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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)

CONNECTED TRANSACTION: ESTABLISHMENT OF A JOINT VENTURE COMPANY

The Board is pleased to announce that the Company, BUCG and BUCID entered into a Joint Venture Agreement on 24 February 2017 in relation to the establishment of the Joint Venture Company.

According to the Joint Venture Agreement, the total registered capital of the Joint Venture Company amounted to RMB100 million, among which, the Company, BUCG and BUCID will contribute RMB30 million, RMB40 million and RMB30 million and each of them will own 30%, 40% and 30% equity interests in the Joint Venture Company, respectively.

BUCG is the controlling Shareholder of the Company directly and indirectly holding an aggregate of 44.87% interest in the Company as at the date of this announcement. BUCID is a non-wholly-owned subsidiary of BUCG. Accordingly, BUCG and BUCID are connected persons of the Company and the establishment of the Joint Venture Company by the Company, BUCG and BUCID under the Joint Venture Agreement will constitute a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the applicable percentage ratios in respect of the establishment of the Joint Venture Company under the Joint Venture Agreement are more than 0.1% but less than 5%, such transaction is subject to the reporting, announcement and annual review requirements, but is exempt from independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

INTRODUCTION

The Board is pleased to announce that the Company, BUCG and BUCID entered into a Joint Venture Agreement on 24 February 2017 in relation to the establishment of the Joint Venture Company.

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THE JOINT VENTURE AGREEMENT

On 24 February 2017, the Company, BUCG and BUCID entered into the Joint Venture Agreement. The principle terms of the Joint Venture Agreement are summarised as follows:

1. Name of the Joint Venture Company

Beijing Urban Construction Investment Fund Management Co., Ltd.

2. Registered Capital

RMB100,000,000

The capital contributions to be made by the Company, BUCID and BUCG under the Joint Venture Agreement have been determined after their arm's length negotiation, with reference to the estimated operating capital requirement of the Joint Venture Company. The capital contribution to be made by the Company under the Joint Venture Agreement comes from its own funds. The Joint Venture Company has not been established as at the date of this announcement.

3. Shareholding Structure

- (1) RMB40 million to be contributed by way of cash by BUCG, holding 40% equity interest in the Joint Venture Company;
- (2) RMB30 million to be contributed by way of cash by BUCID, holding 30% equity interest in the Joint Venture Company; and
- (3) RMB30 million to be contributed by way of cash by the Company, holding 30% equity interest in the Joint Venture Company.

4. Payment Arrangements

Each party agrees that the capital contribution subscribed by each party respectively shall be remitted into the account of the Joint Venture Company in full within 10 business days after the acquisition of the approval from the administration for industry and commerce and opening the account of the Joint Venture Company.

5. Scope of Business

The scope of business of the Joint Venture Company mainly includes:

Equity investment management, equity investment, investment consultation and business consultation (subject to actual industrial and commercial registration).

6. Board of Directors

The board of directors of the Joint Venture Company consists of three members, which are appointed by each of the shareholders respectively. The term of office of a director is three years. The directors may, after the expiry of their terms of office, hold a consecutive term upon re-election. The chairman of the board of directors of the Joint Venture Company shall be the director appointed by BUCG.

REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE JOINT VENTURE COMPANY

Following the increasing capital demands with the continued expansion of the business scale of the Company, the establishment of the Joint Venture Company, which will serve as a financing and operation platform to relevant business departments of the Company, will help the Company expand its financing channels and satisfy the capital demands for business development of the Company by carrying out fund business through the Joint Venture Company. The Joint Venture Company, serving as a firewall, will enable the Company to mitigate risks. In addition, the Joint Venture Company will become a more flexible segment of the business of the Company, develop a stronger and more cooperative relationship between different departments of the Company, and support and help to implement the strategies of the Company. This opportunity is crucial, as it will not only diversify the Company's financing channels but also meet the need of long-term development of the Company.

The Directors (including the independent non-executive Directors) are of the view that the Joint Venture Agreement was entered into in the ordinary and usual course of business of the Company and on normal commercial terms, and the terms and conditions therein are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE PARTIES

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 construction contracting business for urban rail transit engineering.

BUCG is a wholly state-owned enterprise established as a limited liability company, which is principally engaged in the construction contracting, real estate development and design and consultation businesses.

BUCID is mainly engaged in real estate development, sale of commodity properties as well as investment and investment management.

IMPLICATIONS OF HONG KONG LISTING RULES

BUCG is the controlling Shareholder of the Company directly and indirectly holding an aggregate of 44.87% interest in the Company as at the date of this announcement. BUCID is a non-wholly-owned subsidiary of BUCG. Accordingly, BUCG and BUCID are connected persons of the Company and the establishment of the Joint Venture Company by the Company, BUCG and BUCID under the Joint Venture Agreement will constitute a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the applicable percentage ratios in respect of the establishment of the Joint Venture Company under the Joint Venture Agreement are more than 0.1% but less than 5%, such transaction is subject to the reporting, announcement and annual review requirements, but is exempt from independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

As Ms. Wang Liping is the deputy general manager of BUCG, Mr. Chen Daihua is the chairman of each of BUCG and BUCID, Ms. Guo Yanhong is the director and the general manager of BUCG and the vice chairman of BUCID, and Mr. Tang Shuchang is the assistant to the general manager of BUCG and the chairman of the supervisory committee of BUCID, they are deemed to have material interest in the Joint Venture Agreement and therefore have abstained from voting on the relevant resolution at the Board meeting. Save as mentioned above, none of the other Directors has a material interest in the Joint Venture Agreement and is required to abstain from voting on the relevant resolution at the Board meeting.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“BUCG”	Beijing Urban Construction Group Co., Ltd. (北京城建集團有限責任公司), the controlling Shareholder of the Company holding 44.87% interest in the Company and a wholly state-owned enterprise under the Beijing Municipal Government
“BUCID”	Beijing Urban Construction Investment Development Co., Ltd. (北京城建投資發展股份有限責任公司), a joint stock company with limited liability incorporated in the PRC, the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600266)
“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 Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Joint Venture Agreement”	the joint venture agreement entered into among the Company, BUCG and BUCID on 24 February 2017

“Joint Venture Company”	the joint venture company to be established by the Company, BUCG and BUCID in the PRC pursuant to the Joint Venture Agreement and proposed to be named Beijing Urban Construction Investment Fund Management Co., Ltd. (北京城建投資基金管理有限公司)
“percentage ratios”	the “percentage ratios” as defined in Rule 14A.06(30) of the Hong Kong Listing Rules
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of H shares and domestic shares of the Company
“subsidiary”	has the meaning ascribed to it under the Hong Kong Listing Rules
“%”	per cent

By order of the Board
Beijing Urban Construction Design & Development Group Co., Limited
Wang Liping
Chairman

Beijing, 24 February 2017

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 Wang Liping, Chen Daihua, Guo Yanhong, Guan Jifa, Su Bin, Kong Lingbin and Tang Shuchang; and the independent non-executive directors of the Company are Zhang Fengchao, Wang Dexing, Yim Fung, Sun Maozhu and Liang Qinghuai.