

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



北京城建设计发展集团股份有限公司

BEIJING URBAN CONSTRUCTION DESIGN & DEVELOPMENT GROUP CO., LIMITED

Beijing Urban Construction Design & Development Group Co., Limited
北京城建設計發展集團股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1599)

ANNOUNCEMENT

**ENTERING INTO CONTINUING
CONNECTED TRANSACTIONS**

References are made to the announcement and circular of the Company dated 15 August 2018 and 9 October 2018, respectively, in relation to, among others, (i) the entering into of the Integrated Services Framework Agreement; and (ii) the determination of the proposed annual caps of the continuing connected transactions contemplated under the Integrated Services Framework Agreement for the three years ending 31 December 2021 between the Company and Beijing Investment Company.

Entering into Continuing Connected Transactions

A merger and restructuring was conducted between Beijing Investment, a substantial shareholder of the Company, and MTR Construction on 4 August 2020. Following the merger and restructuring, Beijing Investment remains to be a connected person of the Company and the transaction between the former MTR Construction and the Company constitutes a connected transaction between the Company and Beijing Investment. The Company is required to adjust the cap of its continuing connected transaction with Beijing Investment pursuant to the Listing Rules. Accordingly, the Company entered into the New Integrated Services Framework Agreement with Beijing Investment for a term of three years from 1 January 2021 to 31 December 2023 on 10 March 2021. The Company has also set the annual caps for the continuing connected transactions contemplated thereunder for each year of 2021 to 2023.

Implications of the Listing Rules

As at the date of this announcement, the Domestic Shares and H Shares of the Company held by Beijing Investment Company in aggregate accounted for 14.83% of the total issued Shares of the Company. Beijing Investment Company is one of the substantial shareholders of the Company and constitutes a connected person under Chapter 14A of the Listing Rules. The New Integrated Services Framework Agreement and the transactions contemplated thereunder between the Group and Beijing Investment Company, its subsidiaries and/or associates constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the provision of construction survey, design and consultancy services, construction contracting services and other services by the Group to Beijing Investment Company, its subsidiaries and/or associates contemplated under the New Integrated Services Framework Agreement is more than 5%, such continuing connected transactions and such proposed annual caps shall be subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the provision of construction survey, design and consultancy services, construction contracting services and other services by Beijing Investment, its subsidiaries and/or associates to the Group contemplated under the New Integrated Services Framework Agreement is more than 0.1% but less than 5%, such continuing connected transactions and such proposed annual caps shall be subject to the reporting, announcement, annual review requirements but are exempt from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. INTRODUCTION

The Board is pleased to announce that the Company entered into the New Integrated Services Framework Agreement with Beijing Investment on 10 March 2021. Pursuant to the New Integrated Services Framework Agreement, the Group will provide Beijing Investment, its subsidiaries and/or its associates with services such as construction survey, design and consultancy as well as construction contracting services. Beijing Investment, its subsidiaries and/or its associates will provide the Group with services such as construction survey, design and consultancy as well as construction contracting services.

2. NEW INTEGRATED SERVICES FRAMEWORK AGREEMENT

On 15 August 2018, the Company entered into the Integrated Services Framework Agreement with Beijing Investment Company, valid from 1 January 2019 to 31 December 2021. The Company has also set the annual caps for the continuing connected transactions under such agreements for the three financial years ending 31 December 2021. A merger and restructuring was conducted between Beijing Investment and MTR Construction on 4 August 2020. Following the merger and restructuring, Beijing Investment remains to be a connected person of the Company and the transaction between the former MTR Construction and the Company constitutes a connected transaction between the Company and Beijing Investment. The Company is required to adjust the cap of its continuing connected transaction with Beijing Investment pursuant to the Listing Rules. Accordingly, the Company entered into the New Integrated Services Framework Agreement with Beijing Investment for a term of three years from 1 January 2021 to 31 December 2023. The Company has also set the annual caps for the continuing connected transactions contemplated thereunder for each year of 2021 to 2023, the principal terms of which are set out as follows:

Parties to the agreement : The Company
Beijing Investment Company

Term of the agreement: From 1 January 2021 to 31 December 2023

Scope of service:

- (1) The Group will provide Beijing Investment, its subsidiaries and/or its associates with services such as construction survey, design and consultancy as well as construction contracting services;
- (2) Beijing Investment, its subsidiaries and/or its associates will provide the Group with services such as construction survey, design and consultancy as well as construction contracting services.

Transaction principles:	(1) Both parties are entitled to choose the counterparties of the transaction. (2) Both parties shall carry out the transaction in accordance with the applicable general market practice (if any) and on normal commercial terms.
Pricing principles:	<p>Pursuant to the New Integrated Services Framework Agreement, the terms of the agreement for the Group to provide services such as construction survey, design and consultancy as well as construction contracting services to Beijing Investment, its subsidiaries and/or its associates shall not be better than the terms of the agreement for the Group to provide similar services to independent third parties, and the price for services provided by one party to the other party shall be determined at the following principles:</p> <ul style="list-style-type: none"> (1) Where there is government-prescribed price, the government-prescribed price shall be executed; (2) Where there is no government-prescribed price, but there is government-guided price, then the price would be determined by coordinating the market factors with reference to the government-guided price; (3) Where there is neither government-prescribed price nor government-guided price, then the price would be determined through tender process or other available market price. <p>The “market price” shall be determined in the following order: (1) the price charged by independent third parties who offer the same type of services under normal commercial terms in the ordinary and usual course of business at or near the area where such services are provided with reference to at least two independent third parties who provide the same or similar type of services under same conditions; or if inapplicable, the price charged by independent third party(ies) then who offer the same type of services under normal commercial terms in the ordinary and usual course of business in the PRC with reference to at least two independent third parties who provide the same or similar type of services under same conditions; or</p>

- (4) Where none of the above is available or where none of the above transaction rules is applicable in the actual transaction, then the contractual price.

The “contractual price” shall be determined on the basis of “reasonable cost + reasonable profit”. Among which, the “reasonable cost” means the cost confirmed by both parties after negotiations and as permitted by the relevant accounting principles of the PRC (inclusive of sales tax and surcharges); and “reasonable profit” means the profit calculated based on reasonable costs under market practice.

Payment arrangement:

The service fee shall be paid by Beijing Investment Company, its subsidiaries and/or associates to the Group upon completion of relevant services provided within the settlement cycle as agreed under the specific service contracts entered into in accordance with the New Integrated Services Framework Agreement.

Implementation of agreements:

- (1) Both parties may enter into specific service contracts in accordance with the New Integrated Services Framework Agreement (including the annual plan established under the framework agreement). The terms of such specific service contracts shall not exceed the validity period of the New Integrated Services Framework Agreement, and all specific service contracts shall not violate the provisions of the New Integrated Services Framework Agreement.
- (2) The principles and conditions stipulated in the New Integrated Services Framework Agreement shall apply to the specific service contracts which have been entered into when the New Integrated Services Framework Agreement was valid. Both parties may, as agreed, determine the new annual specific execution plan in the specific service contracts, or make any adjustments to the terms of renewal and other matters of the contracts according to the actual situation and needs from time to time.

3. THE PROPOSED ANNUAL CAPS FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2023

3.1 *Historical transaction amounts*

The table below sets out the historical transaction amounts of the construction survey, design and consultancy as well as construction contracting services provided by the Group to Beijing Investment, its subsidiaries and/or its associates, and the historical transaction amounts of the construction survey, design and consultancy as well as construction contracting services provided by Beijing Investment, its subsidiaries and/or its associates to the Group for the financial year ended 31 December 2019 and the six months ended 30 June 2020:

	Approximate historical transaction amounts for the year ended 31 December 2019		six months ended 30 June 2020
	<i>(RMB hundred million)</i>	<i>(RMB hundred million)</i>	
Revenue generated by the Group from providing construction survey, design and consultancy services to Beijing Investment, its subsidiaries and/or associates	1.2	0.74	
Revenue generated by the Group from providing construction contracting services to Beijing Investment, its subsidiaries and/or associates	3.69	0.12	
Expenditure incurred by Beijing Investment, its subsidiaries and/or associates for the provision of construction survey, design and consultancy services to the Group	0	0	
Expenditure incurred by Beijing Investment, its subsidiaries and/or associates for the provision of construction contracting services to the Group	0.65	0.28	

3.2 Proposed annual caps for the financial years ending 31 December 2023

The Company estimates that the annual caps for the construction survey, design and consultancy as well as construction contracting services provided by the Group to Beijing Investment, its subsidiaries and/or its associates, and the annual caps for the construction survey, design and consultancy as well as construction contracting services provided by Beijing Investment, its subsidiaries and/or its associates to the Group for the three financial years ending 31 December 2023 are as follows:

	Proposed annual caps for the three financial years ending		
	31 December 2021	31 December 2022	31 December 2023
	<i>(RMB hundred million)</i>	<i>(RMB hundred million)</i>	<i>(RMB hundred million)</i>
Revenue to be generated by the Group from providing construction survey, design and consultancy services to Beijing Investment, its subsidiaries and/or associates	17	18.7	20.57
Revenue to be generated by the Group from providing construction contracting services to Beijing Investment, its subsidiaries and/or associates	21.5	23.65	26.015
Expenditure to be incurred by Beijing Investment, its subsidiaries and/or associates for the provision of construction survey, design and consultancy services to the Group	0.085	0.094	0.10
Expenditure to be incurred by Beijing Investment, its subsidiaries and/or associates for the provision of construction contracting services to the Group	0.62	0.682	0.75

3.3 Basis of determination of the proposed annual caps

3.3.1. Revenue

When estimating the annual caps for the revenue to be generated by the Group from providing construction survey, design and consultancy services to Beijing Investment, its subsidiaries and/or associates under the New Integrated Services Framework Agreement for the three financial years ending 31 December 2023, the Company has made reference to the historical transaction figures as listed above and considered, among other things, the following key factors:

1. The Group will provide Beijing Investment, its subsidiaries and/or its associates with construction survey, design and consultancy services

- (a) **Urban rail transit survey and measurement projects:** Beijing Investment, its subsidiaries and/or associates have continuous demand for the survey, measurement and monitoring services for urban rail transit projects, in particular, including:
- (1) If the Company is able to obtain the Urban Rail Transit Line L1 and Line L2 Survey and Measurement Project through tender, the Company expects that revenue of approximately RMB12 million and RMB25 million will be generated from the project for the financial year ending 31 December 2022 and the financial year ending 31 December 2023, respectively.
 - (2) If the Company is able to obtain the Urban Rail Transit Line 13 Survey and Measurement Project through tender, the Company expects that revenue of approximately RMB11 million, RMB17 million and RMB11 million will be generated from the project for the financial year ending 31 December 2021, the financial year ending 31 December 2022 and the financial year ending 31 December 2023, respectively.
 - (3) If the Company is able to obtain the Urban Rail Transit Line 22 Survey, Measurement and Monitoring Project through tender, the Company expects that revenue of approximately RMB19 million, RMB15 million and RMB9 million will be generated from the project for the financial year ending 31 December 2021, the financial year ending 31 December 2022 and the financial year ending 31 December 2023, respectively.
 - (4) If the Company is able to obtain more other projects, including the Urban Rail Transit Line 28 Survey Project, the Real Estate Construction Survey Project of Beijing Investment and the Road and Tunnel Survey Project of Beijing Investment, through tender, the Company expects that total revenue of RMB60 million will be generated from such projects for the three financial years ending 31 December 2023.

- (b) **Urban rail transit design business:** Beijing Investment, its subsidiaries and/or associates are investors and the construction party of MTR Construction and the Company has obtained many project design businesses through tender, such as the underground utility tunnel engineering design of Beijing Rail Transit Line 3, the underground utility tunnel (phase I) engineering design of Beijing Rail Transit Line 8 (Wangfujing Stop), the contract phase 07 of the worksite design project of Beijing Rail Transit Line 9, the contract phase 11 of the first-stage engineering design of Beijing New Airport Express and projects that may be commenced in the construction planning scheme for phase III of Beijing Rail Transit, including Tongzhou Line 101, phase I of Line R4, M19 south extension and phase I of Line 11. Of which, revenue of approximately RMB4 million and RMB3 million will be generated from the underground utility tunnel engineering design project of Beijing Rail Transit Line 3 for the financial year ending 31 December 2021 and the financial year ending 31 December 2022, respectively. Revenue of approximately RMB3 million and RMB2 million will be generated from the underground utility tunnel (phase I) engineering design of Beijing Rail Transit Line 3 (Wangfujing Stop) for the financial year ending 31 December 2021 and the financial year ending 31 December 2022, respectively. Revenue of approximately RMB10 million will be generated from the contract phase 07 of the worksite design project of Beijing Rail Transit Line 9 for the financial year ending 31 December 2021. Revenue of approximately RMB7.5 million will be generated from the contract phase 11 of the first-stage engineering design of Beijing New Airport Express for the financial year ending 31 December 2021. Total revenue of RMB862.6 million will be generated from projects that may be commenced in the construction planning scheme for phase III of Beijing Rail Transit, including Tongzhou Line 101, phase I of Line R4, M19 south extension and phase I of Line 11, for the three financial years ending 31 December 2023.
- (c) **Urban rail transit consultancy business:** Currently, the Company's transit consultancy businesses in progress include the feasibility study report on the underground utility tunnel engineering design of Beijing Rail Transit Line 3, the preparation of the feasibility study report on the underground utility tunnel (phase I) engineering design of Beijing Rail Transit Line 8 (Wangfujing Stop), research on the operation and maintenance monitoring system and key technologies of Beijing utility tunnel, and research on the management mechanism and key technologies of collaborative construction of urban utility and rail transit, which will generate revenue of approximately RMB25 million, RMB10 million, RMB5 million and RMB39 million for the financial year ending 31 December 2021.

2. The Group will provide Beijing Investment, its subsidiaries and/or its associates with construction contracting services

When estimating the annual caps for the revenue to be generated by the Group from providing construction contracting services to Beijing Investment, its subsidiaries and/or associates under the New Integrated Services Framework Agreement for the three financial years ending 31 December 2023, the Company has made reference to the historical transaction figures as listed above and considered, among other things, the following key factors:

- (a) **Subway engineering projects under construction:** projects that the Company has obtained through tender and are in progress, include Beijing Rail Transit Line 11, Line 12, Line 14, Line 16 and Line 17, New Airport Express and Urumqi Metro Line 2. Of which, revenue of approximately RMB145 million, RMB30 million and RMB30 million will be generated from Beijing Rail Transit Line 11 for the financial year ending 31 December 2021, the financial year ending 31 December 2022 and the financial year ending 31 December 2023, respectively. Revenue of approximately RMB218 million, RMB120 million and RMB120 million will be generated from Beijing Rail Transit Line 12 for the financial year ending 31 December 2021, the financial year ending 31 December 2022 and the financial year ending 31 December 2023, respectively. Revenue of approximately RMB100 million, RMB55 million and RMB55 million will be generated from Beijing Rail Transit Line 14 for the financial year ending 31 December 2021, the financial year ending 31 December 2022 and the financial year ending 31 December 2023, respectively. Revenue of approximately RMB25 million, RMB12 million and RMB12 million will be generated from Beijing Rail Transit Line 16 for the financial year ending 31 December 2021, the financial year ending 31 December 2022 and the financial year ending 31 December 2023, respectively. Revenue of approximately RMB28 million, RMB10 million and RMB10 million will be generated from Beijing Rail Transit Line 17 for the financial year ending 31 December 2021, the financial year ending 31 December 2022 and the financial year ending 31 December 2023, respectively. Revenue of approximately RMB200 million, RMB290 million and RMB290 million will be generated from the New Airport Express for the financial year ending 31 December 2021, the financial year ending 31 December 2022 and the financial year ending 31 December 2023, respectively. Revenue of approximately RMB100 million, RMB47 million and RMB47 million will be generated from the Urumqi Metro Line 2 for the financial year ending 31 December 2021, the financial year ending 31 December 2022 and the financial year ending 31 December 2023, respectively.

- (b) **Projects completed but to be settled:** currently, the Company's projects completed but to be settled include Beijing Rail Transit Yanfang Line, Beijing Rail Transit Line 7 (East Extension), Beijing Rail Transit Line 8 (Phase III) and Haidian District Yuyuantan Township F1, F2 public mixed residence. Of which, revenue of approximately RMB50 million, RMB50 million and RMB27 million will be generated from the Beijing Rail Transit Yanfang Line project for the financial year ending 31 December 2021, the financial year ending 31 December 2022 and the financial year ending 31 December 2023, respectively. Revenue of approximately RMB6 million, RMB4 million and RMB4 million will be generated from the Beijing Rail Transit Line 7 (East Extension) project for the financial year ending 31 December 2021, the financial year ending 31 December 2022 and the financial year ending 31 December 2023, respectively. Revenue of approximately RMB15 million, RMB12 million and RMB6 million will be generated from the Beijing Rail Transit Line 8 (Phase III) project for the financial year ending 31 December 2021, the financial year ending 31 December 2022 and the financial year ending 31 December 2023, respectively. Revenue of approximately RMB10 million will be generated from the Haidian District Yuyuantan Township F1, F2 public mixed residence project for the financial year ending 31 December 2021.
- (c) **Newly won bid projects:** newly won bid projects which the Company currently plans to commence construction in 2021 include the capacity expansion of Beijing Rail Transit Line 13, Beijing Rail Transit Line 22 (Pinggu Line), Bid 19 integration construction of Beijing Rail Transit Line 17 and other newly won bid projects in Beijing. Of which, revenue of approximately RMB70 million, RMB200 million and RMB200 million will be generated from the capacity expansion project of Beijing Rail Transit Line 13 for the financial year ending 31 December 2021, the financial year ending 31 December 2022 and the financial year ending 31 December 2023, respectively. Revenue of approximately RMB180 million, RMB520 million and RMB520 million will be generated from the Beijing Rail Transit Line 22 (Pinggu Line) project for the financial year ending 31 December 2021, the financial year ending 31 December 2022 and the financial year ending 31 December 2023, respectively. Revenue of approximately RMB200 million and RMB200 million will be generated from the Bid 19 integration construction project of Beijing Rail Transit Line 17 for the financial year ending 31 December 2021 and the financial year ending 31 December 2022, respectively. Revenue of approximately RMB500 million, RMB600 million and RMB700 million will be generated from other newly won bid projects in Beijing for the financial year ending 31 December 2021, the financial year ending 31 December 2022 and the financial year ending 31 December 2023, respectively.

- (d) **Industrialisation business:** the Company's industrialisation business currently in progress is Shaoxing Metro Line 1 system integration project, which will generate revenue of approximately RMB240 million for the financial year ending 31 December 2021.

3. Other determination criteria

In view of the coordinated development of "Beijing-Tianjin-Hebei Integration", the development and upgrade of the national businesses of Beijing Investment, its subsidiaries and/or its associates, etc. and taking into account the business growth of the Company over the years, in order to prepare for more potential projects to be acquired by the Company, the Company has included a buffer of 10% increase in the annual cap for the year ending 31 December 2022 based on the estimated annual cap for the year ending 31 December 2021 and a buffer of 10% increase for the year ending 31 December 2023 based on the estimated annual cap for the year ending 31 December 2022 in its estimate of the annual cap for the revenue from providing construction survey, design and consultancy services and construction contracting services to Beijing Investment, its subsidiaries and/or associates.

3.3.2. *Expenditure*

When estimating the annual caps for the expenditure to be incurred by Beijing Investment, its subsidiaries and/or associates from providing construction survey, design and consultancy as well as construction contraction services to the Group under the New Integrated Services Framework Agreement for the three financial years ending 31 December 2023, key factors considered include:

1. **Beijing Investment, its subsidiaries and/or its associates will provide the Group with construction survey, design and consultancy services**

Scientific research projects, which are expected to be provided by Beijing Investment, its subsidiaries and/or its associates to the Company in 2021, include the Cooperation Agreement for the Development of New Wheel-rail Articulated Light Rail Vehicles, "Beijing Metro x Youzan" Super Chartered Car Project, Beijing Metro Museum and other projects, which are expected to incur annual caps for the expenditure of approximately RMB0.2 million and RMB6 million for the year ending 31 December 2021, respectively.

2. **Beijing Investment, its subsidiaries and/or its associates will provide the Group with construction contracting services**

Industrialisation business services, which are expected to be provided by Beijing Investment, its subsidiaries and/or its associates to the Company in 2021, include the Automatic Fare Collection System Subcontracting Project of Kunming Metro Line 4, Equipment Supply Project of Shaoxing Metro Line 1 and other projects, which are expected to incur annual caps for the expenditure of approximately RMB62 million for the year ending 31 December 2021.

3. Other determination criteria

The Company has included an increment of 10% in the annual cap for the expenditure in 2022 and 2023 based on the estimated annual cap for the previous year, in order to respond to the circumstance that the Group may successfully obtain more projects, which need Beijing Investment, its subsidiaries and/or its associates to provide services, for the two financial years ending 31 December 2023.

4. INTERNAL CONTROL MEASURES

To ensure the Company's conformity with the above pricing policy in relation to the continuing connected transactions contemplated under the Integrated Services Framework Agreement and the New Integrated Services Framework Agreement, the Company has adopted and will continue to strengthen a series of internal control policies for its daily operation.

The Company has formulated relevant Administrative Measures on Connected Transactions, in accordance with supervisory requirements of Hong Kong Stock Exchange in respect of connected transactions and continuing connected transactions and with reference to actual situation of the Company, which implements strict regulation from aspects of identification of connected transactions, procedure of review and approval, report, supervision and management and related information disclosure.

To ensure the relevant continuing connected transactions contemplated under the New Integrated Services Framework Agreement between the Group and Beijing Investment, its subsidiaries and/or associates being in compliance with the pricing policy thereunder, especially when the relevant service price is determined on the basis of market price, the Group has adopted and will continue to strengthen the following specific measures:

- (a) The Department of Board Secretary is responsible for collecting detailed data in respect of above-mentioned continuing connected transactions on a regular basis, including but not limited to pricing terms, payment arrangement and actual transaction amounts specified in individual service contracts under the New Integrated Services Framework Agreement; the Legal and Audit Department and the Financial Department of the Company shall assist in reviewing and controlling the specific terms, conditions and actual transaction amounts of such continuing connected transactions.
- (b) Senior management of the Company and its subsidiaries is responsible for supervising whether the transaction terms, pricing and other terms specified in individual service contracts are in compliance with the principles set out in the New Integrated Services Framework Agreement, whether the price conforms with relevant pricing requirements if the service applies price prescribed by the government, government-guided price or price determined through tender process and whether the price conforms with the range of the then market price applicable to same type of services if the service price is based on the market price, as well as evaluating the fairness of the transaction terms and pricing terms, and reporting relevant information to the Board in time.
- (c) The Board is responsible for inspecting and supervising the control on connected transactions of the Company, as well as the execution of control system of connected transactions by the Directors, senior management and connected persons of the Company.

- (d) In addition, the independent non-executive Directors have reviewed and would continue to review the continuing connected transactions contemplated under the New Integrated Services Framework Agreement to ensure that such agreement is entered into on normal commercial terms, is fair and reasonable, and is carried out pursuant to the terms of such agreement. The auditors of the Company would also conduct an annual review on the pricing terms and annual caps of such continuing connected transactions.

5. REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW INTEGRATED SERVICES FRAMEWORK AGREEMENT

Integration of design, survey and consultancy business and construction contracting business allows the Group to provide comprehensive business solutions, covering all major stages within urban rail transit engineering. Taking into account the merger and restructuring conducted between Beijing Investment Company and MTR Construction, Beijing Investment Company being the investment platform for the rail transit business of the government, MTR Construction being the management platform for the rail transit construction of the government, and the ongoing business cooperation between Beijing Investment Company, MTR Construction and the Group, the entering into of the New Integrated Services Framework Agreement may expand the income sources of the Group, consolidate and improve the market position and competitiveness of the Group in the urban rail transit industry.

The Directors of the Company are of the view that the New Integrated Services Framework Agreement and the transactions thereunder have been entered into in the ordinary and usual course of business of the Group and are on normal commercial terms, the terms and conditions and the proposed annual caps for revenue of the continuing connected transactions contemplated thereunder of which are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

After taking into consideration of the advice of the independent financial adviser, the Independent Board Committee, comprising independent non-executive Directors, will propose its opinions in respect of such continuing connected transactions in the letter contained in the circular to be dispatched.

6. IMPLICATIONS OF THE LISTING RULES

As at the date of this announcement, the Domestic Shares and H Shares of the Company held by Beijing Investment Company in aggregate accounted for 14.83% of the total issued Shares of the Company. Beijing Investment Company is one of the substantial shareholders of the Company and constitutes a connected person under Chapter 14A of the Listing Rules. The New Integrated Services Framework Agreement and the transactions contemplated thereunder between the Group and Beijing Investment Company, its subsidiaries and/or associates constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the provision of construction survey, design and consultancy services, construction contracting services and other services by the Group to Beijing Investment, its subsidiaries and/or associates contemplated under the New Integrated Services Framework Agreement is more than 5%, such continuing connected transactions and such proposed annual caps shall be subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the provision of construction survey, design and consultancy services, construction contracting services and other services by Beijing Investment, its subsidiaries and/or associates to the Group contemplated under the New Integrated Services Framework Agreement is more than 0.1% but less than 5%, such continuing connected transactions and such proposed annual caps shall be subject to the reporting, announcement, annual review requirements but are exempt from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Mr. Guan Jifa serves as the deputy general manager of Beijing Investment Company, Mr. Ren Yuhang serves as the secretary to the board of directors and the general manager of the investment and development department of Beijing Investment Company and Mr. Su Bin serves as the deputy general manager of MTR Construction, Mr. Guan Jifa, Mr. Ren Yuhang and Mr. Su Bin are deemed to be materially interested in the New Integrated Services Framework Agreement, and therefore, they have abstained from voting on the relevant resolutions at the Board meeting. Save as mentioned above, none of the other Directors has material interests in the above agreements and thus is required to abstain from voting on the relevant resolutions at the Board meeting.

7. INDEPENDENT SHAREHOLDERS' APPROVAL

The Company will convene the extraordinary general meeting to, among other things, obtain the approval of the Independent Shareholders in respect of the provision of construction survey, design and consultancy services, construction contracting services and other services by the Group to Beijing Investment, its subsidiaries and/or associates contemplated under the New Integrated Services Framework Agreement and its proposed annual caps. Beijing Investment Company, its subsidiaries and/or associates are required to abstain from voting on the relevant resolutions at the extraordinary general meeting.

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders on the terms of the New Integrated Services Framework Agreement and the proposed annual caps for the continuing connected transactions contemplated thereunder for the three financial years ending 31 December 2023. The Company has also appointed the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the same matter.

A circular containing, among other things, (i) further details of the New Integrated Services Framework Agreement and the proposed annual caps for the continuing connected transactions contemplated thereunder for the three financial years ending 31 December 2023; (ii) a letter from the Independent Board Committee to the Independent Shareholders; and (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders will be despatched by the Company to the Shareholders in due course, and the notice of the extraordinary general meeting of the Company will also be despatched to the Shareholders. As it takes time to finalize certain information to be incorporated into the circular, the Company may despatch the circular 15 business days after the publication of this announcement.

8. GENERAL INFORMATION

Information on the Company

The Company is mainly engaged in design, survey and consultancy business for urban rail transit engineering, industrial and civil construction and municipal engineering as well as project contracting business for urban rail transit engineering.

Information on Beijing Investment Company

Beijing Investment Company, a wholly state-owned company with limited liability, is mainly engaged in businesses investment and financing, pre-planning, capital operation and relevant resources development and management of infrastructure projects including rail transit. The ultimate beneficial owner of Beijing Investment Company is the People's Government of Beijing Municipality.

9. DEFINITIONS

“associate(s)”	shall have the meaning ascribed to it under the Listing Rules
“Beijing Investment” or “Beijing Investment Company”	Beijing Infrastructure Investment Co., Ltd., a substantial shareholder of the Company
“Board”	the board of directors of the Company
“Company”	Beijing Urban Construction Design & Development Group Co., Limited (北京城建設計發展集團股份有限公司), a joint stock company with limited liability incorporated in the PRC, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1599)
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and which are currently not listed or traded on any stock exchange
“Group”	the Company and its subsidiaries

“H Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely Mr. Wang Guofeng, Mr. Ma Xufei, Mr. Sun Maozhu, Mr. Liang Qinghuai and Mr. Qin Guisheng, which was established to advise the Independent Shareholders in relation to the terms of the New Integrated Services Framework Agreement and the proposed annual caps for revenue of the continuing connected transactions contemplated thereunder for the three financial years ending 31 December 2023
“Independent Shareholders”	Shareholders other than those required by the Listing Rules to abstain from voting on the resolution to be proposed at the extraordinary general meeting in relation to the entering into of the New Integrated Services Framework Agreement and the proposed annual caps for the continuing connected transactions contemplated thereunder
“Integrated Services Framework Agreement”	the Integrated Services Framework Agreement entered into by the Company and Beijing Investment Company on 15 August 2018, effective from 1 January 2019 to 31 December 2021
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MTR Construction”	Beijing MTR Construction Administration Corporation (北京市軌道交通建設管理有限公司)

“New Integrated Services Framework Agreement”

the New Integrated Services Framework Agreement entered into by the Company with Beijing Investment Company, effective from 1 January 2021 to 31 December 2023

“PRC” or “China”

the People’s Republic of China which, for the purpose of this announcement only, shall exclude the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan

“RMB”

Renminbi, the lawful currency of the PRC

“Share(s)”

H Share(s) and Domestic Share(s) of the Company

“Shareholder(s)”

holders of the Shares of the Company

“subsidiary(ies)”

shall have the meaning ascribed to it under the Listing Rules

“substantial shareholder(s)”

shall have the meaning ascribed to it under the Listing Rules

By order of the Board

Beijing Urban Construction Design & Development Group Co., Limited

Pei Hongwei

Chairman

Beijing, 10 March 2021

As at the date of this announcement, the executive directors of the Company are Wang Hanjun and Li Guoqing; the non-executive directors of the Company are Pei Hongwei, Tang Shuchang, Wu Donghui, Guan Jifa, Ren Yuhang, Su Bin, Wang Tao and Ren Chong; and the independent non-executive directors of the Company are Wang Guofeng, Ma Xufei, Sun Maozhu, Liang Qinghuai and Qin Guisheng.