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CONTINUING CONNECTED TRANSACTION FRAMEWORK AGREEMENT

FRAMEWORK AGREEMENT

On 24 March 2016, COGO and CSC entered into the Framework Agreement, pursuant to which the COGO Group agreed to engage the CSC Group as construction supervisor and the CSC Group agreed to provide the Construction Supervision Service for the property development projects of the COGO Group in the PRC. The Framework Agreement has a term of three years commencing from 1 April 2016 and ending on 31 March 2019 (both days inclusive).

LISTING RULES IMPLICATIONS

As at the date of this joint announcement, COHL is the controlling shareholder of both COGO and CSC by virtue of being interested in approximately 37.98% of the number of shares of COGO in issue and approximately 57.59% of the issued share capital of CSC. Hence, CSC is a connected person of COGO and COGO is a connected person of CSC under Chapter 14A of the Listing Rules. Accordingly, the entering into of the Framework Agreement constitutes a continuing connected transaction for each of COGO and CSC.

Since the applicable percentage ratios as defined under the Listing Rules calculated for both COGO and CSC in respect of the maximum management fee for the relevant year/period under the Framework Agreement, i.e. the Annual Caps, are greater than 0.1% but less than 5%, the Continuing Connected Transaction is subject to reporting, announcement and annual review requirements but exempted from the independent shareholders' approval. Details of the Framework Agreement will be included in the next published annual report and accounts of each of COGO and CSC pursuant to Rule 14A.71 of the Listing Rules.

The COGO Directors (including the independent non-executive COGO Directors) are of the view that as far as the COGO Shareholders are concerned, the Framework Agreement is entered into in the ordinary course of the business of COGO, on normal commercial terms, fair and reasonable and in the best 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 CSC Shareholders are concerned, the Framework Agreement is entered into in the ordinary course of the business of CSC, on normal commercial terms, fair and reasonable and in the best interests of CSC and its shareholders as a whole.

CONTINUING CONNECTED TRANSACTION

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FRAMEWORK AGREEMENT

The principal terms of the Framework Agreement are as follows:

Date : 24 March 2016

Parties : (i) COGO; and
(ii) CSC.

Term

The Framework Agreement has a term of three years commencing from 1 April 2016 and ending on 31 March 2019 (both days inclusive).

Subject matter

Pursuant to the Framework Agreement, the COGO Group may appoint any member of the CSC Group to provide the Construction Supervision Service for its property development projects in the PRC, provided that the maximum management fee payable to the CSC Group for the relevant year/period shall not exceed the corresponding Annual Caps set out in the paragraph headed “Annual Caps” below in this joint announcement.

To this end, relevant members of the COGO Group and the CSC Group will from time to time enter into standard individual contracts which will set out the specific terms and conditions of the Construction Supervision Service to be provided. Further, according to the Framework Agreement, each standard individual contract shall be for a fixed term of not more than three years. The management fee payable by the COGO Group to the CSC Group will be settled monthly in cash.

Pricing basis

As a general principle, the prices and terms of the agreements with respect to the Construction Supervision Service shall be determined in the ordinary course of business on normal commercial terms, negotiated on arm’s length basis and at prices and on terms no more favourable than those procured from/provided to the independent third party service providers/the independent third party customers of the COGO Group/the CSC Group (as the case may be).

The management fee with respect to the Construction Supervision Service will be charged on a “cost plus” basis, which will be determined based on the total staff cost incurred by the CSC Group with respect to the provision of the Construction Supervision Service plus a margin of 18%.

Independent non-executive directors of each of COGO and CSC will review the transactions under the Framework Agreement to ensure such agreements are entered into through arm’s length negotiations and on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of such agreements. The auditor of each of COGO and CSC would also conduct an annual review on the pricing and annual caps under the Framework Agreement. Each of COGO and CSC will facilitate the provision of necessary information to their respective independent non-executive directors and auditor for the purpose of such review.

Annual Caps

The maximum management fee payable by the COGO Group to the CSC Group during the term of the Framework Agreement shall not exceed the following Annual Caps:

For the period from 1 April 2016 to 31 December 2016	For the year ending 31 December 2017	For the year ending 31 December 2018	For the period from 1 January 2019 to 31 March 2019
RMB110 million (equivalent to approximately HK\$132 million)	RMB136 million (equivalent to approximately HK\$163.2 million)	RMB191 million (equivalent to approximately HK\$229.2 million)	RMB65 million (equivalent to approximately HK\$78 million)

Basis of determining the Annual Caps

The PRC property development business of the COGO Group has been expanding over the years. Having considered the substantial experience, high qualification and pricing offered by the CSC Group, the COGO Group intends to engage the CSC Group to provide the Construction Supervision Service for all of its property development projects in the PRC in order to improve management as well as possibly benefiting from increased economies of scale. The COGO Group considers that CSC Group offers a high quality and competitive proposition to the COGO Group in respect of the provision of the Construction Supervision Service under the Framework Agreement.

The Annual Caps are determined with reference to, among others, the following factors:

- (1) the following historical amounts paid to independent construction supervision service providers for the construction supervision services:
 - (a) for the year ended 31 December 2013: RMB41.9 million (equivalent to approximately HK\$50.3 million);
 - (b) for the year ended 31 December 2014: RMB34.5 million (equivalent to approximately HK\$41.4 million); and
 - (c) for the year ended 31 December 2015: RMB11.7 million (equivalent to approximately HK\$14.0 million).

(2) the estimated demand of the COGO Group for the Construction Supervision Service for the period from 1 April 2016 to 31 March 2019, estimated with reference to the construction supervision service required under the existing contracts and the future property development plans of the COGO Group; and

(3) other factors such as, the business plans of COGO Group and inflation.

In 2014, the COGO Group engaged the CSC Group to provide construction supervision services in respect of its projects. Since the applicable percentage ratios as defined under the Listing Rules for the service fees paid by the COGO Group to the CSC Group in 2014 was less than 0.1%, such transaction was de minimis transactions exempted from reporting and announcement requirements under the Listing Rules. There were no such transactions between the COGO Group and the CSC Group in 2013 and 2015.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE FRAMEWORK AGREEMENT

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

The COGO Board takes the view that the CSC Group is a professional company with high qualifications (including qualifications in the PRC for supervising construction works) in this profession. COGO is in the opinion that the appointment of the CSC Group as a construction supervisor can ensure the smooth running of the relevant property development projects of the COGO Group in the PRC.

The CSC Board takes the view that the Framework Agreement is entered into by CSC in its ordinary and usual course of business. The provision of the Construction Supervision Service under the Framework Agreement can expand the customer base for its Construction Supervision Service and can provide a steady income stream to the CSC Group.

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Since the applicable percentage ratios as defined under the Listing Rules calculated for both COGO and CSC in respect of the maximum management fee for the relevant year/period under the Framework Agreement, i.e. the Annual Caps, are greater than 0.1% but less than 5%, the Continuing Connected Transaction is subject to reporting, announcement and annual review requirements but exempted from the independent shareholders' approval. Details of the Framework Agreement will be included in the next published annual report and accounts of each of COGO and CSC pursuant to Rule 14A.71 of the Listing Rules.

The COGO Directors (including the independent non-executive COGO Directors) are of the view that as far as the COGO Shareholders are concerned, the Framework Agreement is entered into in the ordinary course of the business of COGO, on normal commercial terms, fair and reasonable and in the best 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 CSC Shareholders are concerned, the Framework Agreement is entered into in the ordinary course of the business of CSC, on normal commercial terms, fair and reasonable and in the best interests of CSC and its shareholders as a whole.

None of the COGO Directors has a material interest in the entering into of the Framework Agreement and the transactions contemplated thereunder. 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 entering into of the Framework Agreement and the transactions contemplated thereunder.

As none of the CSC Directors has a material interest in the entering into of the Framework Agreement and the transactions contemplated thereunder, no CSC Director is required to abstain from voting on the CSC Board resolution(s) approving the entering into of the Framework Agreement and the transactions contemplated thereunder.

INFORMATION OF 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 joint announcement, the COGO Group is principally engaged in property investment and development in the PRC.

INFORMATION OF 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 joint announcement, CSC is principally engaged in building construction, civil engineering works, infrastructure investment and project consultancy business.

DEFINITIONS

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

“Annual Caps”	the maximum management fee for each year/period under the Framework Agreement;
“COGO”	China Overseas Grand Oceans Group 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: 81);
“COGO Board”	the board of directors of COGO;
“COGO Director(s)”	the director(s) of COGO;
“COGO Group”	COGO and its subsidiaries from time to time;
“COGO Shareholders”	the shareholders of COGO;
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, the controlling shareholder of both COGO and CSC;
“connected person(s)”, “controlling shareholder”, “percentage ratios”, “subsidiary(ies)”	each has the meaning ascribed to it in 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 Board”	the board of directors of CSC;
“CSC Director(s)”	the director(s) of CSC;
“CSC Group”	CSC and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time;
“CSC Shareholders”	the shareholders of CSC;
“Construction Supervision Service”	the supervision and management service to be provided by the CSC Group to the COGO Group for the property development projects of the COGO Group in the PRC pursuant to the Framework Agreement, which include supervision of quality, progress and measurements, and contracts management, safety, information management and relationship coordination work;
“Continuing Connected Transaction”	the transactions with respect to the provision of the Construction Supervision Service by the CSC Group to the COGO Group pursuant to the Framework Agreement;
“Framework Agreement”	the framework agreement dated 24 March 2016 entered into between COGO and CSC in respect of the engagement by the COGO Group of the CSC Group as construction supervisor for the provision of the Construction Supervision Service;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, which for the purpose of this joint announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;

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

This joint announcement contains translation between Renminbi and Hong Kong dollars at RMB1 to HK\$1.20. The translation shall not be taken as representation that the Renminbi could actually be converted into Hong Kong dollars at that rate, or at all.

By Order of the COGO Board
**CHINA OVERSEAS GRAND
OCEANS GROUP LIMITED**

Hao Jian Min

Chairman and Non-Executive Director

By Order of the CSC Board
**CHINA STATE CONSTRUCTION
INTERNATIONAL HOLDINGS LIMITED**

Zhou Yong

Chairman and Chief Executive Officer

Hong Kong, 24 March 2016

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

As at the date of this joint 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.