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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)

PROPOSED A SHARE ISSUANCE

The board of directors of Beijing Urban Construction Design & Development Group Co., Limited (the “**Company**”) is pleased to announce that on the meeting of the board of directors held on 29 March 2018, the resolutions on the application for the initial public offering of A shares and listing and relevant matters are considered and approved. Such resolutions are conditional upon and are subject to the market conditions and approval by shareholders through ordinary resolutions or special resolutions (as the case maybe) at the Shareholders’ General Meeting and Class Meetings (as the case maybe) as well as obtaining the necessary approval from the CSRC and other relevant regulatory authorities.

PROPOSED A SHARE ISSUANCE

(1) Application for the Initial Public Offering of A Shares and Listing

In order to enhance the development of the Company, raise the necessary proceeds for future development of the Company, and lead the Company to enter the new stage of development, the Company currently proposes to apply for initial public offering of Renminbi ordinary shares and listing. According to the requirements of relevant laws and regulations including the Company Law, the Securities Law, the Administrative Measures of Initial Public Offering of Shares and Listing (《首次公開發行股票並上市管理辦法》) and relevant regulatory documents, as well as integrating the actual conditions of the Company, the issue plan of the public issuance to be proposed is specified as follows:

1. Type of shares: the shares to be issued are Renminbi ordinary shares (A Shares).
2. Nominal value per share: the nominal value of the share to be issued amounts to RMB1.00.
3. The number of issuance: the number of public issuance of shares amounts to not more than 149,860,000 shares. The ultimate number of issuance will be negotiated by the Board and the lead underwriters as authorized by the shareholders' general meeting of the Company in accordance with the capital needs of the Company and the actual conditions in the market, and will be determined upon final approval of the CSRC. In the event that there are ex-right matters such as bonus shares and capital reserve capitalization, then the number of shares to be issued will be adjusted accordingly.
4. Pricing method: Issue Price is determined based on the factors including the reference to condition of inquiries to the inquiry targets by the Board and the lead underwriters and comprehensive consideration of the proceeds plan of the Company, the results of the Company and the market conditions, or the Issue Price is determined by adopting other methods recognized by the CSRC.
5. Minimum issuance price and the applicable basis
 - (1) Minimum issuance price

According to the relevant provisions of the Company Law of the People's Republic of China, the issuance price of A shares shall not be lower than the nominal value of shares, i.e. RMB1/share; in addition, in accordance with the relevant provisions of the state-owned assets supervision and administration department, the issuance price of A shares of the state-holding companies shall not be lower than the latest net assets per share. According to the 2017 annual financial report of the Company, as at 31 December 2017, net assets per Share of the Company was RMB2.91. To sum up, the issuance price of A Shares of the Company shall not be lower than RMB2.91/Share.

- (2) The applicable basis for the determination of the minimum issuance price

In accordance with the relevant provisions of the Measures on the Administration of Securities Issuance and Underwriting (《證券發行與承銷管理辦法》), the issuance price of the company's initial public issuance of shares can be determined either by way of price enquiry to offline investors, or by other legitimate and feasible methods such as independent negotiation between the issuer and the lead underwriter. The issuer and the lead underwriter shall disclose the pricing method of the issuance of shares in the prospectus and the announcement in relation to the issuance. Pursuant to Article 127 of the Company Law of the People's Republic of China, the issuance price of shares can be either equals to or higher than the nominal value, but not be lower than the nominal value. In addition, in accordance with the relevant provisions of the Notice of the State-owned Assets Supervision and Administration Commission of the State Council Forwarded by the General Office of the State Council on Opinions Regarding the Regulation of the Reform of State-owned Enterprises (Guo Ban Fa [2003] No. 96)(《國務院辦公廳轉發國務院國有資產監督管理委員會關於規範國有企業改制工作意見的通知》(國辦發[2003]96號), the issuance price of A Shares of the Company shall not be lower than the net assets per Share.

6. Issuance method: adopting the method of combining placement of shares to targets through offline price inquiry and a issuance of shares through online subscriptions, or other issuance methods recognized by the CSRC. If there is adjustment to the laws, regulations or policy documents of relevant issuance method, the method will be adjusted accordingly.
7. Conditions precedent of the issuance: the issuance of the Company is subject to the performance of the following procedures:
- (1) approval of the shareholders' general meeting and the Class Meetings of the Company;
 - (2) approval of the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會); and
 - (3) approval of the China Securities Regulatory Commission.

In addition, the Company shall concurrently comply with the relevant provisions on the initial public issuance of RMB-denominated ordinary shares (A shares) and the state-owned assets supervision and administration as amended from time to time.

8. Issuance targets: qualified price inquiry targets and natural persons, legal persons and other institutional investors (saved for national laws, administrative regulations, departmental rules, normative documents and other regulatory requirements forbidding acquirors which shall be complied with by the Company) who hold a securities account of Renminbi ordinary shares (A shares) from the Shanghai branch of China Securities Depository and Clearing Corporation Limited.
9. Undertaking of issuance fees: all fees incurred from the issuance shall be undertaken by the Company.
10. Underwriting method: standby commitment.
11. The sponsor and lead underwriter of the issuance: the Company has engaged CITIC Securities Co., Ltd. as the sponsor and lead underwriter of the issuance. To the Directors' knowledge, information and belief after having made all reasonable enquiries, CITIC Securities Co., Ltd. is an independent third party of the Company and its connected persons.
12. Distribution plan for accumulated profits prior to the issuance: according to the progress of the issuance and listing, prior to the completion of issuance and listing, the Board may propose the profits distribution plan based on the audit conditions for the period, and implement upon proposing to the shareholders' general meeting of the Company for consideration and approval. After deducting the profits proposed to be distributed as resolved and approved at the shareholders' general meeting of the Company prior to the issuance and listing, the accumulated undistributed profits in the initial public offering of A Shares and listing of the Company are shared by new and old shareholders, including holders of A Shares and H shares, upon completion of the issuance based on the shareholding ratios after the issuance.
13. Place of listing: the place of listing of the A Shares of the Company is the Shanghai Stock Exchange.
14. Conversion to a joint stock company with shares raised domestically and overseas and listing: based on the issuance and listing plan, and integrating the actual conditions of the shares issued by the Company in the H share market, the Company will be converted to a listed joint stock company with limited liability with shares raised domestically and overseas.
15. Valid period of resolution: valid within 12 months from the date of the resolution considered and approved at the Shareholders' General Meeting, Domestic Shares Class Meeting and H Shares Class Meeting.

(2) Proposal to the Shareholders' General Meeting and Class Meetings to Authorize the Board to Handle the Relevant Matters of the Application for Initial Public Offering of A Shares and Listing by the Company at its Absolute Discretion

In order to legitimately and effectively complete the matters of issuance and listing of the Company, and according to the relevant requirements of the Company Law, the Securities Law and other laws and regulations as well as the Articles of Association, the Company hereby proposes to submit to the shareholders' general meeting and Class Meetings to authorize the Board, which authorizes any Directors (individually or jointly) or the persons designated by the Directors to handle all relevant matters of the issuance and listing of the Company at their absolute discretion. The scope of authorization includes but not limited to:

1. Based on the issuance and listing plan considered and approved at the shareholders' general meeting and Class Meetings, according to the relevant requirements of the national laws, administrative regulations, departments rules, normative documents and securities regulatory department, and integrating the actual conditions of the Company to be responsible for establishing and implementing the specific plan of the issuance and listing of the Company at its absolute discretion (including but not limited to the commencement and expiry date of the issuance, specific number of issuance, pricing method, issuance method, issuance targets, issuance price, ratio of online and offline issuance, specific application and subscription method and other matters in relation to the issuance and listing);
2. To handle application matters in relation to the issuance and listing, including but not limited to handling review, registration, filing, approval, consent and authorization from government authorities, regulatory departments, the stock exchange and securities registration and settlement authorities, and establish, execute, submit, amend, supplement, implement and lodge the agreements, contracts or various necessary documents in relation to the issuance and listing of the Company, including but not limited to letter of intent, prospectus, sponsorship agreement, undertaking agreement, various announcements and shareholders' notices/circulars, as well as various explanatory statement or letter of undertaking as stipulated by relevant regulatory departments;
3. Engagement of relevant intermediaries and determination of its professional service fees as well as execution of engagement or appointment agreement;
4. If relevant laws, administrative regulations, departmental rules, listing rules, normative documents and relevant regulatory departments implement new requirements and policies on the issuance and listing of the Company, the Board is authorized to perform corresponding adjustment to the issuance and listing plan in accordance with the new requirements and policies;

5. According to the actual implementation, market condition, amendment to the laws and regulations, policy adjustment and opinions of regulatory departments of the issuance and listing, adequate adjustments are made to the specific arrangement for the issuance and listing plan, use of proceeds, proceeds investment projects of the issuance and listing, including but not limited to the adjustments to actual investment amount and implementation progress of proceeds investment projects, as well as execution of material agreements or contracts in the course of operation of proceeds investment projects and publishing of relevant announcements, if applicable;
6. Handling of relevant work in relation to the state-owned equity interest management in accordance with the requirements of relevant laws, administrative regulations, departmental rules, listing rules, normative documents and the requirements of relevant government authorities and regulatory departments;
7. Upon the completion of issuance and listing of the Company, and according to the actual circumstances of the Company concerning the issuance of A Shares, amending relevant terms of the Articles of Association (draft) of Beijing Urban Construction Design & Development Group Co., Limited (《北京城建設計發展集團股份有限公司章程(草案)》) applicable upon listing of the Company and handling registration of industrial and commercial changes and other relevant matters;
8. Upon the completion of issuance and listing of the Company, application for handling the initial registration of A Shares in the issuance within the period as stipulated by China Securities Depository and Clearing Corporation Limited and the listing circulation, circulation lock-up and other relevant matters in the Shanghai Stock Exchange;
9. Handling changes, filing and registration procedures of industry and commerce and other relevant government authorities in relation to the issuance and listing of the Company;
10. Handling all other matters not specified above but related to the issuance and listing as considered by the Board.

The valid period of the authorization is 12 months upon consideration and approval of the resolution at the shareholders' general meeting, Domestic Shares Class Meeting and H Shares Class Meeting.

(3) Price Stabilizing Plan within Three Years upon Initial Public Offering of A Shares and Listing

According to the relevant requirements of the Company Law, the Securities Law, Comments on Further Promotion of System Reform of New Share Issuance by the CSRC (《中國證監會關於進一步推進新股發行體制改革的意見》) and other relevant laws and regulations, in order to strengthen the integrity obligation of the Company and its controlling Shareholder, Directors and senior management personnel, safeguard the equity interests of small and medium Shareholders, the Company formulates Price Stabilizing Plan within Three Years upon Initial Public Offering of A Shares and Listing by Beijing Urban Construction Design & Development Group Co., Limited (《北京城建設計發展集團股份有限公司首次公開發行A股股票並上市後三年內穩定股價預案》) (the “**Price Stabilizing Plan**”).

We hereby submit the Price Stabilizing Plan to the shareholders’ general meeting, the Domestic Shares Class Meeting and H Shares Class Meeting for consideration, and propose for approval of authorizing the Board to perform timely adjustment and amendment to the Price Stabilizing Plan in accordance with the changes in relevant laws, administrative regulations, departmental rules and normative documents, requirements and recommendations of relevant government authorities and regulatory authorities and the actual condition of the issuance and listing.

Details of Price Stabilizing Plan will be set out in the circular to be despatched to the shareholders in due course.

(4) Accumulated Profits Distribution Plan Prior to the Initial Public Offering of A Shares

After adequate consideration of the actual operating condition and the future development needs of the Company, prior to completion of the issuance and listing, the Company will carry out profit distribution in accordance with relevant resolutions at the shareholders’ general meeting; after deducting the profits to be distributed as resolved and approved at the shareholders’ general meeting of the Company prior to the Issuance and Listing, the Company decided that the accumulated undistributed profits prior to the issuance and listing will be shared by new and old Shareholders upon the completion of issuance and listing based on the respective shareholding ratio upon issuance.

(5) Relevant Undertaking Matters of Information Disclosure in the Prospectus of Initial Public Offering of A Shares and Listing

According to the actual needs of issuance and listing of the Company, based on relevant requirements of Comments on Further Promotion of System Reform of New Share Issuance by the CSRC (《中國證監會關於進一步推進新股發行體制改革的意見》) and other relevant laws and regulations, the Company specially issued the Undertakings of Absence of False Record, Misleading Statements or Material Omissions in the Prospectus (《關於招股說明書不存在虛假記載、誤導性陳述或重大遺漏的承諾》).

Details of relevant undertaking matters of information disclosure in the prospectus of initial public offering of A Shares and listing will be set out in the circular to be despatched to the shareholders in due course.

(6) The Use of Proceeds of and Feasibility Analysis on Initial Public Offering of A Shares

The total proceeds raised from the issuance of A Shares amounts to RMB600 million, and the specific calculation method of which is as follows: the number of A Shares issued * issuance price = 149,860,000 Shares * RMB4.00/Share

The estimation basis of the issuance price is as follows:

The issuance price of A Shares is subject to the following provisions:

- (1) According to the guidance of the CSRC, the current P/E Ratio of A share issuance shall not exceed 23 times; the issuance P/E Ratio = issuance price/ earnings per share of the company upon issuance, and the earnings per share of the company upon issuance = the lower of net profit attributable to the owners of the parent before and after deducting non-recurring profit or loss in the year prior to the issuance/total share capital upon issuance. According to the above-mentioned formula, assuming the Company will complete the listing of A Shares in 2019, and the lower of the net profit attributable to the owners of the parent before and after deducting non-recurring profit or loss in the year prior to the issuance (i.e. 2018) is the same as that in 2016, i.e. RMB466.8417 million, the issuance price will not exceed RMB7.17/Share;
- (2) According to the guidance of the CSRC, as a listed company returning to A share market from H share market, the issuance price of the initial issuance of A shares shall not be higher than the trading price of H Shares in the initial public issuance of A shares; the price range of H Shares of the Company in the most recent year (from 29 March 2017 to 28 March 2018) is HK\$4.19–5.27/Share, and RMB3.36–4.23/Share converted at the current exchange rate of HK\$1 = RMB0.8018 on 28 March 2018.

According to the above provisions, the Company expects the issuance price of A Shares to be RMB4.00/Share, and accordingly, the total proceeds raised from the issuance of A Shares to be RMB600 million.

The total proceeds raised from the issuance of A Shares amount to RMB600 million (including issuance fees). After deducting the issuance fees, the proceeds will be fully used for investment projects in relation to the principal business of the Company. Details are specified below:

No.	Proceeds Investment Projects	Investment	Amount of
		Scale of Projects (RMB '0000)	Proposed to be Used (RMB '0000)
1	Upgrading and reconstructing project of the design centre	13,510.00	11,000.00
2	The national engineering laboratory project	11,707.00	9,000.00
3	The construction of the R&D base project	22,235.00	22,000.00
4	The supplement to working capital project	18,000.00	18,000.00
Total		65,452.00	60,000.00

Prior to receipt of the proceeds raised, the Company may contribute by self-raised funds in accordance with the actual progress of the project. Upon receipt of the proceeds raised, the proceeds will be used for replacement of funds contributed in advance and for the payment of the balance of the project construction. If the actual proceeds raised in the issuance of A Shares do not satisfy the capital needs of the projects, the shortfall shall be settled by the Company through self-raised funds.

The proceeds investment projects are conducive to enhancing the integrated development strength and impact of the Company, thereby further improving the capability of product R&D and technical service of the Company and enhancing the industrial status and profitability of the Company so as to promote sustainable development of the Company. Therefore, the proceeds investment projects are necessary and feasible to be implemented.

The feasibility study report of the proceeds investment projects for the issuance and listing will be set out in the circular to be despatched to the shareholders in due course.

(7) The Remedial Measures on Dilution of Current Returns by Initial Public Offering of A Shares and Listing and Undertakings of Relevant Undertaking Entities

According to the relevant requirements of the Company Law, the Securities Law, Administrative Measures on Initial Public Offering of Shares and Listing (《首次公開發行股票並上市管理辦法》), the Opinions of the General Office of the State Council on Further Strengthening the Protection of Small and Medium Investors' Legitimate Interests in Capital Market (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》), the Guiding Opinions on Matters regarding the Dilution of Current Returns by Initial Offering, Refinancing and Material Asset Reorganization (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》) of CSRC and relevant laws and regulations, in order to safeguard the interests of the small and medium investors, the Company performs analysis on the impact on dilution of current returns of the issuance and listing, and proposes specific remedial measures for returns. In the meantime, the Directors, senior management personnel and the controlling Shareholder are required to carry out undertakings for effective performance of remedial measures for returns. The specific remedial measures for returns and undertakings will be set out in the circular to be despatched to the shareholders in due course.

(8) The Formulation of Applicable Articles of Association (draft) of Beijing Urban Construction Design & Development Group Co., Limited upon Initial Public Offering of A Shares and Listing

According to relevant requirements of the listed company of the CSRC, the Company proposes the amendment, supplement and optimization (the “**Amendment**”) of the Articles of Association of the Company in accordance with relevant requirements of the Company Law, the Securities Law, the Guidelines on the Articles of Association of Listed Companies (《上市公司章程指引》), the Rules Governing the Listing Stocks on the Shanghai Stock Exchange (《上海證券交易所股票上市規則》) and Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》), in order to formulate the applicable Articles of Association upon the issuance and listing of the Company. As part of the articles were added or deleted in the Amendment, the numbering of the original articles of the Articles of Association was adjusted accordingly. The Articles of Association (draft) of Beijing Urban Construction Design & Development Group Co., Limited (《北京城建設計發展集團股份有限公司章程(草案)》) (the “**Articles of Association (draft)**”) after the Amendment will be set out in the circular to be despatched to the shareholders in due course.

Upon approval of the Articles of Association (draft) at the shareholders' general meeting, the Articles of Association (draft) will be effective and implemented on the date of the listing of the A Shares from initial public offering of the Company on the Shanghai Stock Exchange.

(9) The Amendment to the Articles of Association of Beijing Urban Construction Design & Development Group Co., Limited

Integrating the actual needs of the Company, the Company proposes the amendment, supplement and optimization of the Articles of Association of the Company (the “**Amendment**”) in accordance with relevant requirements of the Company Law, the Securities Law and Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》). As part of the articles were added or deleted in the Amendment, the numbering of the original articles of Articles of Association was adjusted accordingly. The amended Articles of Association of Beijing Urban Construction Design & Development Group Co., Limited (the “**Articles of Association**”) will be set out in the circular to be despatched to the shareholders in due course.

Upon approval of the Articles of Association at the shareholders' general meeting, the Articles of Association will be effective and implemented on the date of consideration and approval at the shareholders' general meeting of the Company.

(10) The Amendment to the Rules of Procedure for the Shareholders' General Meeting of Beijing Urban Construction Design & Development Group Co., Limited

According to the actual needs of issuance and listing of the Company, according to relevant requirements of the Company Law, the Securities Law, the Guidelines on the Articles of Association of Listed Companies (《上市公司章程指引》), the Rules of Procedure for Shareholders' General Meeting of Listed Companies (《上市公司股東大會規則》) and the Rules Governing the Listing Stocks on the Shanghai Stock Exchange (《上海證券交易所股票上市規則》) as well as the Articles of Association (draft) of Beijing Urban Construction Design & Development Group Co., Limited (《北京城建設計發展集團股份有限公司章程(草案)》), the Company proposes the amendment, supplement and optimization of the Rules of Procedures of the Shareholders' General Meeting of Beijing Urban Construction Design & Development Group Co., Limited (《北京城建設計發展集團股份有限公司股東大會議事規則》) (the “**Rules of Procedure for the Shareholders' General Meeting**”) (the “**Amendment**”). As part of the articles were added in the Amendment, the numbering of the original articles of Rules of Procedure for the Shareholders' General Meeting was adjusted accordingly. The Rules of Procedure for the Shareholders' General Meeting after the Amendment will be set out in the circular to be despatched to the shareholders in due course.

Upon approval of the Rules of Procedure for the Shareholders' General Meeting at the shareholders' general meeting after the Amendment, the Rules of Procedure for the Shareholders' General Meeting will be effective and implemented on the date of the listing of the A Shares from initial public offering of the Company on the Shanghai Stock Exchange.

(11) The Amendment to the Rules of Procedure for the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited

According to the actual needs of issuance of A Shares and listing of the Company, in order to regulate the acts of decision making of the Board and guarantee the Board to perform duties in a lawful manner, according to relevant requirements of the Company Law, the Securities Law, the Rules Governing the Listing Stocks on the Shanghai Stock Exchange (《上海證券交易所股票上市規則》) and the Guidelines on the Articles of Association of Listed Companies (《上市公司章程指引》) as well as the Articles of Association (draft) of Beijing Urban Construction Design & Development Group Co., Limited (《北京城建設計發展集團股份有限公司章程(草案)》), the Company proposes the amendment, supplement and optimization of the Rules of Procedure for the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited (《北京城建設計發展集團股份有限公司董事會議事規則》) (the “**Rules of Procedure for the Board of Directors**”) (the “**Amendment**”). As part of the articles were added in the Amendment, the numbering of the original articles of Rules of Procedure for the Board of Directors was adjusted accordingly. The Rules of Procedure for the Board of Directors after the Amendment will be set out in the circular to be despatched to the shareholders in due course.

Upon approval of the Rules of Procedure for the Board of Directors at the shareholders' general meeting after the Amendment, the Rules of Procedure for the Board of Directors will be effective and implemented on the date of the listing of the A Shares from initial public offering of the Company on the Shanghai Stock Exchange.

(12) The Amendment to the Rules of Procedure for the Board of Supervisors of Beijing Urban Construction Design & Development Group Co., Limited

According to the actual needs of issuance of A Shares and listing of the Company, in order to regulate the acts of decision making of the Board of Supervisors and guarantee the Board of Supervisors to perform duties in a lawful manner, according to relevant requirements of the Company Law, the Securities Law, the Rules Governing the Listing Stocks on the Shanghai Stock Exchange (《上海證券交易所股票上市規則》) and the Guidelines on the Articles of Association of Listed Companies (《上市公司章程指引》) as well as the Articles of Association (draft) of Beijing Urban Construction Design & Development Group Co., Limited (《北京城建設計發展集團股份有限公司章程(草案)》),

the Company proposes the amendment, supplement and optimization of the Rules of Procedures of the Board of Supervisors of Beijing Urban Construction Design & Development Group Co., Limited (《北京城建設計發展集團股份有限公司監事會議事規則》) (the “**Rules of Procedures for the Board of Supervisors**”) (the “**Amendment**”). As part of the articles were added in the Amendment, the numbering of the original articles of Rules of Procedure for the Board of Supervisors was adjusted accordingly. The Rules of Procedure for the Board of Supervisors after the Amendment will be set out in the circular to be despatched to the shareholders in due course.

Upon approval of the Rules of Procedure for the Board of Supervisors at the shareholders’ general meeting after the Amendment, the Rules of Procedure for the Board of Supervisors will be effective and implemented on the date of the listing of the A Shares from initial public offering of the Company on the Shanghai Stock Exchange.

(13) The Shareholder Dividend Distribution Plan for the Three Years after Initial Public Offering of A Shares and Listing

According to the actual needs of issuance of A Shares and listing of the Company, and in order to strengthen the transparency and operability of decision making of dividend distribution of the Company for convenient supervision of production and operation as well as profit distribution of the Company by shareholders, the Company hereby establishes the Shareholder Dividend Distribution Plan for the Three Years after Initial Public Offering of A Shares and Listing by Beijing Urban Construction Design & Development Group Co., Limited (《北京城建設計發展集團股份有限公司首次公開發行A股股票並上市後三年股東分紅回報規劃》) (the “**Dividend Distribution Plan**”) in accordance with the relevant requirement of the Company Law, the Securities Law, the “Notice regarding Further Implementation of the Relevant Matters of Cash Dividend Distribution of Listed Companies” (《關於進一步落實上市公司現金分紅有關事項的通知》), the Guidelines No. 3 on the Supervision of Listed Companies – Distribution of Cash Dividends of Listed Companies (《上市公司監管指引第3號–上市公司現金分紅》), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (《上海證券交易所股票上市規則》), the Guidelines of the Shanghai Stock Exchange on Distribution of Cash Dividends of Listed Companies (《上海證券交易所上市公司現金分紅指引》) as well as the Articles of Association (draft) of Beijing Urban Construction Design & Development Group Co., Limited (《北京城建設計發展集團股份有限公司章程(草案)》).

Details of shareholder Dividend Distribution Plan will be set out in the circular to be despatched to the shareholders in due course.

The Board hereby proposes to the shareholders' general meeting to authorize the Board which authorizes any Directors (individually or jointly) or the persons designated by the Directors to make adjustment to the Dividend Distribution Plan in accordance with the laws, regulations, normative documents and changes in relevant policies or comments of domestic and overseas regulatory department.

Upon approval of the Dividend Distribution Plan at the shareholders' general meeting, the Dividend Distribution Plan will be effective and implemented on the date of the listing of the A Shares from initial public offering of the Company on the Shanghai Stock Exchange.

(14) The Appointment of Ernst & Young Hua Ming LLP as the Special Audit Institution of the Initial Public Offering of A Shares and Listing by Beijing Urban Construction Design & Development Group Co., Limited

The Company proposes to appoint Ernst & Young Hua Ming LLP as the special audit institution for relevant work of the initial public offering of A Shares and listing by the Company.

(15) The Report on Use of Proceeds from Previous Issue of Beijing Urban Construction Design & Development Group Co., Limited

According to the actual needs of public issuance of A Shares and listing of the Company, the Company proposes the Report on Use of Proceeds from Previous Issue of Beijing Urban Construction Design & Development Group Co., Limited in accordance with the specific conditions of the issuance of foreign shares listed overseas and use of proceeds listed on the main board of the Stock Exchange of Hong Kong Limited.

Details of the report on use of proceeds will be set out in the circular to be despatched to the shareholders in due course.

OTHER INFORMATION IN RELATION TO A SHARE ISSUANCE

Reasons and Benefits of A Share Issuance

First of all, the issuance of A Shares of the Company is the inevitable choice to realize its own leaping development. Moreover, the Company establishes a domestic and overseas capital platform, enabling the Company to better promote its development through capital operation. Upon successful establishment of the domestic capital operation platform, the Company may optimize the selection of suitable financing channels and financing methods in accordance with the requirement of currency for funds and the trend of domestic and overseas capital markets.

At the same time, the issuance of A Shares of the Company may enhance the flexibility of capital operation, and create better conditions for extension of the industrial chain and strategic alliances. Moreover, the issuance of A Shares can enhance the capital strength of the Company and optimize the capital structure. By making full use of favorable opportunities to issue A Shares, the Company consolidate the capital and improve the asset and liability structure.

Finally, the issuance of A Shares will help enhance the reputation of the Company in the PRC. At present, most of the business and customers of the Company are in the PRC. The smooth implementation of the issuance of A Shares can expand the investor base of the Company, further enhance the reputation of the Company, and strength the brand competitiveness of the Company in the mainland market.

EFFECT OF THE A SHARE ISSUANCE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The Company's 960,733,000 Domestic Shares currently in issue will be converted to A Shares upon the completion of the issuance of A Shares. Assuming all the 149,860,000 A Shares under the A Share offering are approved to be issued and all are issued to non-core connected persons of the Company, and the share capital of the Company will remain unchanged prior to the completion of the issuance of A Shares,

the shareholding structure of the Company as at the date of this announcement and immediately following the completion of the issuance of A Shares will be as follows:

	As at the date of this announcement		Immediately following the completion of the issuance of A Shares	
	<i>Number of Shares</i>	<i>Approximate percentage of the issued share capital of the Company</i>	<i>Number of Shares</i>	<i>Approximate percentage of the issued share capital of the Company</i>
Domestic Shares	960,733,000	71.24%	0	0.00%
A Shares (at maximum)⁽¹⁾	0	0.00%	1,110,593,000	74.11%
Number of A Shares to be held by the public	0	0.00%	149,860,000	10.00%
Number of A Shares to be converted from Domestic Shares ⁽²⁾	0	0.00%	960,733,000	64.11%
– Including the number of A Shares held by connected persons ⁽³⁾	0	0.00%	677,152,060	45.19%
H Shares	387,937,000	28.76%	387,937,000	25.89%
Number of H Shares held by the public ⁽⁴⁾	319,567,000	23.69%	319,567,000	21.33%
Number of H Shares held by connected persons ⁽⁵⁾	68,370,000	5.07%	68,370,000	4.56%
Total	<u>1,348,670,000</u>	<u>100.00%</u>	<u>1,498,530,000</u>	<u>100.00%</u>

- (1) After the completion of the issuance of A Shares, the Company will have a total of 1,110,593,000 A Shares, including 149,860,000 A Shares to be issued under the issuance of A Shares and 960,733,000 A Shares to be converted from existing Domestic Shares of the Company.
- (2) All of 960,733,000 Domestic Shares in issue of the Company will be converted into A Shares upon completion of the issuance of A Shares.
- (3) The number of A Shares to be held by the connected persons of the Company comprises 571,031,118 A Shares held by BUCG, 87,850,942 A Shares held by Beijing Infrastructure Investment Co., Ltd. and 18,270,000 A Shares held by employees of the Company through the Key Employee Stock Ownership Scheme. For details of shareholding structure of connected person under the Key Employee Stock Ownership Scheme, please see the following table:

No.	Name		Position	Subject Shares
Connected Persons at the Company Level				
1	WANG HANJUN	王漢軍	Executive Director	1,000,000
2	LI GUOQING	李國慶	Executive Director	1,000,000
3	MI JIANZHOU	彌建洲	Supervisor (Resigned)	750,000
4	ZHANG WEI	張巍	Supervisor (Resigned)	550,000
5	WANG WENJIANG	王文江	Supervisor (Resigned)	400,000
6	WANG JINGANG	王金剛	Supervisor (Resigned)	400,000
Connected Persons at the Subsidiary Level				
7	MA HAIZHI	馬海志	Director	660,000
8	LI LI	李莉	Director	400,000
9	LIAO YUANGUO	廖遠國	Director	550,000
10	SHI ZHONGHENG	施仲衡	Director	1,000,000
11	LIU QIAN	劉遷	Director	550,000
12	WAN XUEHONG	萬學紅	Director	750,000
13	ZHANG HUI	張輝	Director/Supervisor	400,000
14	XUE HAIPING	薛海萍	Director	400,000
15	CHANG DONGBIAO	常東彪	Director	400,000
16	LIU XINJIE	劉新傑	Director	550,000
17	CHENG YAN	成硯	Director	750,000
18	FENG AIJUN	馮愛軍	Director	550,000
19	MAO LILIANG	毛勵良	Director	550,000
20	WANG HONGWEI	王宏偉	Supervisor	400,000
21	WANG LIANG	王良	Director	750,000
22	XIA XIUJIANG	夏秀江	Director	620,000
23	YIN ZHIGUO	尹志國	Director/Supervisor	620,000
24	YU SONGWEI	于松偉	Director	750,000
25	LIU LI	劉立	Director	750,000
26	LI YANCHUAN	李延川	Director/Supervisor	400,000
27	ZHANG YUHUA	張玉華	Director	620,000
28	CAI ZHAOXIA	蔡朝霞	Supervisor	400,000
29	SHEN YUEWU	沈躍武	Supervisor	400,000
30	GUO DEYOU	郭德友	Supervisor	550,000
31	WU DAN	伍丹	Supervisor	400,000
Total Connected Persons				<u>18,270,000</u>

- (4) Save for the 68,222,000 H Shares held by Beijing Infrastructure Investment (Hong Kong) Limited, the substantial shareholder of the Company, 52,000 H Shares are held by Wang Liping, 48,000 H Shares are held by Wang Hanjun, and 48,000 H Shares held by Li Guoqing, all being Directors, as at the date of this announcement, all other H Shares are held by the public based on publicly available information and to the best knowledge of the Directors. The current public float of the Company is 23.69%, which fails to be in compliance with the requirements of the lowest public float as stipulated in Rule 8.08(1)(a) of the Listing Rules. For details of the reasons for insufficiency of public float, please refer to the announcement of the Company dated 2 March 2018. The Company is proactively adopting feasible measures to regain public float.
- (5) H Shares held by the connected person mean the 68,222,000 H Shares held by Beijing Infrastructure Investment (Hong Kong) Limited, the substantial shareholder of the Company, 52,000 H Shares are held by Wang Liping, 48,000 H Shares are held by Wang Hanjun, and 48,000 H Shares held by Li Guoqing, all being Directors.

As at the date of this announcement, based on publicly available information and to the best knowledge of the Directors, the public float of the H Shares of the Company prior to completion of the issuance of the A Shares is 23.69%. Assuming that all the 149,860,000 A Shares under the issuance of the A Shares are approved to be issued, and all are issued to non-connected persons of the Company, it is expected that the percentage of maximum number of A Shares held by the public for the total number of Shares after issuance will be 10.00% and the percentage of minimum number of H Shares held by the public for the total number of Shares after issuance will be 21.33%. Following completion of the issuance of A Shares, the maximum number of the Shares of the Company held by the public (both A Shares and H Shares in aggregate) will be 31.33% of the total number of the Shares in issue of the Company.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, all the target subscribers are independent third parties of the Company and its connected persons.

The A Share Issuance may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when dealing in the H Shares. Further details on the A Share Issuance will be disclosed by the Company in due course.

DEFINITIONS

“Articles of Association”	the Articles of Association of the Company, as amended, modified or supplemented from time to time
“A Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which will be listed on Shanghai Stock Exchange
“Board” or “Board of Directors”	the board of directors of the Company
“Class Meetings”	Domestic Shares Class Meeting and H Shares Class Meeting

“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)
“Company Law”	the Company Law of the PRC (《中華人民共和國公司法》), as enacted and adopted by the Standing Committee of the Eighth National People’s Congress on 29 December 1993 and effective on 1 July 1994, as the same may be amended, supplemented and otherwise modified from time to time
“connected person(s)”	shall have the meaning ascribed to it under the Hong Kong Listing Rules
“CSRC”	China Securities Regulatory Commission
“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
“Domestic Shareholder(s)”	holder(s) of Domestic Shares
“Domestic Shares Class Meeting”	the class general meeting of Domestic Shares Shareholders to be convened and held
“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
“H Shareholder(s)”	holder(s) of H Shares
“H Shares Class Meeting”	the class general meeting of H Shares Shareholders to be convened and held
“Hong Kong”	the 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
“Issue Price”	the issue price of the Subject Shares
“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
“Securities Law”	the Securities Law of the People’s Republic of China
“Shareholder(s)”	holders of the Shares of the Company
“Share(s)”	H Share(s) and Domestic Share(s) of the Company
“subsidiary(ies)”	shall have the meaning ascribed to it under the Hong Kong Listing Rules
“substantial shareholder(s)”	shall have the meaning ascribed to it under the Hong Kong Listing Rules

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

Beijing, 29 March 2018

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, Guan Jifa, Su Bin, Yan Lianyuan and Tang Shuchang; and the independent non-executive directors of the Company are Zhang Fengchao, Wang Dexing, Yim Fung, Sun Maozhu and Liang Qinghuai.