and in the interests of the Shareholders of COLI as a whole.

The directors of CSC (including the independent non-executive directors of CSC) consider that the transactions contemplated under the Master Lease Agreement are expected to be entered into in the ordinary and usual course of business of the CSC Group, and the Master Lease Agreement (together with the Lease 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 Master Lease Agreement (together with the Lease Cap) are fair and reasonable and in the interests of the Shareholders of CSC as a whole.

## **GENERAL**

COHL is interested in approximately 51.7% of the issued share capital of COLI and approximately 62.9% of the issued share capital of CSC. Accordingly, members of the CSC Group are connected persons of COLI and members of the COLI Group are connected persons of CSC. The transactions contemplated under each of the CSC Group Engagement Agreement, the Master Security Services Agreement and the Master Lease Agreement constitute continuing connected transactions for both COLI and CSC under Chapter 14A of the Listing Rules.

### **CSC Group Engagement Agreement**

For COLI, since the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules in respect of the maximum total contract sum that may be awarded to the CSC Group for each year/period under the CSC Group Engagement Agreement, i.e. the Construction Works Cap, exceed 2.5%, the transactions contemplated under the CSC Group Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements. Voting at the COLI EGM will be conducted by poll and COHL and its associates will abstain from voting at the COLI EGM.

An independent board committee of COLI comprising all the independent non-executive directors of COLI has been formed to advise the Independent COLI Shareholders in respect of the transactions contemplated under the CSC Group Engagement Agreement. An independent financial adviser will be appointed to advise the independent board committee of COLI and the Independent COLI Shareholders in this connection.

A circular containing, among other things, further particulars of the transactions contemplated under the CSC Group Engagement Agreement together with, the recommendations of the independent board committee of COLI, a letter from the independent financial adviser to the independent board committee of COLI and the Independent COLI Shareholders, and a notice convening the COLI EGM will be despatched to the COLI Shareholders as soon as practicable in accordance with the Listing Rules.

For CSC, since the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules in respect of the maximum total contract sum that may be awarded to the CSC Group for each year/period under the CSC Group Engagement Agreement, i.e. the Construction Works Cap, exceed 2.5%, the transactions contemplated under the CSC Group Engagement Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements. Voting at the CSC EGM will be conducted by poll and COHL and its associates will abstain from voting at the CSC EGM.

An independent board committee of CSC comprising all the independent non-executive directors of CSC will be formed to advise the Independent CSC Shareholders in respect of the transactions contemplated under the CSC Group Engagement Agreement. An independent financial adviser will be appointed to advise the independent board committee of CSC and the Independent CSC Shareholders in this connection.

A circular containing, among other things, further particulars of the transactions contemplated under the 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 Independent CSC Shareholders, and a notice convening the CSC EGM will be despatched to the CSC Shareholders as soon as practicable in accordance with the Listing Rules.

### **Master Security Services Agreement**

For COLI, since each of the applicable percentage ratios as defined under Rule 14A.10 of the Listing Rules in respect of the maximum total contract sum for the provision of the security services by the COLI Group for each year/period under the Master Security Services Agreement, i.e. the Security Services Cap, is less than 2.5%, the transactions contemplated under the Master Security Services Agreement are subject only to the annual review, reporting and announcement requirements, and are exempt from the independent shareholders' approval requirement.

For CSC, since each of the applicable percentage ratios as defined under Rule 14A.10 of the Listing Rules in respect of the maximum total contract sum for the provision of the security services by the COLI Group for each year/period under the Master Security Services Agreement, i.e. the Security Services Cap, is less than 2.5%, the transactions contemplated under the Master Security Services Agreement are subject only to the annual review, reporting and announcement requirements, and are exempt from the independent shareholders' approval requirement.

## **Master Lease Agreement**

For COLI, since each of the applicable percentage ratios as defined under Rule 14A.10 of the Listing Rules in respect of the maximum aggregate rental (exclusive of rates, government rent, management fees and air-conditioning charges, water charges, cleaning charges and electricity charges) payable by the CSC Group to the COLI Group for each year/period under the Master Lease Agreement, i.e. the Lease Cap, is less than 0.1%, the transactions contemplated under the Master Lease Agreement are exempt from the annual review, reporting, announcement and the independent shareholders' approval requirements. The disclosure herein in relation to the Master Lease Agreement is made on a voluntary basis by COLI.

For CSC, since each of the applicable percentage ratios as defined under Rule 14A.10 of the Listing Rules in respect of the maximum aggregate rental (exclusive of rates, government rent, management fees and air-conditioning charges, water charges, cleaning charges and electricity charges) payable by the CSC Group to the COLI Group for each year/period under the Master Lease Agreement, i.e. the Lease Cap, is less than 2.5%, the transactions contemplated under the Master Lease Agreement are subject only to the annual review, reporting and announcement requirements, and are exempt from the independent shareholders' approval requirement.

Shareholders of COLI should note that the Caps represent the best estimates by the directors of COLI of the amount of the relevant transaction based on the information currently available. The Caps 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 and the CSC Group may or may not retain the COLI Group for security services up to the level of the respective Caps, if at all, as the engagements are subject to tender procedures which are open to other independent third party construction contractors or security services providers. In addition, the CSC Group may or may not lease Properties from the COLI Group up to the level of the Lease Cap.

Shareholders of CSC should note that the Caps represent the best estimates by the directors of CSC of the amount of the relevant transaction based on the information currently available. The Caps 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 and the CSC Group may or may not retain the COLI Group for security services up to the level of the respective Caps, if at all, as the engagements

are subject to tender procedures which are open to other independent third party construction contractors or security services providers. In addition, the CSC Group may or may not lease Properties from the COLI Group up to the level of the Lease Cap.

## DEFINITIONS

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

“associate(s)”, “connected person(s)”, “controlling shareholder(s)”, “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Caps”	collectively the Construction Works Cap, the Security Services Cap and the Lease Cap;
“CCE Macau”	China Construction Engineering (Macau) Company Limited, a company incorporated in Macau with limited liability and a wholly-owned subsidiary of CSC;
“CCE Macau Engagement Agreement”	the engagement agreement entered into between COLI and CCE Macau on 22 November 2005 in respect of the engagement by the COLI Group of CCE Macau as construction contractor for the COLI Group in Macau as set out in the joint announcement of COLI and CSC dated 22 November 2005;
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, which is interested, directly and indirectly, in approximately 51.7% and 62.9% of the issued share capital of COLI and CSC respectively;
“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 EGM”	the extraordinary general meeting of COLI to be held to consider and approve, among other things, the CSC Group Engagement Agreement and the transactions contemplated thereunder;
“COLI Group”	COLI and its subsidiaries from time to time;
“Construction Works Cap”	the maximum total contract sum of the construction contracts that may be awarded by the COLI Group to the CSC Group for each year/period under the CSC Group Engagement Agreement;
“COS”	China Overseas Security Services Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of COLI;
“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 CSC Group Engagement Agreement and the transactions contemplated thereunder;
“CSC Engagement Agreement”	the engagement agreement entered into between COLI and CSC on 22 November 2005 in respect of the engagement by the COLI Group of the CSC Group as construction contractor for the COLI Group in Hong Kong as set out in the joint announcement of COLI and CSC dated 22 November 2005;
“CSC Group”	CSC and its subsidiaries from time to time;
“CSC Group Engagement Agreement”	the engagement agreement entered into between COLI and CSC on 2 April 2009 in respect of the engagement of the CSC Group by the COLI Group as construction contractor for the COLI Group in the PRC, Hong Kong and Macau;



“CSCEC”	中國建築工程總公司 (China State Construction and Engineering Corporation), a state-owned corporation organised and existing under the laws of the PRC, being the ultimate holding company of COLI and CSC;
“CSCECL”	中國建築股份有限公司 (China State Construction & Engineering Corporation Limited), a joint stock company incorporated in the PRC which is held as to 94% by CSCEC;
“CSCECL Group”	CSCECL and its subsidiaries (excluding the COLI Group and the CSC Group) from time to time;
“CSCL”	China State Construction Limited (formerly known as “China Overseas (Hong Kong) Limited”), a company incorporated in Hong Kong and is an indirect wholly-owned subsidiary of CSC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent COLI Shareholder(s)”	Shareholder(s) of COLI other than COHL and its associates;
“Independent CSC Shareholder(s)”	Shareholder(s) of CSC other than COHL and its associates;
“Lease Cap”	the maximum aggregate rental (exclusive of rates, government rent, management fees and air-conditioning charges, water charges, cleaning charges and electricity charges) payable by the CSC Group to the COLI Group for each year/period under the Master Lease Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	the Macao Special Administrative Region of the PRC;
“Master Lease Agreement”	the agreement entered into by COLI and CSC on 2 April 2009 in respect of leasing of the Properties by the CSC Group from the COLI Group;

“Master Security Services Agreement”	the agreement entered into by COLI and CSC on 2 April 2009 in respect of the engagement of members of the COLI Group which hold the relevant licenses by the CSC Group for providing security services to the work sites of the CSC Group in Hong Kong;
“On Success”	On Success Development Limited, a company incorporated in Hong Kong and is an indirect wholly-owned subsidiary of COLI;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan;
“Properties”	the properties owned by the COLI Group from time to time;
“SCOCE”	深圳市中海建築工程公司 (Shenzhen China Overseas Construction Engineering Company), a wholly-owned subsidiary of CSC;
“SCOCE Engagement Agreement”	the engagement agreement entered into between COLI and SCOCE on 22 November 2005 in respect of the engagement by the COLI Group of SCOCE as construction contractor for the COLI Group in the PRC as set out in the joint announcement of COLI and CSC dated 22 November 2005;
“SCOCL”	深圳中海建築有限公司 (Shenzhen China Overseas Construction Limited), formerly known as SCOCE;
“Security Services Cap”	the maximum total contract sum of the security services contracts that may be awarded by the CSC Group to the COLI Group for each year/period under the Master Security Services Agreement;
“Shareholder(s)”	holders of share(s) in the ordinary share capital of a company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Sub-construction  
Engagement  
Agreement”

the engagement agreement entered into between CSC and CSCECL on 2 April 2009 in respect of: (i) the engagement by the CSC Group of the CSCECL Group as construction sub-contractor and/or project management contractor for the CSC Group in the PRC and the United Arab Emirates; and (ii) the engagement by the CSCECL Group of the CSC Group as construction sub-contractor for the CSCECL Group in the PRC; and

“%”

per cent..

By Order of the Board  
**China Overseas Land & Investment Ltd.**  
**Kong Qingping**  
Chairman

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

Hong Kong, 2 April 2009

*The directors of COLI jointly and severally accept full responsibility for the accuracy of the information contained in this 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 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 announcement (other than those relating to the CSC Group), the omission of which would make any statement in this announcement misleading.*

*The directors of CSC jointly and severally accept full responsibility for the accuracy of the information contained in this 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 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 announcement (other than those relating to the COLI Group), the omission of which would make any statement in this announcement misleading.*

*As at the date of this announcement, the board of directors of COLI comprises Mr. Kong Qingping (Chairman), Mr. Hao Jian Min (Vice Chairman and Chief Executive Officer), Mr. Xiao Xiao (Vice Chairman), Mr. Wu Jianbin, Mr. Chen Bin, Mr. Zhu Yijian, Mr. Luo Liang and Mr. Wang Man Kwan, Paul as executive directors; and Dr. Li Kwok Po, David, Mr. Lam Kwong Siu, Dr. Wong Ying Ho, Kennedy and Dr. Fan Hsu Lai Tai, Rita as independent non-executive directors.*

*As at the date of this announcement, the board of directors of CSC comprises Mr. Kong Qingping (Chairman and Non-executive Director); Mr. Zhou Yong (Vice-chairman and Chief Executive Officer), Mr. Yip Chung Nam, Mr. Fu He, Mr. Zhou Hancheng and Mr. Cheong Chit Sun as executive directors; 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.*