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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 Leasing of Properties
and
Continuing Connected Transactions in relation to the
Provision of Security Services**

Continuing Connected Transactions in relation to Leasing of Properties

Master Tenancy Agreement

On 15 May 2006, On Success entered into the Master Tenancy Agreement with COHK, pursuant to which COHK has agreed to lease certain properties located at China Overseas Building as offices of CSCIHL and/or its subsidiaries. The rent payable by COHK under the Master Tenancy Agreement will be HK\$6,616,428, HK\$8,635,704 and HK\$8,972,250 for the three years ending 30 June 2007, 30 June 2008 and 30 June 2009, respectively.

COIL Tenancy Agreement

On 12 May 2006, On Success entered into the COIL Tenancy Agreement with COIL, pursuant to which COIL has agreed to lease certain properties located at China Overseas Building as offices of COIL. The rent payable by COIL under the COIL Tenancy Agreement will be HK\$619,311 for each of the three years ending 30 June 2009.

Continuing Connected Transactions in relation to the Provision of Security Services

On 15 May 2006, COS and CSCIHL entered into the Master Security Services Agreement pursuant to which COS will provide security services to the worksites of CSCIHL and/or its subsidiaries. It is expected that the annual cap amount for the provision of the security services under the Master Security Services Agreement for each of the three financial years ending 31 December 2008 will not exceed HK\$30 million per year.

COHL is interested as to approximately 64.3% of the issued share capital of CSCIHL and as to approximately 50.7% of the issued share capital of COLI. Accordingly, transactions between COLI (and/or its subsidiaries) and CSCIHL (and/or its subsidiaries) constitute continuing connected transactions for each of COLI and CSCIHL.

As the annual rent payable under the Master Tenancy Agreement and the annual cap amount of the Master Security Services Agreement are both less than 2.5% of each of the applicable percentage ratios (other than the profit ratio) of COLI and CSCIHL, each of the Master Tenancy Agreement and the Master Security Services Agreement is subject only to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempted from the independent Shareholders' approval requirement of Chapter 14A of the Listing Rules.

COHL is interested as to approximately 50.7% of the issued share capital of COLI. COIL is a direct wholly-owned subsidiary of COHL, transactions between COLI (and/or its subsidiaries) and COIL constitute continuing connected transactions for COLI.

As the annual rent payable under the COIL Tenancy Agreement is less than 0.1% of each of the applicable percentage ratios (other than the profit ratio) of COLI, the COIL Tenancy Agreement is exempted from the reporting, announcement and independent shareholders' approval requirements in accordance with 14A.33(3)(a) of the Listing Rules. The disclosure herein in relation to the COIL Tenancy Agreement is made on a voluntary basis by COLI.

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO LEASING OF PROPERTIES

THE MASTER TENANCY AGREEMENT

Date: 15 May 2006

Parties: (1) On Success, an indirect wholly-owned subsidiary of COLI, which is principally engaged in the business of property investment; and
(2) COHK, an indirect wholly-owned subsidiary of CSCIHL, which is principally engaged in the business of investment holdings, building construction and provision of management services.

COHL is interested as to approximately 64.3% of the issued share capital of CSCIHL and as to approximately 50.7% of the issued share capital of COLI. Accordingly, the Master Tenancy Agreement constitutes continuing connected transactions for each of COLI and CSCIHL.

Tenancy

Pursuant to the Master Tenancy Agreement, COHK will lease the following properties from On Success, an indirect wholly-owned subsidiary of COLI, as offices of CSCIHL and/or its subsidiaries:-

Properties	Location	Commencement date of Tenancy	Expiry date of Tenancy	Rent payable by COHK
A	Units A, B, C and D, 26th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong	1 July 2006	30 June 2009	HK\$111,972 per month (with 3 months rent free period) (<i>Note 1</i>)
B	27th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong	1 January 2007	30 June 2009	HK\$168,273 per month (with 2 months rent free period) (<i>Note 1</i>)
C	28th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong	1 January 2007	30 June 2009	HK\$168,273 per month (with 2 months rent free period) (<i>Note 1</i>)
D	29th Floor and 30th Floor, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong	1 July 2006	30 June 2009	HK\$336,546 per month (with 3 months rent free period) (<i>Note 1</i>)

Notes:

- (1) During the term of the tenancy, COHK is entitled to one-month rent free period at the beginning of each full year of the tenancy.
- (2) COHK is currently leasing properties B and C from On Success and the current lease will remain valid until 31 December 2006. COHK intends to renew the lease for properties B and C upon the expiry of their current terms for a further period of 30 months. The current leases of properties B and C are subject to a waiver from strict compliance with the connected transaction requirements of the Listing Rules granted by the Stock Exchange dated 8 June 2005 to CSCIHL pursuant to Rule 14A.42(3) of the Listing Rules.

The rent paid by COHK to On Success for the three years ended 31 December 2005 were approximately HK\$5.92 million, HK\$4.04 million and HK\$4.67 million, respectively.

Rent

The rent payable for the above properties are determined by reference to a valuation report dated 11 May 2006 by DTZ Debenham Tie Leung Limited, an independent valuer, on the prevailing market conditions and the rental level of similar properties in the vicinity of the above properties.

Pursuant to the Master Tenancy Agreement, the rent payable by COHK will be HK\$6,616,428, HK\$8,635,704 and HK\$8,972,250 for the three years ending 30 June 2007, 30 June 2008 and 30 June 2009, respectively.

Reasons and benefits for the transactions

The offices of CSCIHL and its subsidiaries were previously located in the upper and lower floors of China Overseas Building. The Master Tenancy Agreement enables CSCIHL and its subsidiaries to consolidate their operations from the 26th to the 30th floors of China Overseas Building and provide a more efficient working environment for CSCIHL and its subsidiaries.

The directors of COLI and CSCIHL consider that the Master Tenancy Agreement is entered into in the normal and ordinary course of business of each of COLI and CSCIHL and on normal commercial terms. The directors of each of COLI and CSCIHL (including their respective independent non-executive directors) believe that the terms of the Master Tenancy Agreement are fair and reasonable and are in the interests of each of COLI and CSCIHL and their respective shareholders as a whole.

THE COIL TENANCY AGREEMENT

Date: 12 May 2006

Parties: (1) On Success, an indirect wholly-owned subsidiary of COLI, which is principally engaged in the business of property investment; and
(2) COIL, a direct wholly-owned subsidiary of COHL. COIL is a licensed insurance company in Hong Kong. It has been authorized by the Office of the Commissioner of Insurance under section 8 of the Insurance Companies Ordinance to carry on the following classes of insurance business in Hong Kong: land vehicles, fire and natural forces, damage to property, motor vehicle liability, general liability and suretyship.

COHL is interested as to approximately 50.7% of the issued share capital of COLI. COIL is a direct wholly-owned subsidiary of COHL, transactions between COLI (and/or its subsidiaries) and COIL constitute continuing connected transactions for COLI.

Pursuant to the COIL Tenancy Agreement, COIL has agreed to lease certain properties located at China Overseas Building as offices of COIL. The rent payable by COIL under the COIL Tenancy Agreement will be HK\$619,311 for each of the three years ending 30 June 2009.

The directors of COLI consider that the COIL Tenancy Agreement is entered into in the normal and ordinary course of business of COLI and on normal commercial terms. The directors of COLI (including independent non-executive directors) believe that the terms of the COIL Tenancy Agreement are fair and reasonable and are in the interests of COLI and its shareholders as a whole.

As the annual rent payable under the COIL Tenancy Agreement is less than 0.1% of each of the applicable percentage ratios (other than the profit ratio) of COLI, the COIL Tenancy Agreement is exempted from the reporting, announcement and independent shareholders' approval requirements in accordance with 14A.33(3)(a) of the Listing Rules. The disclosure herein in relation to the COIL Tenancy Agreement is made on a voluntary basis by COLI.

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE PROVISION OF SECURITY SERVICES

THE MASTER SECURITY SERVICES AGREEMENT

Date: 15 May 2006

Parties: (1) COS, an indirect wholly-owned subsidiary of COLI, which is principally engaged in the provision of security services in Hong Kong; and
(2) CSCIHL

Services

Pursuant to the Master Security Services Agreement, COS will provide security services to the worksites of CSCIHL and/or its subsidiaries. COS has not provided security services to CSCIHL before.

Term

The Master Security Services Agreement has a term of three financial years ending 31 December 2008.

Consideration

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

Annual Cap Amount

It is expected that the annual cap amount for the provision of the security services under the Master Security Services Agreement for each of the three financial years ending 31 December 2008 will not exceed HK\$30 million per year.

Reasons and benefits for the transactions

The directors of COLI and CSCIHL consider that the security services are transactions that are entered in the ordinary and usual course of business of each of COLI and CSCIHL on a frequent and regular basis. As the Master Security Services Agreement will be conducted on normal commercial terms, the directors of each of COLI and CSCIHL (including their respective independent non-executive directors) are of the view that the terms of the Master Security Services Agreement are fair and reasonable and are in the interests of each of COLI and CSCIHL and their respective shareholders as a whole.

GENERAL

CSCIHL is principally engaged in building construction and civil engineering. COLI is principally engaged in property development and investment, real estate agency and management and infrastructure project investments.

COHL is interested as to approximately 64.3% of the issued share capital of CSCIHL and as to approximately 50.7% of the issued share capital of COLI. Accordingly, transactions between COLI (and/or its subsidiaries) and CSCIHL (and/or its subsidiaries) constitute continuing connected transactions for each of COLI and CSCIHL.

As the annual rent payable under the Master Tenancy Agreement and the annual cap amount of the Master Security Services Agreement are both less than 2.5% of each of the applicable percentage ratios (other than the profit ratio) of COLI and CSCIHL, each of the Master Tenancy Agreement and the Master Security Services Agreement is subject only to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempted from the independent shareholders' approval requirement of Chapter 14A of the Listing Rules.

Each of COLI and CSCIHL will comply with the relevant provisions under Chapter 14A of the Listing Rules governing continuing connected transactions in the event that the annual rent payable under the Master Tenancy Agreement or the annual cap amount of the Master Security Services Agreement exceeds 2.5% for each of the applicable percentage ratios (other than the profit ratio) of COLI and CSCIHL respectively for any given year, or that there is any material amendment to their terms.

COHL is interested as to approximately 50.7% of the issued share capital of COLI. COIL is a direct wholly-owned subsidiary of COHL, transactions between COLI (and/or its subsidiaries) and COIL constitute continuing connected transactions for COLI.

As the annual rent payable under the COIL Tenancy Agreement is less than 0.1% of each of the applicable percentage ratios (other than the profit ratio) of COLI, the COIL Tenancy Agreement is exempted from the reporting, announcement and independent shareholders' approval requirements in accordance with 14A.33(3)(a) of the Listing Rules. The disclosure herein in relation to the COIL Tenancy Agreement is made on a voluntary basis by COLI.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“COHK”	China Overseas (Hong Kong) Limited, a company incorporated in Hong Kong and is an indirect wholly-owned subsidiary of CSCIHL

“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong and is a substantial shareholder of COLI and CSCIHL
“COIL”	China Overseas Insurance Limited, a company incorporated in Hong Kong and is a direct wholly-owned subsidiary of COHL
“COIL Tenancy Agreement”	the agreement dated 12 May 2006 entered into between On Success, an indirect wholly-owned subsidiary of COLI, and COIL, a direct wholly-owned subsidiary of COHL, in relation to the leasing of certain properties located at China Overseas Building as offices of COIL
“COLI”	China Overseas Land & Investment Ltd., a company incorporated in Hong Kong, the shares of which are listed on the main board of the Stock Exchange
“COS”	China Overseas Security Services Limited, a company incorporated in Hong Kong and is an indirect wholly-owned subsidiary of COLI
“connected person”	has the meaning ascribed to it under the Listing Rules
“CSCIHL”	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Security Services Agreement”	the agreement dated 15 May 2006 entered into between COS, an indirect wholly-owned subsidiary of COLI and CSCIHL in relation to the provision of security services by COS to the worksites of CSCIHL and/or its subsidiaries
“Master Tenancy Agreement”	the agreement dated 15 May 2006 entered into between On Success, an indirect wholly-owned subsidiary of COLI, and COHK, an indirect wholly-owned subsidiary of CSCIHL, in relation to the leasing of certain properties located at China Overseas Building as offices of CSCIHL and/or its subsidiaries

