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CONNECTED TRANSACTION FORMATION OF A JOINT VENTURE COMPANY

FORMATION OF JOINT VENTURE

On 31 December 2015, COGO, CSGWI and SAIF Subsidiary entered into the JV Agreement, pursuant to which the parties agreed to establish the JV Company to develop residential and commercial properties by way of building industrialization at the Land in Hefei. The JV Company will be owned indirectly by COGO as to 45%, CSGWI as to 45% and SAIF Subsidiary as to 10%.

LISTING RULES IMPLICATIONS

COHL is the controlling shareholder of both COGO and CSC. Each of COGO and CSC is hence a connected person of each other under Chapter 14A of the Listing Rules. Accordingly, the JV Transactions constitute connected transactions for each of COGO and CSC.

As the applicable percentage ratios calculated for both COGO and CSC in respect of the JV Transactions are more than 0.1% but less than 5%, the JV Transactions are only subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules for both COGO and CSC.

The COGO Directors (including the independent non-executive COGO Directors) are of the view that as far as the shareholders of COGO are concerned, the JV Transactions are in the ordinary and usual course of COGO's business, on normal commercial terms, fair and reasonable and in the interests of COGO and its shareholders as a whole.

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

1. BACKGROUND

On 31 December 2015, COGO Subsidiary, COGO Hefei, CSGWI and SAIF Subsidiary as joint bidders succeeded in a public bidding for a Land from 合肥市國土資源局 (Hefei Municipal Bureau of Land Resources*) at the consideration of RMB550,185,000 (approximately HK\$671,225,700) (the "Land Consideration").

The Land is situated in the Baohe District of Hefei, Anhui Province of the PRC and of approximately 85,303 sq.m., with residential land of approximately 67,324 sq.m. and commercial land of approximately 17,979 sq.m.. The plot ratios for commercial and residential properties at the Land will be 1.2 and 1.3 respectively.

2. FORMATION OF JOINT VENTURE COMPANY

On 31 December 2015, COGO, CSGWI and SAIF Subsidiary entered into the JV Agreement, pursuant to which the parties agreed to establish the JV Company to develop residential and commercial properties by way of building industrialization at the Land in Hefei. The JV Company will be owned indirectly by COGO as to 45%, CSGWI as to 45% and SAIF Subsidiary as to 10%.

(1) The JV Agreement

Date : 31 December 2015

Parties : (i) COGO
(ii) CSGWI
(iii) SAIF Subsidiary

Save that a subsidiary of CSC has approximately 4.76% interests in SAIF (which owns 100% interests of SAIF Subsidiary), to the best of the knowledge, information and belief of COGO Directors and CSC Directors having made all reasonable enquiries, SAIF Subsidiary and its ultimate beneficial owner are third parties independent of and not connected with each of COGO and CSC and their respective connected persons.

(2) Structure of the Joint Venture

Pursuant to the JV Agreement and subject to the approval of the relevant PRC authorities, the parties shall establish the JV Company with a registered capital of RMB550,185,000 (approximately HK\$671,225,700), of which 45% shall be contributed by COGO Subsidiary, 45% shall be contributed by CSGWI and 10% shall be contributed by SAIF Subsidiary. All contribution shall be made in cash at the prescribed time period under the PRC laws and regulations. Upon its establishment, the JV Company will enter into the Land Use Rights Grant Contract with the relevant PRC authorities to acquire the ownership of the Land.

(3) The principal terms of the JV Agreement are set out below:

Principal business of the JV Company : The business of the JV Company is to own and develop the Land.

Capital commitment of the JV Company : The respective registered capital of the JV Company to be contributed by COGO, CSGWI and SAIF Subsidiary under the JV Agreement is proportional to their respective shareholding in the JV Company and was determined after arm's length negotiation between COGO, CSGWI and SAIF Subsidiary, with reference to the Land Consideration. Any additional funding requirements (other than the registered capital) of the JV Company shall be arranged by the JV Company by way of bank loans.

The registered capital of the JV Company to be contributed by COGO is expected to be funded by COGO's internal resources and bank borrowings.

The registered capital of the JV Company to be contributed by CSGWI is expected to be funded by CSC's internal resources.

Board composition of the JV Company : The board of directors of the JV Company shall comprise 7 members. COGO shall appoint 3 members to the board, CSGWI shall appoint 3 members to the board and SAIF Subsidiary shall appoint 1 member to the board. The term of services for all directors is three years. The chairman of the board shall be appointed by CSGWI and the vice-chairman of the board shall be appointed by COGO. Resolutions of the board of directors of the JV Company shall be passed by two-thirds majority of all directors.

The JV Company shall have two supervisors and each of COGO and CSGWI can nominate one supervisor. The supervisors will be appointed at the meeting of the shareholders of the JV Company with the term of services of three years.

The general manager of the JV Company shall be nominated by COGO and the deputy general manager of the JV Company shall be nominated by SAIF Subsidiary.

Profit distribution of the JV Company : The distributable profit of the JV Company shall be distributed to COGO, CSGWI and SAIF Subsidiary by way of dividends in proportion to their respective shareholding in the JV Company.

Management and operation of the JV Company : COGO will be mainly responsible for property development, while the CSC Group will act as the main contractor and will be mainly responsible for construction-related work.

3. REASONS FOR AND BENEFITS OF THE ENTERING INTO THE JV TRANSACTIONS

COGO Group is an experienced property developer. The COGO Directors (including the independent non-executive COGO Directors) believe that the co-investment pursuant to the JV Agreement will broaden the asset and earnings base of COGO and further strength COGO's position as a premier property developer in the third tier cities in the PRC.

CSC Group has substantial experience in construction and infrastructure investment businesses. Shenzhen Hailong Construction Products Co., Ltd. ("Hailong", a subsidiary of CSC) is a whole-industry-chain professional company specializing in new-type building industrialized research, development, design consultancy and product supply. With more than 20 years of research and exploration, strong technical strength, well-equipped production equipment and scientific management system, Hailong becomes an enterprise with well-known brand in new-type building industrialized in Hong Kong, Macao and Mainland China and possesses an industry leading status; and was approved as China National Housing Industrialization Base and National High-Tech Enterprise. The experience of the CSC Group is complementary to the development of the Land. The CSC Directors (including the independent non-executive CSC Directors) believe that the co-investment pursuant to the JV Agreement will exert the advantage of Hailong's building industrialization and will provide the CSC Group both investment opportunity and income.

In addition, SAIF is a well-recognised brand with an excellent reputation in the international fund market. The strategic cooperation among COGO, CSGWI and SAIF Subsidiary will complement each other in the co-development of the Land and promote mutual benefits among the parties.

4. INFORMATION ON COGO, COGO SUBSIDIARY, CSC, CSGWI, SAIF AND SAIF SUBSIDIARY

(1) Information on COGO

COGO is a company incorporated in Hong Kong with limited liability and the shares of COGO are listed on the Main Board of the Stock Exchange. As at the date of this announcement, COGO Group is principally engaged in property investment and development in the PRC.

(2) Information on COGO Subsidiary

COGO Subsidiary is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of COGO. The principal activity of COGO Subsidiary is investment holding.

(3) Information on CSC

CSC is a company incorporated in the Cayman Islands with limited liability and the shares of CSC are listed on the Main Board of the Stock Exchange. As at the date of this announcement, CSC is principally engaged in building construction, civil engineering works, infrastructure investment and project consultancy business.

(4) Information on CSGWI

CSGWI is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of CSC. The principal activity of CSGWI is investment holding.

(5) Information on SAIF

SAIF is a limited partnership established in the Cayman Islands and its principal activity is investment on infrastructure assets, immovable property assets, management assets and capital market.

(6) Information on SAIF Subsidiary

SAIF Subsidiary is a company incorporated in Hong Kong with limited liability and its principal activity is investment holding. It is an indirect wholly-owned subsidiary of SAIF.

5. LISTING RULES IMPLICATIONS

COHL is the controlling shareholder of both COGO and CSC. Each of COGO and CSC is hence a connected person of each other under Chapter 14A of the Listing Rules. Accordingly, the JV Transactions constitute connected transactions for each of COGO and CSC.

As the applicable percentage ratios calculated for both COGO and CSC in respect of the JV Transactions are more than 0.1% but less than 5%, the JV Transactions are only subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules for both COGO and CSC.

The COGO Directors (including the independent non-executive COGO Directors) are of the view that as far as the shareholders of COGO are concerned, the JV Transactions are in the ordinary and usual course of COGO's business, on normal commercial terms, fair and reasonable and in the interests of COGO and its shareholders as a whole.

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

None of the COGO Directors has a material interest in the JV Transactions. Mr. Hao Jian Min, one of the COGO Directors, who is also a director of China Overseas Land & Investment Limited and COHL, has voluntarily abstained from voting on the COGO Board resolution(s) approving the JV Transactions. As none of the CSC Directors has a material interest in the JV Transactions, no CSC Director is required to abstain from voting on the board resolution(s) approving the JV Transactions.

6. DEFINITIONS

Unless otherwise stated, the following words and phrases have the following meanings in this announcement:

“connected person(s)”, “controlling shareholder”, “percentage ratios”, “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“COGO”	China Overseas Grand Oceans Group 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: 81);
“COGO Board”	the board of directors of COGO;
“COGO Director(s)”	director(s) of COGO;
“COGO Group”	COGO and its subsidiaries from time to time;
“COGO Hefei”	中海宏洋地產(合肥)有限公司(China Overseas Grand Oceans Group Co., Ltd. (Hefei)*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of COGO;
“COGO Subsidiary”	Grand Will Asia Pacific Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of COGO;

“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, the controlling shareholder of both COGO and CSC;
“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)”	director(s) of CSC;
“CSC Group”	CSC and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time;
“CSGWI”	China State Grand Wealth Investments Limited, a company incorporated in Hong Kong with limited liability, and 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;
“JV Agreement”	the cooperation agreement dated 31 December 2015 entered into between COGO, CSGWI and SAIF Subsidiary in relation to the formation of the JV Company;
“JV Company”	the joint venture company with limited liability to be established in the PRC and will be owned indirectly by COGO as to 45%, CSGWI as to 45% and SAIF Subsidiary as to 10%;
“JV Transactions”	the entering into of the JV Agreement and the transactions contemplated thereunder;
“Land”	a piece of land in the site S1509 situated in the Baohe District of Hefei, Anhui Province of the PRC and of approximately 85,303 sq.m.;
“Land Use Rights Grant Contract”	Land Use Rights Grant Contract (Supplementary) (國有建設用地使用權出讓合同(補充協議)) to be entered into between 合肥市國土資源局(Hefei Municipal Bureau of Land Resources*) and the JV Company pursuant to the bidding confirmation;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Macao”	The Macao Special Administrative Region of the PRC;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macao and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;

“SAIF”	SAIF XINGHE Investment Fund L.P., a limited partnership established in the Cayman Islands. A subsidiary of CSC has approximately 4.76% interests in SAIF;
“SAIF Subsidiary”	SAIF XINGHE Hong Kong Limited, a company incorporated in Hong Kong with limited liability;
“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 RMB to HK\$ is based on the exchange rate of RMB1.00 = HK\$1.22. 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
**CHINA OVERSEAS GRAND OCEANS
GROUP LIMITED**
Hao Jian Min
Chairman and Non-Executive Director

By Order of the Board
**CHINA STATE CONSTRUCTION
INTERNATIONAL HOLDINGS LIMITED**
Zhou Yong
Chairman and Chief Executive Officer

Hong Kong, 31 December 2015

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

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

As at the date of this announcement, the COGO Board comprises nine directors, of which four are executive Directors, namely, Mr. Zhang Guiqing, Mr. Xiang Hong, Mr. Paul Wang Man Kwan and Mr. Liu Jun; two non-executive Directors, namely Mr. Hao Jian Min and Mr. Billy Yung Kwok Kee, and three independent non-executive Directors, namely Dr. Timpson Chung Shui Ming, Mr. Jeffrey Lam Kin Fung and Mr. Dantes Lo Yiu Ching.

As at the date of this announcement, 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 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 Independent Non-executive Directors of CSC.