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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)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
WITH
中國建築股份有限公司
(CHINA STATE CONSTRUCTION ENGINEERING CORPORATION LIMITED)
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



China Everbright Capital Limited

A letter from the Board is set out on pages 4 to 8 of this circular. A letter from the Independent Board Committee containing its recommendation is set out on pages 9 to 10 of this circular. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 11 to 20 of this circular.

A notice convening the EGM of the Company to be held at Harcourt Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 30 May 2013 at 3:30 p.m. (or immediately after the annual general meeting of the Company to be held on the same date and same place) is set out on pages 26 to 27 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the registrar of the Company, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

6 May 2013

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DEFINITIONS

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

“associate(s)”, “connected person(s)”, “controlling shareholder(s)”, “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Cap”	the maximum total contract sum of the contracts providing for Construction Related Services that may be awarded by the Group to the CSCECL Group for each year/period under the New Master CSCECL Group Engagement Agreement;
“Company”	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);
“Construction Related Services”	services including building design, construction, piling and foundation, building and property fitting-out work, interior decoration, installation of air-conditioning units and elevators;
“Continuing Connected Transactions”	the transactions contemplated under the New Master CSCECL Group Engagement Agreement, as described under the section headed “Renewal of Continuing Connected Transactions” in this circular;
“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);
“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 Mainland China, being the ultimate holding company of the Company;
“CSCECL”	中國建築股份有限公司 (China State Construction Engineering Corporation Limited), a joint stock company incorporated in the Mainland China and a non-wholly owned subsidiary of CSCEC;
“CSCECL Group”	CSCECL and its subsidiaries (for the purpose of this circular excluding the Company, CSC and their respective subsidiaries) from time to time;

DEFINITIONS

“CSCECL Group Engagement Agreement”	the engagement agreement dated 30 March 2010 between the Company and CSCECL in respect of the engagement by the Group of the CSCECL Group as construction contractor for the Group in the Mainland China, details of which are set out in the announcement issued by the Company on 30 March 2010;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be held to consider and approve, among other things, the New Master CSCECL Group Engagement Agreement and the transactions contemplated thereunder;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the committee of the Board comprising Messrs. Lam Kwong Siu, Wong Ying Ho, Kennedy, Li Man Bun, Brian David and Madam Fan Hsu Lai Tai, Rita, being all the independent non-executive Directors, formed to advise the Independent Shareholders on whether the New Master CSCECL Group Engagement Agreement and the Continuing Connected Transactions are on normal commercial terms and are fair and reasonable;
“Independent Financial Adviser” or “China Everbright”	China Everbright Capital Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the New Master CSCECL Group Engagement Agreement;
“Independent Shareholder(s)”	the Shareholder(s), other than CSCECL and its associates;
“Latest Practicable Date”	29 April 2013, being the last practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“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;

DEFINITIONS

“Mainland China”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, Macao and Taiwan;
“New Master CSCECL Group Engagement Agreement”	the engagement agreement dated 15 April 2013 between the Company and CSCECL in respect of the engagement by the Group of the CSCECL Group as contractor providing Construction Related Services for the Group in the Mainland China;
“Resolution”	the ordinary resolution to be proposed at the EGM as set out in the notice of EGM on pages 26 to 27 of this circular;
“RMB”	Renminbi, the lawful currency of the Mainland China;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholder(s)”	the shareholder(s) of the Company from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

Unless otherwise specified in this circular, amounts denominated in Renminbi have been converted, for the purpose of illustration only, into Hong Kong dollars at the rate of RMB0.8 = HK\$1.00. The exchange rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Kong Qingping (*Chairman*)

Mr. Hao Jian Min (*Vice Chairman and Chief Executive Officer*)

Mr. Xiao Xiao (*Vice Chairman*)

Mr. Nip Yun Wing

Mr. Luo Liang

Mr. Guo Yong

Mr. Kan Hongbo

Registered Office:

10/F., Three Pacific Place

1 Queen's Road East

Hong Kong

Non-executive Director:

Mr. Zheng Xuexuan

Independent Non-executive Directors:

Mr. Lam Kwong Siu

Mr. Wong Ying Ho, Kennedy

Madam Fan Hsu Lai Tai, Rita

Mr. Li Man Bun, Brian David

6 May 2013

To the Shareholders

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
WITH
中國建築股份有限公司
(CHINA STATE CONSTRUCTION ENGINEERING CORPORATION LIMITED)
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 15 April 2013 announcing that on 15 April 2013, the Company and CSCECL entered into the New Master CSCECL Group Engagement Agreement, whereby the Group may engage the CSCECL Group as construction contractor for the Group in the Mainland China upon successful tender for a further term of three years commencing from 1 July 2013 and ending on 30 June 2016 subject to the Cap.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) particulars of the New Master CSCECL Group Engagement Agreement (together with the Cap); (ii) the letter from the Independent Board Committee with its recommendation to the Independent Shareholders on the New Master CSCECL Group Engagement Agreement and the Continuing Connected Transactions; (iii) the letter from the Independent Financial Adviser with its advice and recommendation to the Independent Board Committee and the Independent Shareholders on the New Master CSCECL Group Engagement Agreement and the Continuing Connected Transactions; and (iv) the notice of EGM, as well as to seek the approval of the Independent Shareholders in respect of the entering into the New Master CSCECL Group Engagement Agreement (together with the Cap) and the Continuing Connected Transactions.

BACKGROUND

The Group's construction projects in the Mainland China which require Construction Related Services are usually undertaken by contractors selected by way of open tender. It is the Group's policy to solicit bids from at least three contractors and that the tender procedures must comply with the relevant local regulations. Independent recommendation from external surveyor is not normally required in tender procedures as a matter of policy but the Company will do so if the tender is received from connected persons. Factors that the Group would consider in the tender procedures in awarding the Construction Related Services contracts include (i) the terms of tender proposals offered by participating bidders, including tender price and other response to specifications set by the Group; (ii) the background, qualifications and financial position of participating bidders; and (iii) the track record and historical business relationship between the Group and participating bidders; and (iv) the recommendation of external surveyor (in the case of tenders received from connected persons).

Reference is made to the announcement dated 30 March 2010 and the circular dated 20 April 2010 of the Company relating to the CSCECL Group Engagement Agreement for the engagement by the Group of the CSCECL Group as construction contractor for the Group in the Mainland China.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

The CSCECL Group Engagement Agreement will expire on 30 June 2013. The Directors expect that the Group will continue to invite the CSCECL Group to participate in competitive tender for the Group's Construction Related Services in the Mainland China from time to time. In this connection, on 15 April 2013, the Company and CSCECL entered into the New Master CSCECL Group Engagement Agreement for a further term of three years commencing from 1 July 2013 and ending on 30 June 2016, whereby the parties agreed that:

- (a) the CSCECL Group may tender for the Group's Construction Related Services in the Mainland China in accordance with the tendering procedures of the 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 CSCECL Group as a result of the above tender, the CSCECL Group may act as contractor providing Construction Related Services to the Group in the Mainland China based on the terms of the successful tender provided that the

LETTER FROM THE BOARD

maximum total contract sum that may be awarded by the Group to the CSCECL Group (i) for the period between 1 July 2013 and 31 December 2013 shall not exceed RMB2,500 million (approximately HK\$3,125 million); (ii) for each of the two years ending 31 December 2015 shall not exceed RMB5,000 million (approximately HK\$6,250 million); and (iii) for the period between 1 January 2016 and 30 June 2016 shall not exceed RMB2,500 million (approximately HK\$3,125 million) (i.e. the Cap); and

- (c) the fees payable by the Group to the CSCECL Group will be settled by the Group's internal resources pursuant to the payment terms set out in the tender documents for the specific Construction Related Services contracts.

The Cap is calculated with reference to the following factors:

- (i) the total contract sum of new construction projects of the Group in the Mainland China in each of the past three financial years ended 31 December 2012 of approximately RMB18,893.5 million, RMB22,666.6 million and RMB27,061.0 million respectively;
- (ii) the total estimated contract sum of new construction projects of the Group in the Mainland China in the three-year period commencing from 1 July 2013 and ending on 30 June 2016, estimated with reference to the Group's future growth and expansion in its land reserves in the Mainland China for such period; and
- (iii) the total estimated contract sum of Construction Related Services in the Mainland China for which the Group will invite the CSCECL Group to participate in competitive tender from time to time.

The New Master CSCECL Group Engagement Agreement (together with the Cap) is conditional upon the Independent Shareholders' approval having been obtained at the EGM.

REASONS FOR ENTERING INTO THE NEW MASTER CSCECL GROUP ENGAGEMENT AGREEMENT

As the CSCECL Group Engagement Agreement will expire on 30 June 2013, the Company and CSCECL have entered into the New Master CSCECL Group Engagement Agreement. The New Master CSCECL Group Engagement Agreement provides the Group with the option to engage the CSCECL Group (subject to successful tender) as contractor providing Construction Related Services to the Group's projects in the Mainland China subject to the Cap.

None of the Directors had a material interest in the New Master CSCECL Group Engagement Agreement (together with the Cap) and the Continuing Connected Transactions, and therefore none of them abstained from voting on the resolutions passed by the Board in relation to such transactions.

LISTING RULES IMPLICATIONS

CSCECL is the intermediate holding company of the Company. Accordingly, members of the CSCECL Group are connected persons of the Company. The transactions contemplated under the New Master CSCECL Group Engagement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Since the applicable percentage ratios as defined under Rule 14A.10 of the Listing Rules calculated for the Company in respect of the maximum total contract sum that may be awarded to the CSCECL Group for each year/period under the New Master CSCECL Group Engagement Agreement, i.e. the Cap, exceed 5%, the Continuing Connected Transactions are subject to the annual review, reporting, announcement and independent shareholders' approval requirements.

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

GENERAL

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

CSCECL is a contractor mainly engages in building construction, international contracting, real estate development and investment, infrastructure construction and investment and provision of design and prospecting services. It has a vast network of construction subsidiaries in the Mainland China.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Continuing Connected Transactions. The Independent Financial Adviser has also been appointed to advise the Independent Board Committee and the Independent Shareholders in this connection.

EXTRAORDINARY GENERAL MEETING

A notice convening the EGM to be held at Harcourt Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 30 May 2013 at 3:30 p.m. (or immediately after the annual general meeting of the Company to be held on the same date and same place) is set out on pages 26 to 27 of this circular. An ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the terms of the New Master CSCECL Group Engagement Agreement (together with the Cap) and the Continuing Connected Transactions.

A proxy form for use at the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the registrar of the Company, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof (as the case may be) should you so wish.

LETTER FROM THE BOARD

In accordance with Rule 13.39(4) of the Listing Rules, the chairman of the EGM will demand a poll for the Resolution to be proposed at the EGM in accordance with the Company's Articles of Association. CSCECL, which was interested in approximately 53.18% of the total issued share capital of the Company as at the Latest Practicable Date and has a material interest in the proposed Continuing Connected Transactions, together with its associates will abstain from voting at the EGM. The results of the voting will be announced by the Company in accordance with Rule 2.07C of the Listing Rules after the EGM.

RECOMMENDATION

The Directors (including the independent non-executive Directors whose view has been set out in this circular together with the advice of the Independent Financial Adviser) consider that the Continuing Connected Transactions are expected to be entered into in the ordinary and usual course of business of the Group, and the New Master CSCECL Group Engagement Agreement (together with the 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 Cap) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 9 to 10 of this circular containing its recommendation to the Independent Shareholders and the letter from the Independent Financial Adviser set out on pages 11 to 20 of this circular containing its advice and recommendation to the Independent Board Committee and to the Independent Shareholders, on the New Master CSCECL Group Engagement Agreement and the Continuing Connected Transactions.

Your attention is also drawn to the general information set out in the appendix to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the full text of the letter from the Independent Board Committee to the Independent Shareholders which was prepared for the purpose of inclusion in this circular.



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)

6 May 2013

To the Independent Shareholders

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
WITH
中國建築股份有限公司
(CHINA STATE CONSTRUCTION ENGINEERING CORPORATION LIMITED)
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular dated 6 May 2013 (the “**Circular**”) issued by the Company of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed by the Board to form the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the New Master CSCECL Group Engagement Agreement (together with the Cap) and the Continuing Connected Transactions, are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. China Everbright Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same respect.

We wish to draw your attention to the letter from the Board set out on pages 4 to 8 of the Circular which contain information in connection with the New Master CSCECL Group Engagement Agreement (together with the Cap) and the Continuing Connected Transactions, and the letter from the Independent Financial Adviser set out on pages 11 to 20 of the Circular which contains its advice and recommendation in the same respect.

Having considered the terms of the New Master CSCECL Group Engagement Agreement (together with the Cap) and the Continuing Connected Transactions, the advice and recommendation of the Independent Financial Adviser and the relevant information contained in the letter from the Board, we are of the opinion that the New Master CSCECL Group Engagement Agreement (together with the Cap) and the Continuing Connected Transactions are on normal commercial terms and in the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

ordinary and usual course of business of the Group. We also take the view that the terms of the New Master CSCECL Group Engagement Agreement (together with the Cap) and the Continuing Connected Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the Resolution.

Yours faithfully
For and on behalf of the
Independent Board Committee

Lam Kwong Siu
Independent Non-executive Director

Fan Hsu Lai Tai, Rita
Independent Non-executive Director

Wong Ying Ho, Kennedy
Independent Non-executive Director

Li Man Bun, Brian David
Independent Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the “Letter from the Independent Financial Adviser” to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.



6 May 2013

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
WITH
中國建築股份有限公司
(CHINA STATE CONSTRUCTION ENGINEERING CORPORATION LIMITED)**

INTRODUCTION

We refer to our engagement as the independent financial adviser to make recommendation to the Independent Board Committee and the Independent Shareholders in relation to the New Master CSCECL Group Engagement Agreement, pursuant to which the Group may engage the CSCECL Group as construction contractor for the Group in the Mainland China upon successful tender (“**Continuing Connected Transactions**”), details of which are set out in the letter from the Board (“**Letter from the Board**”) contained in the circular to the Shareholders dated 6 May 2013 (“**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

CSCECL is the intermediate holding company of the Company and therefore members of the CSCECL Group are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the New Master CSCECL Group Engagement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Since the applicable percentage ratios as defined under Rule 14A.10 of the Listing Rules calculated for the Company in respect of the maximum total contract sum (“**Renewed Caps**”) that may be awarded to the CSCECL Group for each year/period under the New Master CSCECL Group Engagement Agreement exceed 5%, the Continuing Connected Transactions are subject to the annual review, reporting, announcement and independent shareholders’ approval requirements. Voting at the EGM will be conducted by poll and CSCECL and its associates will abstain from voting at the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all of the four independent non-executive Directors, has been formed to consider whether (i) the New Master CSCECL Group Engagement Agreement, including the Renewed Caps, and the Continuing Connected Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group; and (ii) the terms of the New Master CSCECL Group Engagement Agreement, including the Renewed Caps, and the Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole, and to make recommendations to the Independent Shareholders in respect thereof. We, China Everbright Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Apart from normal professional fees for our services to the Company in connection with the engagement described above, no arrangement exists whereby we will receive any fees and benefits from the Group, the CSCECL Group or any of their respective associates. We are independent from and not connected with the Group and the CSCECL Group or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates pursuant to Rule 13.84 of the Listing Rules, and are accordingly qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Continuing Connected Transactions.

BASIS OF OUR OPINION

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the management (“**Management**”) of the Company and have assumed that such information, facts and opinions are true and accurate. We have also sought and received confirmation from the Management that no material facts have been omitted from the information supplied and opinions expressed to us. However, we have not conducted any independent investigation into the business, operations or financial condition of the Group and the CSCECL Group. We have assumed that all statements and representations made or referred to in the Circular were accurate at the time when they were made and are true at the date of the Circular.

We consider we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation.

PRINCIPAL FACTORS AND REASONS TAKEN INTO ACCOUNT

In formulating our view on the transactions contemplated under the New Master CSCECL Group Engagement Agreement, we have taken into consideration the principal factors and reasons as set out below. In reaching our conclusion, we have considered the results of the analysis in light of each other and ultimately reached our opinion based on the results of all analysis taken as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(A) Background of and reasons for the Continuing Connected Transactions

The Group is principally engaged in investment holding, property investment and property development. In 2012, the Group recorded revenue of approximately HK\$64.58 billion, with the mainland property development business contributing 92.0% of the total turnover. The Group's construction projects in the Mainland China which require Construction Related Services are usually undertaken by contractors selected by way of open tender. It is the Group's policy to solicit bids from at least three contractors and that the tender procedures must comply with the relevant local regulations. Factors that the Group would consider in the tender procedures in awarding the Construction Related Services contracts are price, quality of the work and qualification of the contractors.

CSCECL is a contractor mainly engages in building construction, international contracting, real estate development and investment, infrastructure construction and investment and provision of design and prospecting services. It has a vast network of construction subsidiaries in the Mainland China.

As set out in the circular of the Company dated 20 April 2010, the Company and CSCECL entered into an engagement agreement ("**Existing CSCECL Group Engagement Agreement**"), whereby the Group may engage the CSCECL Group as construction contractor in the Mainland China upon successful tender for the three-year period commencing from 1 July 2010 and ending on 30 June 2013 ("**Relevant Periods**"). The continuing connected transactions contemplated under the Existing CSCECL Group Engagement Agreement were approved by the then Independent Shareholders on 9 June 2010.

As the Existing CSCECL Group Engagement Agreement will expire on 30 June 2013, and the Management expects the Continuing Connected Transactions will continue after the expiry of the Existing CSCECL Group Engagement Agreement, the Company and CSCECL on 15 April 2013 entered into the New Master CSCECL Group Engagement Agreement, and propose to seek Independent Shareholders' approval to renew the Continuing Connected Transactions for a term up to 30 June 2016, in compliance with the continuing connected transaction requirements under the Listing Rules.

According to the Company's 2012 annual result announcement, the Group's turnover increased by 25.8% to HK\$64.58 billion, with the mainland property development business contributing 92.0% of the total turnover in 2012. During 2012, projects in the Mainland China (including those by the joint ventures) with aggregate gross floor area ("**GFA**") of about 7 million square metres ("**sq.m.**") were completed.

In 2012, 19 parcels of land were acquired by the Group in 14 cities in the Mainland China with aggregate GFA of 6.62 million sq.m.. As at 31 December 2012, the Group had a total land reserve of about 35.10 million sq.m. to be developed in the near future or under development in 26 cities in the Mainland China, Hong Kong and Macau.

CSCECL is one of the largest state-owned construction groups in the Mainland China operating in major provinces and cities in the Mainland China. It has operation outside Mainland China, including Africa, Middle East, South-east Asia and the United States and has extensive experience in the Mainland China construction industry. CSCECL have a vast number of professional personnel experienced in construction.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given that (i) one of the Group's principal activities is property development in the Mainland China; (ii) CSCECL is a major contractor mainly participating in the Mainland China construction market; and (iii) the proven expertise and past satisfactory experience with CSCECL on the provision of the construction services under the Existing CSCECL Group Engagement Agreement, we are of the view that it is justifiable for the Group to continue and maintain the present business relationship with the CSCECL Group through the New Master CSCECL Group Engagement Agreement, and the Continuing Connected Transactions, which fall within the ordinary and usual course of business of the Group, are in the interests of the Company and the Independent Shareholders as a whole.

(B) Key Terms of the New Master CSCECL Group Engagement Agreement

Pursuant to the New Master CSCECL Group Engagement Agreement, the Group, subject to the Renewed Caps, may engage the CSCECL Group as construction contractor for the Group in the Mainland China upon successful tender for a term of three years commencing from 1 July 2013 and ending on 30 June 2016. The parties agreed that:

- (i) the CSCECL Group may tender for the Group's Construction Related Services in the Mainland China in accordance with the tendering procedures of the Group from time to time and on the same and normal terms as offered to other independent third party construction contractors;
- (ii) if any contract is granted in favour of the CSCECL Group as a result of the above tender, the CSCECL Group may act as contractor providing Construction Related Services to the Group in the Mainland China based on the terms of the successful tender provided that the maximum total contract sum is subject to the Renewed Caps; and
- (iii) the fees payable by the Group to the CSCECL Group will be settled by the Group's internal resources pursuant to the payment terms set out in the tender documents for the specific Construction Related Services contracts.

Shareholders should note that the New Master CSCECL Group Engagement Agreement does not impose any contractual obligation for the Group to engage CSCECL Group as construction contractor.

Based on our discussions with the Management, we understand a fair and transparent construction contract tender review procedures, which in line with the market practice, have been maintained by the Group to safeguard the interest of the Group, details of which are set out as below:

1. all construction contracts are awarded through a competitive open tender process in accordance with the tendering procedures laid down by the Group from time to time;
2. it is the Group's policy to solicit bids from at least three contractors, including independent construction contractors;
3. if a connected party participates in a construction contract tender, the Group will seek for advice from independent architectural firm or qualified surveyor on the terms of tender proposals from these participating bidders, including the connected party and independent parties;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Based on (i) the terms of tender proposals offered by participating bidders, including tender price and other response to specifications set by the Group; (ii) the background, qualifications and financial position of participating bidders; (iii) the track record and historical business relationship between the Group and participating bidders; and (iv) the advices of independent architectural firm or qualified surveyor (in the case of tenders which involve connected party), the Group will select and award construction contracts to the relevant contractors.

Based on the above, the Directors consider, and we concur, that the pricing basis of the Continuing Connected Transactions is fair and reasonable and on normal commercial terms by way of the above tendering procedures.

Taking into account the above and (i) the background to and reasons for the New Master CSCECL Group Engagement Agreement set out above; (ii) one of the principal businesses of the Group is property development and is in the ordinary and usual course of business of the Group to engage contractors for the provision of construction works in the Mainland China; (iii) the past satisfactory experience and ongoing working relationship with the CSCECL on the provision of contracting services through successful tender to the Group in the Mainland China; and (iv) the award of the construction contracts is based on the tendering process as mentioned above, we concur with the Directors, and are of the view, that the Continuing Connected Transactions are on normal commercial terms and such terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

(C) The Renewed Caps

The Continuing Connected Transactions are subject to Listing Rules requirements and conditions as particularly discussed under the section headed “Requirements of the Listing Rules” below. In particular, the Continuing Connected Transactions are subject to the Renewed Caps as discussed below.

As stated in the Letter from the Board, if any contract is granted in favour of the CSCECL Group as a result of competitive tenders, the CSCECL Group may act as contractor providing Construction Related Services to the Group in the Mainland China based on the terms of the successful tender provided that the total contract sum that may be awarded by the Group to the CSCECL Group (i) for the period between 1 July 2013 and 31 December 2013 shall not exceed RMB2,500 million (approximately HK\$3,125 million); (ii) for each of the two years ending 31 December 2015 shall not exceed RMB5,000 million (approximately HK\$6,250 million); and (iii) for the period between 1 January 2016 and 30 June 2016 shall not exceed RMB2,500 million (approximately HK\$3,125 million).

In assessing the reasonableness of the Renewed Caps, we have reviewed and discussed with the Management the bases and assumptions underlying the projections of the Renewed Caps. As advised by the Management, the Renewed Caps were determined based on the following factors:

- (1) the total contract sum of new construction projects of the Group in the Mainland China in each of the past three financial years ended 31 December 2012 of approximately RMB18,893.5 million, RMB22,666.6 million and RMB27,061.0 million respectively;

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- (2) the total estimated contract sum of new construction projects of the Group in the Mainland China in the three-year period commencing from 1 July 2013 and ending on 30 June 2016, with reference to the Group's future growth and expansion in its land reserves in the Mainland China for such period; and
- (3) the total estimated contract sum of Construction Related Services in the Mainland China for which the Group may engage the CSCECL Group as construction contractor upon successful tender from time to time.

As set out in the Letter from the Board, we summarise (i) the caps (“**Existing Caps**”) under the Existing CSCECL Group Engagement Agreement and (ii) the actual total contract sum awarded to CSCECL Group under the Existing CSCECL Group Engagement Agreement during the three years ended 31 December 2012, and the three months ended 31 March 2013 at the following table:

	Year ended 31 December 2010	Year ended 31 December 2011	Year ended 31 December 2012	Six months ending 30 June 2013
	<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>
Existing Caps	4,500.0	5,000.0	5,000.0	2,500.0
Historical value	2,188.6 (audited)	1,748.5 (audited)	2,685.0 (audited)	352.3 (unaudited and up to 31 March 2013)
Utilization Rate	48.6%	35.0%	53.7%	14.1%

We also summarise the Renewed Caps for the three-year period commencing from 1 July 2013 and ending on 30 June 2016 at the following table:

	Six-month period ending 31 December 2013	Year ending 31 December 2014	Year ending 31 December 2015	Six-month period ending 30 June 2016
	<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>	<i>(RMB'million)</i>
Renewed Caps	2,500.0	5,000.0	5,000.0	2,500.0

We noted that, under the Renewed Caps, the maximum total contract sum for (i) each of the year ending 31 December 2014 and 2015 shall not exceed RMB5,000 million (approximately HK\$6,250 million); and (ii) for each of the 6 months ending 31 December 2013 and the six months ending 30 June 2016 shall not exceed RMB2,500 million (approximately HK\$3,125 million), the pro rata amount of the full year cap would be RMB5,000 million (approximately HK\$6,250 million), representing unchanged compared with the Existing Caps during the two years ended 31 December 2012 and the six months ending 30 June 2013 (pro rata amount).

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As illustrated above, the total actual contract sum awarded by the Group to the CSCECL Group amounted to approximately RMB2,188.6 million, RMB1,748.5 million, RMB2,685.0 million and RMB352.3 million during the three years ended 31 December 2012, and the three months ended 31 March 2013, representing 48.6%, 35.0%, 53.7% and 14.1% of the Existing Caps, respectively. As advised by the Management, the fluctuation of the utilization rate of the Existing Caps was mainly due to the fluctuation of total actual contract sum won by the CSCECL Group in each of the past three financial years ended 31 December 2012 as a result of the competitive tendering process.

In our assessment of the Management's rationale in determining the Renewed Caps, we have taken into consideration of the following factors:

(i) *Property market in China*

Despite the global financial crisis resulting in the global economy to enter into recession in late 2008, China experienced growth in its nominal gross domestic product at a compound annual growth rate ("CAGR") of 15.4% from 2007 to 2011. According to the National Bureau of Statistics of China, investments in real estate in China increased at a CAGR of 25.0% from 2007 to 2011, and the total GFA of commodity properties sold in China increased at CAGR of 9.2% from 2007 to 2011.

Given the new national policy requires the doubling of gross domestic product and national income by 2020 and urbanization will be the main focus to transform the mode of economic development, the Management expect the rapid ongoing urbanization and the growth of middle class will in long run continue to drive the development of the property market in China.

(ii) *The Group's land reserves in the Mainland China*

As set out in the annual report of the Company for the three years ended 31 December 2012, respectively, ("**Annual Reports**"), the Group had a total GFA for development in the Mainland China of 30.4 million sq.m., 34.3 million sq.m. and 34.9 million sq.m. as at 31 December 2010, 2011 and 2012, representing a CAGR of 7.2%. According to the Annual Reports, in 2012, projects with GFA of approximately 7 million sq.m. were completed, representing approximately 19.9% of the total land reserve as at the end of 2012.

As advised by the Management, the Group generally maintains land reserves of prime sites sufficient to meet its property development requirements of four to five years. With solid financial strengths and persistent practice of prudent financial management, the Group is always financially ready to acquire quality land sites when the opportunity arises and the Group will seize opportunities to replenish its land reserves over the next few years through various means and channels, taking into consideration the economic environment, trends in the property market, funding capabilities of the Group, the land bank on hand, and the quality and costs of new land parcels. As a result, the Group's demand for construction contracting service in the Mainland China will continue to grow.

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(iii) *Total contract sum of new construction projects of the Group in the Mainland China*

The total contract sum of new construction projects of the Group in the Mainland China amounted to approximately RMB18.9 billion, approximately RMB22.7 billion and approximately RMB27.1 billion during the three years ended 31 December 2012, respectively, representing a CAGR of approximately 19.7%.

As advised by the Management, the total estimated contract sum of new construction projects of the Group in the Mainland China which may invite tenders from contractors, including CSCECL Group, for the three years ending 30 June 2016 will increase at a CAGR of approximately 20% from 2013 to 2016, which is estimated with reference to the Group's future growth and expansion in its land reserves in the Mainland China and overall growth of construction cost during the same period.

As informed by the Management, the CSCECL Group indicated that it will continue the business relationship with the Group by submitting tender for the Group's new construction projects in the Mainland China should a suitable role become available for tender.

During the three years ended 31 December 2012, the percentage of total actual contract sum awarded to CSCECL Group over the Group's total contract sum of new construction projects in Mainland China were 11.6%, 7.7% and 9.9%, respectively. With reference to the historical transaction amount, the Management estimates that the percentage of total actual contract sum may be awarded to CSCECL Group over the Group's total estimated contract sum of new construction projects in Mainland China will be within the range of approximately 8% and 16% for each of the three years ending 30 June 2016.

Having considered the aforesaid, together with (i) the strong presence and proven track record of the CSCECL Group in the construction market; (ii) the historical business relationship between the Group and the CSCECL Group; and (iii) the fact that the Renewed Caps was set after arm's length negotiation between the Group and the CSCECL Group, we consider that the bases adopted by the Management in determining the Renewed Caps are fair and reasonable so far as the Independent Shareholders are concerned.

Shareholders should note that the actual utilization of the Renewed Caps would depend on a host of factors, including but not limiting to, the relevant construction contracts which will be awarded under the tendering procedures of the Group, the progress of the construction projects of the Group and the scope of works. In this regard, we understand from the Management that the Company will actively monitor the progress and utilization of the Renewed Caps to ensure compliance with the Listing Rules from time to time.

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(D) Requirements of the Listing Rules

Pursuant to Rules 14A.37 to 14A.40 of the Listing Rules, the Continuing Connected Transactions are subject to the following annual review requirements:

- (a) each year the independent non-executive directors must review the continuing connected transactions and confirm in the annual report and accounts that the continuing connected transactions have been entered into:
 - in the ordinary and usual course of business of the group;
 - either on normal commercial terms or, if there are not sufficient comparable continuing connected transaction to judge whether they are on normal commercial terms, on terms no less favourable to the group than terms available to or from (as appropriate) independent third parties; and
 - in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders as a whole;
- (b) each year the auditors of the company must provide a letter to the board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the company's annual report) confirming that the continuing connected transactions:
 - have received the approval of the board;
 - are in accordance with the pricing policies of the group;
 - have been entered into in accordance with the terms of the relevant agreements governing the continuing connected transactions; and
 - have not exceeded the annual caps;
- (c) the company shall allow, and shall procure the relevant counterparties to the continuing connected transactions to allow, the company's auditors sufficient access to their records for the purpose of reporting on the continuing connected transactions as set out in paragraph (b); and
- (d) the company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive directors and/or auditors of the company will not be able to confirm the matters set out in paragraphs (a) and (b) respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In light of the reporting requirements attached to the Continuing Connected Transactions, in particular, (i) the restriction of the maximum value of the Continuing Connected Transactions by way of the Renewed Caps; (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the Continuing Connected Transactions and the Renewed Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Continuing Connected Transactions and safeguard the interests of the Independent Shareholders.

RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the terms of transactions contemplated under the New Master CSCECL Group Engagement Agreement, including the Renewed Caps, are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution in relation to New Master CSCECL Group Engagement Agreement, together with the Renewed Caps, as detailed in the notice of EGM as set out at the end of the Circular.

Yours faithfully,
For and on behalf of
China Everbright Capital Limited
Alvin Kam
Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

At the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have been taken under such provisions of the SFO) or the Model Code for Securities Transactions by Directors of Listed Issuers or which were required to be entered in the register required to be kept under section 352 of the SFO were as follows:

- (a) *Long positions in shares and underlying shares of the Company
(all being personal interest and being held in the capacity of beneficial owner)*

Name of Directors	Number of shares held	Number of underlying shares comprised in share options	Approximate percentage of shares in issue	
			Total (Note 1)	(Note 2)
Mr. Kong Qingping	3,935,760	1,359,334	5,295,094	0.065%
Mr. Hao Jian Min	3,353,172	0	3,353,172	0.041%
Mr. Xiao Xiao	1,022,064	0	1,022,064	0.013%
Mr. Guo Yong	200,000	0	200,000	0.002%
Mr. Kan Hongbo	696,800	0	696,800	0.009%
Mr. Li Man Bun, Brian David	5,460,000	0	5,460,000	0.067%

(b) *Long positions in shares and underlying shares of the associated corporation
(all being personal interest and being held in the capacity of beneficial owner)*

— *China Overseas Grand Oceans Group Limited*

Name of Directors	Number of shares held	Total	Approximate percentage of shares in issue (Note 5)
Mr. Hao Jian Min	970,000	970,000	0.043%
Mr. Luo Liang	105,000	105,000	0.005%

Notes:

- On 3 February 2009, due to the open offer, the exercise price of the outstanding options granted under the Company's Share Option Scheme has been adjusted from HK\$1.13 per Share to HK\$1.118 per Share, and the number of Shares to be issued upon full exercise of the outstanding options has been adjusted from 10,488,000 Shares to 10,607,657 Shares. The vesting period is from 18 June 2004 to 17 June 2009 (both days inclusive) and the exercise period is from 18 June 2005 to 17 June 2014 (both days inclusive). 20% can be exercised annually ("Limit") from 18 June 2005. Unexercised portion of the Limit (if any) can be exercised in the remaining exercise period and will not be included in calculating the Limit of the relevant year. It can be fully exercised from 18 June 2009 to 17 June 2014 (both days inclusive).
- The percentage has been adjusted based on the total number of shares of the Company in issue as at the Latest Practicable Date (i.e. 8,172,616,172 shares).
- The share options were granted on 14 September 2005 and the adjusted exercise price per share option is currently HK\$0.2254 (particulars of adjustments: the exercise price per option was HK\$1.03 at the time of grant on 14 September 2005; the exercise price was adjusted to HK\$0.99 immediately after the completion of open offer on 10 September 2007 and further adjusted to HK\$0.2475 immediately after the share subdivision approved on 12 June 2008; the exercise price was then adjusted to HK\$0.2345 immediately after the completion of rights issue on 1 September 2009 and to HK\$0.2254 immediately after the completion of rights issue on 16 May 2011). The vesting period is from 14 September 2005 to 13 September 2010 (both days inclusive) and the exercise period is from 14 September 2006 to 13 September 2015 (both days inclusive). 20% can be exercised annually ("Limit") from 14 September 2006. Unexercised portion of the Limit (if any) can be exercised in the remaining exercise period and will not be included in calculating the Limit of the relevant year. It can be fully exercised from 14 September 2010 to 13 September 2015 (both days inclusive).
- The percentage has been adjusted based on the total number of shares of China State Construction International Holdings Limited in issue as at the Latest Practicable Date (i.e. 3,887,447,383 shares).
- The percentage has been adjusted based on the total number of shares of China Overseas Grand Oceans Group Limited in issue as at the Latest Practicable Date (i.e. 2,282,239,894 shares).

Besides, Messrs. Kong Qingping, Xiao Xiao, Luo Liang, Kan Hongbo and Li Man Bun, Brian David held respectively 3,060,400, 1,879,278, 3,531,469, 3,226,009 and 4,101,080 shares in CSC, associated corporation of the Company. Messrs. Kong Qingping, Hao Jian Min and Xiao Xiao also

held respectively 3,288,848; 959,247 and 959,247 underlying shares comprised in Options (Note 3 above) in CSC. All of the shares and underlying shares comprised in Options of CSC held by the directors are being personal interest and being held in the capacity of beneficial owner.

The aggregate of shares and underlying shares comprised in Options of CSC held by Messrs. Kong Qingping, Hao Jian Min, Xiao Xiao, Luo Liang, Kan Hongbo and Li Man Bun, Brian David respectively are 6,349,248, 959,247, 2,838,525, 3,531,469, 3,226,009 and 4,101,080, representing 0.163%, 0.025%, 0.073%, 0.091%, 0.083% and 0.105% of shares in issue of CSC (particulars refer to Note 4 above).

Save as disclosed above, at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO) or the Model Code for Securities Transactions by Directors of Listed Issuers or which were required to be entered in the register required to be kept under section 352 of the SFO.

At the Latest Practicable Date, there was no contract or arrangement subsisting in which any of the Directors was materially interested and which was significant in relation to the business of the Group.

At the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had since 31 December 2012 (being the date to which the latest published audited consolidated financial statements of the Company were made up) been acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

Save as disclosed in the paragraph headed “Competing Business Interests of Directors” below, so far as was known to the Directors, at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. SERVICE CONTRACTS

At the Latest Practicable Date, none of the Directors had any service contract or a proposed service contract with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. COMPETING BUSINESS INTERESTS OF DIRECTORS

As at the Latest Practicable Date, the interests of the Directors in the businesses (other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or member of the Group) which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group were as follows:

Messrs. Kong Qingping, Hao Jian Min, Xiao Xiao, Zheng Xuexuan, Luo Liang, Guo Yong and Kan Hongbo held directorships in CSCEC, the Company's ultimate holding company, and/or its subsidiaries/associated companies (but excluding the Group), which are engaged in construction, property development and property investment and related business. Mr. Kong Qingping is also the Vice President of CSCECL.

Save as disclosed above, the Company had not been notified of any other relationship among the directors, senior management or substantial or controlling shareholders of the Company.

As the Board operates independently of the boards of these companies, the Group operates its business independently of, and at arm's length from, the business of these companies.

Save as disclosed above, at the Latest Practicable Date, none of the Directors or any proposed Director or their respective associates had any interest in a business apart from the Group's business, which competed or was likely to compete directly or indirectly with the Group's business and would require disclosure under Rule 8.10 of the Listing Rules.

5. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion and advice, which is contained in this circular:

Name	Qualification
China Everbright Capital Limited	a corporation licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

China Everbright has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which it appears.

6. EXPERT'S INTEREST

China Everbright has confirmed that, at the Latest Practicable Date:

- (a) it did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

- (b) it did not have any direct or indirect interest in any assets which had since 31 December 2012 (being the date to which the latest published audited consolidated financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL ADVERSE CHANGE

At the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, the date to which the latest published audited consolidated financial statements of the Company were made up.

8. GENERAL

The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during business hours at the office of the Company at 10/F., Three Pacific Place, 1 Queen's Road East, Hong Kong from the date of this circular up to and including 30 May 2013 (except Saturdays and Sundays) and will be available for inspection at the EGM:

- (a) the New Master CSCECL Group Engagement Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out in the section headed "Letter from the Independent Board Committee" of this circular; and
- (c) the letter from China Everbright, the text of which is set out in the section headed "Letter from the Independent Financial Adviser".

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (“EGM”) of the shareholders of China Overseas Land & Investment Ltd. (the “**Company**”) will be held at Harcourt Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 30 May 2013 at 3:30 p.m. (or immediately after the annual general meeting of the Company to be held on the same date and same place) for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (A) the New Master CSCECL Group Engagement Agreement (as defined in the circular of the Company dated 6 May 2013 (the “**Circular**”) of which this notice forms part) (a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose) and the Continuing Connected Transactions (as defined in the Circular of which this notice forms part) and the implementation thereof be and are hereby approved, ratified and confirmed;
- (B) the Cap (as defined and detailed in the Circular of which this notice forms part) for the period from 1 July 2013 to 30 June 2016 be and are hereby approved; and
- (C) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute any such other documents, instruments and agreements and to do any such acts or things deemed by him to be incidental to, ancillary to or in connection with the matters contemplated in the New Master CSCECL Group Engagement Agreement and the Continuing Connected Transactions, including the affixing of Common Seal thereon.”

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

Hong Kong, 6 May 2013

Registered Office:
10/F., Three Pacific Place
1 Queen’s Road East
Hong Kong

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A form of proxy for use at the meeting is enclosed herewith.
2. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer, attorney or other person authorised to sign the same.
4. In order to be valid, the form of proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company's registrar, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).
5. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holders present whose name stands first on the register of members in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.
6. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
7. The register of members of the Company will be closed, for the purpose of determining the identity of members who are entitled to attend and vote at the meeting, from 29 May 2013 to 30 May 2013, both days inclusive, during which period no transfers of shares will be effected. In order to be entitled to attend the meeting, all properly completed and duly stamped transfer forms accompanied by the relevant share certificates should be lodged with the Company's registrar, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 28 May 2013.