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**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)



**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)

## **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO DESIGN CONSULTANCY SERVICES**

On 19 August 2013, CSC and COLI entered into the Master Design Consultancy Services Agreement, whereby the CSC Group may engage Huayi, a wholly-owned subsidiary of COLI, as provider of Design Consultancy Services to the CSC Group's building construction works in the Mainland China upon successful tender for a term of three years commencing from 1 September 2013 and ending on 31 August 2016, subject to the Annual Cap.

CSCEC is the ultimate controlling shareholder of both CSC and COLI. 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 the Master Design Consultancy Services Agreement constitute continuing connected transactions of both CSC and COLI under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined under Rule 14A.10 of the Listing Rules calculated for both CSC and COLI in respect of the maximum aggregate value of the contract sum for each of the relevant year/period under the contracts for provision of Design Consultancy Services awarded or to be awarded by the CSC Group to Huayi as contemplated under the Master Design Consultancy Services Agreement, i.e. the Annual Cap, are more than 0.1% but less than 5%, the Continuing Connected Transactions are subject to the annual review, reporting and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

CSC Shareholders and COLI Shareholders should note that the Annual Cap represents the best estimates by CSC Directors and COLI Directors of the amount of the relevant transactions based on the information currently available. The Annual Cap bears no direct relationships to, nor should be taken to have any direct bearings to, the CSC Group's or COLI Group's financial or potential financial performance. The CSC Group may or may not retain Huayi to provide Design Consultancy Services up to the level of the Annual Cap, if at all, as its engagement is subject to tender procedures which are open to other independent third party consultants.

## **INTRODUCTION**

The CSC Group and Huayi have previously entered into contracts for provision of Design Consultancy Services in the Mainland China by Huayi to the CSC Group. Since the applicable percentage ratios as defined under Rule 14A.10 of the Listing Rules calculated for both CSC and COLI in respect of the amount received under such contracts are de minimis, the relevant connected transactions are exempt from the annual review, reporting, announcement and independent shareholders' approval requirements.

## **CONTINUING CONNECTED TRANSACTIONS**

CSC Directors expect that the CSC Group will further invite Huayi to participate in competitive tender for the provision of Design Consultancy Services to the CSC Group for its building construction works in the Mainland China. In this connection, on 19 August 2013, CSC and COLI entered into the Master Design Consultancy Services Agreement for a term of three years commencing from 1 September 2013 and ending on 31 August 2016 whereby the parties agreed that:

- (a) Huayi may tender for the CSC Group's Design Consultancy Services for its building construction works in the Mainland China 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 parties;
- (b) If any contract is granted in favour of Huayi as a result of the above tender, Huayi may act as provider of Design Consultancy Services for the CSC Group's building construction works in the Mainland China based on the terms of the successful tender, provided that the maximum aggregate value of the contract sum under the contracts for provision of Design Consultancy Services awarded or to be awarded by the CSC Group to Huayi as contemplated under the Master Design Consultancy Services Agreement for the period between 1 September 2013 and 31 December 2013 shall not exceed RMB85 million (equivalent to approximately HK\$106 million), for each of the two years ending 31 December 2015 shall not exceed RMB130 million (equivalent to approximately HK\$163 million), and for the period between 1 January 2016 and 31 August 2016 shall not exceed RMB130 million (equivalent to approximately HK\$163 million) (i.e. the Annual Cap); and

(c) the fees payable by the CSC Group to Huayi will be settled pursuant to the payment terms set out in the tender documents for the specific Design Consultancy Services contracts.

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

- (i) the total estimated area of building construction works for projects expected to be undertaken by the CSC Group in the Mainland China during the period between 1 September 2013 and 31 August 2016, with reference to the current market price in respect of Design Consultancy Services; and
- (ii) based on the building construction projects which have already been implemented by the CSC Group, it is expected that design consultancy services contracts with contract sum of RMB85 million (equivalent to approximately HK\$106 million) will be entered into within this year. The actual contract sum for each of the coming three years will depend on the progress of the new building construction projects, and based on the CSC Group's target for the coming three years, it is expected that the total contract sum will not exceed RMB130 million (equivalent to approximately HK\$163 million) per year.

## **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

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

The COLI Group is principally engaged in investment holding, property investment and property development.

Huayi mainly engages in provision of Design Consultancy Services. Huayi has attained 'Grade A Architectural Design Qualification' and 'Grade A Urban Planning Qualification', with over 900 professional designers and 8 national branch offices. Huayi has successfully completed over 1,300 architectural and engineering design projects within the Mainland China, and was granted excellent design awards at national level, provincial level and ministerial levels.

CSC Directors believe that continuing to engage Huayi (upon successful tender) which holds relevant qualifications and experience to provide Design Consultancy Services to the CSC Group's building construction works in the Mainland China allows the CSC Group to secure a reliable pool of Design Consultancy Services providers. It is also believed that the qualifications and strength that Huayi has would help strengthen the CSC Group's competitiveness and image in the building construction industry in the Mainland China. COLI Directors believe that continuing to provide Design Consultancy Services to the CSC Group's building construction works in the Mainland China (upon successful tender) allows Huayi to secure a more diverse base of customers for its Design Consultancy Services.

CSC Directors (including the independent non-executive directors of CSC) consider that the Continuing Connected Transactions are expected to be entered into in the ordinary and usual course of business of the CSC Group, and the Master Design Consultancy Services Agreement (together with the Annual Cap) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the Continuing Connected Transactions (together with the Annual Cap) are fair and reasonable and in the interests of the CSC Shareholders as a whole.

COLI Directors (including the independent non-executive directors of COLI) consider that the Continuing Connected Transactions are expected to be entered into in the ordinary and usual course of business of the COLI Group, and the Master Design Consultancy Services Agreement (together with the Annual Cap) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the Continuing Connected Transactions (together with the Annual Cap) are fair and reasonable and in the interests of the COLI Shareholders as a whole.

## **GENERAL**

CSCEC is the ultimate controlling shareholder of both CSC and COLI. 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 the Master Design Consultancy Services Agreement constitute continuing connected transactions of both CSC and COLI under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios as defined under Rule 14A.10 of the Listing Rules calculated for both CSC and COLI in respect of the maximum aggregate value of the contract sum for each of the relevant year/period under the contracts for provision of Design Consultancy Services awarded or to be awarded by the CSC Group to Huayi as contemplated under the Master Design Consultancy Services Agreement, i.e. the Annual Cap, are more than 0.1% but less than 5%, the Continuing Connected Transactions are subject to the annual review, reporting and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

CSC Shareholders and COLI Shareholders should note that the Annual Cap represents the best estimates by CSC Directors and COLI Directors of the amount of the relevant transactions based on the information currently available. The Annual Cap bears no direct relationships to, nor should be taken to have any direct bearings to, the CSC Group's or COLI Group's financial or potential financial performance. The CSC Group may or may not retain Huayi to provide Design Consultancy Services up to the level of the Annual Cap, if at all, as its engagement is subject to tender procedures which are open to other independent third party consultants.

As none of the CSC Directors nor COLI Directors has any material interest in the transactions contemplated under the Master Design Consultancy Services Agreement, none of them is required to abstain from voting on the resolutions passed by the respective boards of directors to approve the Master Design Consultancy Services Agreement and the transactions contemplated thereunder.

## **DEFINITIONS**

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

- “Annual Cap” the maximum aggregate value of the contract sum for each of the relevant year/period under the contracts for provision of Design Consultancy Services awarded or to be awarded by the CSC Group to Huayi as contemplated under the Master Design Consultancy Services Agreement, or such amount as may be approved by the Stock Exchange;
- “connected person(s)”, “controlling shareholder”, “subsidiary(ies)” each has the meaning ascribed to it in the Listing Rules;

“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 Directors”	the directors of COLI;
“COLI Group”	COLI and its subsidiaries from time to time;
“COLI Shareholders”	the shareholders of COLI from time to time;
“Continuing Connected Transactions”	the transactions as described under the section headed “Continuing Connected Transactions” in this announcement;
“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 Directors”	the directors of CSC;
“CSC Group”	CSC and its subsidiaries from time to time;
“CSC Shareholders”	the shareholders of CSC from time to time;
“CSCEC”	中國建築工程總公司 (China State Construction Engineering Corporation), a state-owned corporation organised and existing under the laws of the People’s Republic of China, being the ultimate holding company of both CSC and COLI;
“Design Consultancy Services”	services in relation to building construction work design;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Huayi”	香港華藝設計顧問(深圳)有限公司 (Hong Kong Huayi Design Consultants (Shenzhen) Ltd)*, a company established under the laws of the People’s Republic of China with limited liability and a wholly-owned subsidiary of COLI;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Macao”	the Macao Special Administrative Region of the People’s Republic of China;

“Master Design Consultancy Services Agreement”	the master design consultancy services agreement entered into between CSC and COLI on 19 August 2013 in respect of the engagement by the CSC Group of Huayi as provider of Design Consultancy Services to the CSC Group’s building construction works in the Mainland China;
“Mainland China”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macao and Taiwan;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

*\* For identification purpose only*

*For the purpose of this announcement and for illustration purpose only, conversion of HK\$ to RMB is based on the exchange rate of HK\$1.00 = RMB0.8. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates.*

By order of the board of directors  
**China State Construction International  
Holdings Limited**  
**Zhou Yong**  
*Chairman and Chief Executive Officer*

By order of the board of directors  
**China Overseas Land &  
Investment Limited**  
**Hao Jian Min**  
*Chairman and Chief Executive Officer*

Hong Kong, 19 August 2013

*As at the date of this announcement, the board of directors of CSC comprises Mr. Zhou Yong (Chairman and Chief Executive Officer), Mr. Tian Shuchen, Mr. Zhou Hancheng, Mr. Pan Shujie and Mr. Hung Cheung Shew 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.*

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