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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)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTION PURSUANT TO RULE 14A.60(1) OF THE LISTING RULES

BACKGROUND INFORMATION

Reference is made to the inside information announcement of the Company dated 11 July 2017 in relation to Share Transfer Matters.

CONTINUING CONNECTED TRANSACTION PURSUANT TO RULE 14A.60(1) OF THE LISTING RULES

Prior to completion of Share Transfer Matters, Beijing Investment Company held 87,850,942 Domestic Shares of the Company, representing 6.90% of the total issued Shares of the Company. Beijing Capital held 73,493,000 H Shares of the Company, representing 5.77% of the total issued Shares of the Company. Beijing Investment Company and Beijing Capital did not constitute the substantial shareholders of the Company, and their holdings of Shares of the Company were deemed as public float. Upon completion of Share Transfer Matters, Beijing Investment Company additionally held 68,222,000 H Shares of the Company, and its holding of total Domestic Shares and H Shares accounted for 12.26% of the total issued Shares of the Company, and therefore, Beijing Investment Company became one of the substantial shareholders of the Company, and constituted a connected person under Chapter 14A of the Listing Rules. As such, upon completion of the Share Transfer Matters, according to Chapter 14A of the Listing Rules, the Service Agreements and Project Contracting Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

LISTING RULES IMPLICATIONS

According to Rule 14A.60(1) of the Listing Rules, the Company shall publish an announcement as soon as practicable after noticing the matter, and be in compliance with the requirements of annual review and disclosure (including publishing announcement and annual reporting) under Chapter 14A of the Listing Rules in respect of the disclosure of the Service Agreements and Project Contracting Agreements and the continuing connected transactions thereunder. If the Service Agreements and Project Contracting Agreements are amended or renewed, the Company will further comply with all the applicable requirements of reporting, disclosure and independent Shareholders' approval (if applicable) under Chapter 14A of the Listing Rules.

BACKGROUND INFORMATION

Reference is made to the inside information announcement of the Company dated 11 July 2017 in relation to Share Transfer Matters.

CONTINUING CONNECTED TRANSACTION PURSUANT TO RULE 14A.60(1) OF THE LISTING RULES

Prior to completion of Share Transfer Matters, Beijing Investment Company held 87,850,942 Domestic Shares of the Company, representing 6.90% of the total issued Shares of the Company. Beijing Capital held 73,493,000 H Shares of the Company, representing 5.77% of the total issued Shares of the Company. Beijing Investment Company and Beijing Capital did not constitute the substantial shareholders of the Company, and their holdings of Shares of the Company were deemed as public float. Upon completion of Share Transfer Matters, Beijing Investment Company additionally held 68,222,000 H Shares of the Company, and its holding of total Domestic Shares and H Shares accounted for 12.26% of the total issued Shares of the Company, and therefore, Beijing Investment Company became one of the substantial shareholders of the Company, and constituted a connected person under Chapter 14A of the Listing Rules. As such, upon completion of the Share Transfer Matters, according to Chapter 14A of the Listing Rules, the Service Agreements and Project Contracting Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

According to the Rule 14A.60(1) of the Listing Rules, the information on the Service Agreements and Project Contracting Agreements is set out as follows:

(1) Service Agreements

Prior to 11 July 2017, the Group entered into a series of Service Agreements with Beijing Investment Company and its subsidiaries, pursuant to which, the Group provided Beijing Investment Company and its subsidiaries with survey, design and consultancy services. The Service Agreements were entered into separately based on each different project. The pricing of the transactions under the Service Agreements was determined the following pricing principles:

- (a) Price prescribed by the government if available (The government-prescribed price refers to the price in respect of certain category of services determined by the central, provincial or local governments, relevant price control authorities or the industry regulators in the PRC as prescribed in the laws, regulations, decisions, orders or charging standards. If any government-prescribed price is available to the relevant transactions, the parties of the agreement will execute such government-prescribed price first. The Company will pay close attention to the updates of government-prescribed prices and determine the price accordingly); or
- (b) Where there is no government-prescribed price, then the government-guided price (if available) taking into account market factors (The government-guided price refers to the pricing range or level provided by the central government, provincial government, local government, industry associations or other competent authorities for certain specific types of services, which price will be determined by the parties through negotiations with reference to the pricing range or level.); or
- (c) Where there is neither government-prescribed price nor government-guided price, then the price determined through tender process or other available market price.

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 (2) where (1) is inapplicable, the price charged by independent third party(ies) 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

- (d) 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 (The Company will estimate the cost and price of the project with reference to calculation methods stated in relevant charging guidelines promulgated by the government or industry associations. The prices, methods and calculations provided by the industry associations and competent authorities are for reference only and it is not mandatory for the parties to apply such prices, methods and calculations in determining of the contractual price. While in terms of construction consultancy services, the Charging Guidelines of Preliminary Consultancy Services of Urban Rail Transit 《城市軌道交通前期諮詢工作收費指導意見》 issued by China Association of Metros (中國城市軌道交通協會) would be taken as a reference. To ensure the price is fair and reasonable, the Company will take into account certain factors, including the project scale, technical difficulties, labour costs and the pricing of similar type of projects. Normally, the quoted price shall not be below the estimated cost plus reasonable profit).

During the period from 11 July 2017 to 31 December 2017, the total actual transaction amount of continuing transactions under the Service Agreements was RMB64,405,000, and as the highest applicable percentage ratio in respect of such transaction amount exceeds 0.1% but less than 5%, such continuing connected transactions are subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Hong Kong Listing Rules

(2) Project Contracting Agreements

Prior to 11 July 2017, the Group entered into a series of Project Contracting Agreements with Beijing Investment Company and its subsidiaries, pursuant to which, the Group provided Beijing Investment Company and its subsidiaries with project contracting services. The Project Contracting Agreements were entered into separately based on each different project. The pricing of the Project Contracting Agreements was determined under the following pricing principles:

- (a) Price prescribed by the government if available (The government-prescribed price refers to the price in respect of certain category of services determined by the central, provincial or local governments, relevant price control authorities or the industry regulators in the PRC as prescribed in the laws, regulations, decisions, orders or charging standards. If any government-prescribed price is available to the relevant transactions, the parties of the agreement will execute such government-prescribed price first. The Company will pay close attention to the updates of government-prescribed prices and determine the price accordingly); or
- (b) Where there is no government-prescribed price, then the government-guided price (if available) taking into account market factors (The government-guided price refers to the pricing range or level provided by the central government, provincial government, local government, industry associations or other competent authorities for certain specific types of services, which price will be determined by the parties through negotiations with reference to the pricing range or level.); or
- (c) Where there is neither government-prescribed price nor government-guided price, then the price determined through tender process or other available market price.

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 (2) where (1) is inapplicable, the price charged by independent third party(ies) 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

- (d) 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 (The Company will estimate the cost and price of the project with reference to calculation methods stated in relevant charging guidelines promulgated by the government or industry associations. The prices, methods and calculations provided by the industry associations and competent authorities are for reference only and it is not mandatory for the parties to apply such prices, methods and calculations in determining of the contractual price. For example, in terms of engineering construction related services, reference would be made to the Project Cost Information (《工程造價信息》) published by local commissions of housing and urban-rural development regularly, which provides suggested prices of certain types of building materials.

During the period from 11 July 2017 to 31 December 2017, the actual transaction amount of continuing transactions under the Project Contracting Agreements was RMB321,592,000, and as the highest applicable percentage ratio in respect of such transaction amount exceeds 5%, such continuing connected transactions are subject to the reporting, announcement, annual review and independent shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules but such continuing connected transactions are exempt from the independent shareholders’ approval requirement according to the Rule 14A.60 of the Listing Rules.

REASONS FOR AND BENEFITS OF CONTINUING CONNECTED TRANSACTION

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 construction. Both the Service Agreements and the Construction Contracting Agreements were entered into between the Group and Beijing Investment Company and its subsidiaries prior to 11 July 2017, and the ongoing continuing transactions under the Service Agreements and Project Contracting Agreements are continuations of the previous transactions. Taking into account Beijing Investment Company being the investment platform for the rail transit business of the government and the ongoing business cooperation between Beijing Investment Company and the Group, the entering into of the Service Agreements and the Project Contracting Agreements 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 (including independent non-executive Directors) of the Company are of the view that the Service Agreements and Project Contracting Agreements and the transactions thereunder have been entered into in the ordinary and usual course of business of the Group, are in the interests of the Company and its Shareholders as a whole, and the terms of which are fair and reasonable so far as the independent Shareholders are concerned and are on normal commercial terms.

Internal control measures

When performing the 2017 audit work by its auditor, the Company was informed that the transactions under the Service Agreements and Project Contracting Agreements between the Company and Beijing Investment Company have become continuing connected transactions, and the Company attached high importance and settled the matter in a timely manner. In order to ensure the compliance with relevant requirements of the Listing Rules in a timely manner, the Group have adopted the following measures:

- (a) inclusion of Beijing Investment Company and its associates in the list of connected persons;
- (b) provision of the list of connected persons of the Company and their corresponding relationships with the Group by the financial department of the Group to the management of the Company on a regular basis, and the immediate notification to the Company and the audit committee of the Company if the Group intends to enter into any transaction with any of such connected persons or a continuing transaction becomes a connected transaction; and
- (c) arrangement of a designated person/department to be responsible for monitoring the possibility that a continuing transaction becomes a connected transaction, and reporting to the management of the Company about the entity that has newly become a connected person or the continuing transaction with transaction amount reaching the annual cap.

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 construction 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 business investment and financing, pre-planning, capital operation and relevant resources development and management of infrastructure projects including rail transit.

LISTING RULES IMPLICATIONS

According to Rule 14A.60(1) of the Listing Rules, the Company shall be in compliance with the requirements of annual review and disclosure (including publishing announcement and annual reporting) under Chapter 14A of the Listing Rules in respect of the Service Agreements and Project Contracting Agreements and the continuing connected transactions thereunder. If the Service Agreements and Project Contracting Agreements are amended or renewed, the Company will further comply with all the applicable requirements of reporting, disclosure and independent Shareholders' approval (if applicable) under Chapter 14A of the Listing Rules.

DEFINITIONS

“Articles of Association”	the Articles of Association of the Company, as amended, modified or supplemented from time to time
“Beijing Capital”	Beijing Capital Group Ltd.
“Board” or “Board of Directors”	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 Hong Kong 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

“H Shareholder(s)”	holder(s) of H Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“Beijing Investment Company”	Beijing Infrastructure Investment Co., Ltd., a shareholder of the Company
“Beijing Investment HK”	Beijing Infrastructure Investment (Hong Kong) Limited, a wholly-owned subsidiary of Beijing Investment Company
“Project Contracting Agreements”	a series of Project Contracting Agreements entered into by the Group and Beijing Investment Company and its subsidiaries prior to 11 July 2017
“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
“Service Agreements”	a series of service agreements entered into by the Group and Beijing Investment Company and its subsidiaries prior to 11 July 2017 in respect of survey, design and consultancy
“Shareholder(s)”	holders of the Shares of the Company
“Share(s)”	H Share(s) and Domestic Share(s) of the Company
“Share Transfer Matters”	Beijing Investment HK, a wholly-owned subsidiary of Beijing Investment Company, a shareholder of the Company, completed the acquisition of 68,222,000 H shares of the Company indirectly held by Beijing Capital Group Ltd. through its controlled corporations

“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, 13 April 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.