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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**

**北京城建设计发展集团股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 1599)**

## **CONNECTED TRANSACTIONS: TECHNICAL CONSULTATION AND CONSTRUCTION ENGINEERING DESIGN**

The Board is pleased to announce that on 11 May 2018, the Company entered into five technical consultation agreements and a construction engineering design agreement with Beijing Investment Company and/or its subsidiaries.

### **The First Agreement:**

On 11 May 2018, the Company and Beijing Investment Company entered into a technical consultation agreement in relation to the major report of the construction planning for the third phase of Beijing rail transit (2018–2025) (the “**Technical Consultation Agreement for Major Report**”).

According to the Technical Consultation Agreement for Major Report, Beijing Investment Company, as the leading unit of the construction planning work for the third phase of Beijing rail transit (2018–2025) (the “**Third Phase Planning**”), entrusted the Company to be the preparation unit of the Major Report of the Construction Planning for the Third Phase of Beijing Rail Transit (2018–2025) (the “**Major Report**”). The Company is responsible for the overall coordination and management of the preparation of the Major Report and the construction planning of each supporting project. The amount of the agreement was RMB4,803,700 in total, which will be paid by Beijing Investment Company to the Company in instalments.

### **The Second Agreement:**

On 11 May 2018, the Company and Beijing Investment Company entered into a technical consultation agreement in relation to 04 contract segment of the Third Phase Planning (general report for network resource allocation) (the “**Resource Allocation Consultation Agreement**”).

According to the Resource Allocation Consultation Agreement, Beijing Investment Company, as the leading unit of the Third Phase Planning, entrusted the Company as the preparation unit of the 04 Contract Segment (general report for network resource allocation) of Third Phase Planning (the “**Resource Allocation Report**”). The Company is responsible for the preparation of the Resource Allocation Report, coordination and management of each sub-project and preparation of sub-project I. The amount of the agreement was RMB1,152,000 in total, which will be paid by Beijing Investment Company to the Company in instalments.

### **The Third Agreement:**

On 11 May 2018, the Company, Beijing Investment Company and Beijing Metro Network Administration Co., Ltd. (the “**Metro Network Company**”) entered into a technical consultation agreement on the sub-project II (networking operation management of metro network and allocation planning of command centre) of the 04 contract segment of Third Phase Planning (the “**Operation Management Consultation Agreement**”).

According to the Operation Management Consultation Agreement, Beijing Investment Company, as the leading unit of the Third Phase Planning, entrusted the Company and Metro Network Company to engage in the preparation work of the Sub-Project II (networking operation management of metro network and allocation planning of command centre) (the “**Project II**”) of the 04 Contract Segment of Third Phase Planning. The amount of the agreement was RMB998,000 in total, of which RMB798,000 shall be paid to the Company by Beijing Investment Company and RMB200,000 shall be paid to Metro Network Company by Beijing Investment Company, and all of which shall be paid by Beijing Investment Company to the Company and Metro Network Company in instalments.

#### **The Fourth Agreement:**

On 11 May 2018, the Company and Beijing Investment Company entered into a technical consultation agreement on mid-to-long term planning and research implementation for improvement of operational safety and service level of existing lines (the “**Research Implementation Agreement**”).

According to the Research Implementation Agreement, the Company was entrusted by Beijing Investment Company to conduct mid-to-long term planning and implement research for improvement of operational safety and service level of existing lines. The amount of the agreement was RMB850,000 in total, which shall be paid by Beijing Investment Company to the Company in instalments.

#### **The Fifth Agreement:**

On 11 May 2018, the Company and Beijing Investment Company entered into a technical consultation agreement on project design, planning and research of comprehensive utilization of traffic and landscape of Cigezhuang metro depot of Beijing new airport line (the “**New Airport Line Consultation Agreement**”).

According to the New Airport Line Consultation Agreement, the Company was entrusted by Beijing Investment Company to provide technical services for the project design, planning and research of comprehensive utilization of traffic and landscape of Cigezhuang metro depot of Beijing new airport line. The amount of the agreement was RMB2,180,000 in total, which shall be paid by Beijing Investment Company to the Company in instalments.

#### **The Sixth Agreement:**

On 11 May 2018, the Company, as a designer, entered into a construction engineering design agreement (the “**Design Agreement**”) with Beijing Metro Line 5 Investment Co., Ltd., Beijing Urban Railway Co., Ltd., Beijing Rail Transit Changping Line Investment Co., Ltd., all being property right owners, (the “**Property Right Owners**”) and BII Rail Transit Asset Management Co., Ltd., as the principal (the “**Principal**”).

According to the Design Agreement, the Company was entrusted by the Principal to undertake the engineering design for the comprehensive upgrading project of the station squares of Beijing Metro Line 5, Line 13 and Changping Line. The amount of the agreement was RMB2,418,000 in total (subject to the price adjustment of the agreement), which shall be paid by the Principal to the Company in instalments.

## **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 11.57% of the total issued Shares of the Company. Beijing Investment Company is one of the Substantial Shareholders of the Company and constitutes the connected person under the Chapter 14A of the Listing Rules. Metro Network Company, Beijing Metro Line 5 Investment Co., Ltd., Beijing Rail Transit Changping Line Investment Co., Ltd. and BII Rail Transit Asset Management Co., Ltd., being subsidiaries of Beijing Investment Company, constitute connected persons of the Company under Chapter 14A of the Listing Rules. The transactions between Beijing Investment Company and/or its subsidiaries and the Company constitute connected transactions of the Company. Accordingly, the above agreements and the transactions contemplated thereunder constitute the connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and deemed as one transaction if such transactions were all completed within a 12-month period or were mutually related. The counterparties of the Company for the above agreements are Beijing Investment Company and/or its subsidiaries and the nature of the transactions is the same, and therefore, the above transactions shall be aggregated. As the highest applicable percentage ratio upon aggregation is more than 0.1% but less than 5%, the above transactions shall be subject to the reporting, announcement and annual review requirements but are exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 11 May 2018, the Company entered into five technical consultation agreements and a construction engineering design agreement with Beijing Investment Company and/or its subsidiaries.

## **MAJOR CONTENT OF AGREEMENTS**

### **1. The First Agreement: Technical Consultation Agreement for Major Report**

On 11 May 2018, the Company and Beijing Investment Company entered into the Technical Consultation Agreement for Major Report and the principal terms of which are summarized as follows:

#### ***i) Parties to the agreement***

The entrustor: Beijing Investment Company

The entrustee: the Company

***ii) Content of consultation service***

Beijing Investment Company entrusted the Company to implement the overall coordination and management of the Major Report and construction planning of each supporting project.

***iii) Term of performance***

It shall be performed within two years from the effective date of this agreement until the Major Report obtained the approval from competent authorities.

***iv) Remuneration and its payment method***

The amount of the agreement was RMB4,803,700 in total, which shall be paid by Beijing Investment Company to the Company in instalments. The transaction was achieved through market bidding and tender process, while the agreement amount was determined through fair bidding and tender process.

Within 10 working days after the agreement is entered into and take effect, Beijing Investment Company shall pay 40% of the amount (i.e. RMB1,921,480) to the Company. After the submitted Major Report passed the review by experts, Beijing Investment Company shall pay 40% of the amount (i.e. RMB1,921,480) to the Company. After the Third Phase Planning of rail transit obtained the approval, Beijing Investment Company shall pay 20% of the amount (i.e. RMB960,740) to the Company.

**2. The Second Agreement: Resource Allocation Consultation Agreement**

On 11 May 2018, the Company and Beijing Investment Company entered into the Resource Allocation Consultation Agreement and the principal terms of which are summarized as follows:

***i) Parties to the agreement***

The entrustor: Beijing Investment Company

The trustee: the Company

***ii) Content of consultation service***

Three parts, namely, preparation of Resource Allocation Report, coordination and management of each sub-project and preparation of sub-project I.

**iii) *Term of performance***

It shall be performed within one year from the effective date of this agreement until the Third Phase Planning obtained the approval from competent authorities.

**iv) *Remuneration and its payment method***

The amount of the agreement was RMB1,152,000 in total, which will be paid by Beijing Investment Company to the Company in instalments. The transaction was achieved through market bidding and tender process, while the agreement amount was determined through fair bidding and tender process.

Within 10 working days after the agreement is entered into and takes effect, Beijing Investment Company shall pay 40% of the amount (i.e. RMB460,800) to the Company. After the Resource Allocation Report passed the review by experts, Beijing Investment Company shall pay 40% of the amount (i.e. RMB460,800) to the Company. After the Major Report passed the review and obtained the approval, Beijing Investment Company shall pay the remaining balance to the Company.

**3. The Third Agreement: Operation Management Consultation Agreement**

On 11 May 2018, the Company and Beijing Investment Company entered into the Operation Management Consultation Agreement and the principal terms of which are summarized as follows:

**i) *Parties to the agreement***

The entrustor: Beijing Investment Company

The entrustee: the Company and Metro Network Company

**ii) *Content of consultation service***

The Company is responsible for the core part of networking operation management and allocation planning of command centre, while the Metro Network Company is responsible for research of networking operation management, allocation requirements of command centre and other work. The Company and Metro Network Company jointly complete the networking operation management of metro network and allocation planning of command centre and prepare the Report on Networking Operation Management of Metro Network and Allocation Planning of Command Centre.

***iii) Term of performance***

It shall be performed within one year from the effective date of the agreement and after the Third Phase Planning obtained the approval from competent authorities.

***iv) Remuneration and payment method***

The amount of the agreement was RMB998,000 in total, of which RMB798,000 shall be paid to the Company by Beijing Investment Company and RMB200,000 shall be paid to Metro Network Company by Beijing Investment Company, and all of which shall be paid by Beijing Investment Company to the Company and Metro Network Company in instalments. The transaction was achieved through market bidding and tender process, while the agreement amount was determined through fair bidding and tender process.

After the agreement is entered into and takes effect, Beijing Investment Company shall pay 40% of the amount (i.e. RMB399,200) to the Company and Metro Network Company, of which RMB319,200 shall be paid to the Company and RMB80,000 shall be paid to Metro Network Company. After the submitted Major Report passed the review by experts, Beijing Investment Company shall pay 40% of the amount (i.e. RMB399,200) to the Company and Metro Network Company, of which RMB319,200 shall be paid to the Company and RMB80,000 shall be paid to Metro Network Company. After the Major Report of the Third Phase Planning passed the review and obtained the approval, Beijing Investment Company shall pay remaining balance to the Company and Metro Network Company.

**4. The Fourth Agreement: Research Implementation Agreement**

On 11 May 2018, the Company and Beijing Investment Company entered into the Research Implementation Agreement and the principal terms of which are summarized as follows:

***i) Parties to the agreement***

The entrustor: Beijing Investment Company

The entrustee: the Company

***ii) Content of consultation service***

According to the Research Implementation Agreement, the Company was entrusted by Beijing Investment Company to conduct mid-to-long term planning and implement research for improvement of operational safety and service level of existing lines.



**iii) *Term of performance***

The Company shall complete the work contents as agreed in the agreement by way of written report before 30 June 2019. The term of performance of the Company shall be postponed accordingly in the event of postponement in performing the obligations by Beijing Investment Company as stipulated in article 3 of the agreement.

**iv) *Remuneration and method of payment***

The amount of the agreement was RMB850,000 in total, which shall be paid by Beijing Investment Company to the Company in instalments. The transaction was achieved through market bidding and tender process, while the agreement amount was determined through fair bidding and tender process.

Beijing Investment Company shall pay RMB400,000 to the Company within 15 days after the completion of all the work results documents (first draft) under the agreement, and shall pay RMB200,000 to the Company within 15 days after all the work results documents completed under the agreement are approved at the expert review meeting. In the event that the final results documents have yet to be approved within 15 days upon approval by the relevant competent municipal authorities in Beijing due to policy reasons, Beijing Investment Company shall pay RMB250,000 to the Company subject to the consideration and approval of the entrustor.

**5. The Fifth Agreement: New Airport Line Consultation Agreement**

On 11 May 2018, the Company and Beijing Investment Company entered into the New Airport Line Consultation Agreement and the principal terms of which are summarized as follows:

**i) *Parties to the agreement***

The entrustor: Beijing Investment Company

The trustee: the Company

**ii) *Content of consultation service***

The Company was entrusted by Beijing Investment Company to provide technical services for project design, planning and research of comprehensive utilization of traffic and landscape of Cigezhuang metro depot of Beijing new airport line.



***iii) Term of performance***

The term of performance of the agreement shall be two years from the date of signing of the agreement.

***iv) Remuneration and method of payment***

The amount of the agreement was RMB2,180,000 in total, which shall be paid by Beijing Investment Company to the Company in instalments. The transaction was achieved through market bidding and tender process, while the agreement amount was determined through fair bidding and tender process.

Within 20 working days after the signing of the agreement, Beijing Investment Company shall pay 30% of the amount (i.e. RMB654,000) to the Company; within 20 working days after the submission of the interim work results by the Company and upon confirmation by Beijing Investment Company, Beijing Investment Company shall pay 40% of the amount (i.e. RMB872,000); within 20 working days after the work results submitted by the Company are reviewed at the expert review meeting, revised in accordance with the opinions of experts and submitted as final results, Beijing Investment Company shall pay the remaining 30% of the amount (i.e. RMB654,000) upon passing the inspection and acceptance.

**6. The Sixth Agreement: Design Agreement**

The Company, as a designer, entered into the Design Agreement with Beijing Metro Line 5 Investment Co., Ltd., Beijing Urban Railway Co., Ltd., Beijing Rail Transit Changping Line Investment Co., Ltd., the Property Right Owners, and BII Rail Transit Asset Management Co., Ltd., the Principal, on 11 May 2018. The principal terms of which are summarized as follows:

***i) Parties to the agreement***

The Property Right Owners: Beijing Metro Line 5 Investment Co., Ltd., Beijing Urban Railway Co., Ltd., Beijing Rail Transit Changping Line Investment Co., Ltd.

The Principal: BII Rail Transit Asset Management Co., Ltd.

The designer: the Company

***ii) Content of engineering design***

The Company was entrusted by the Principal to undertake the engineering design for the comprehensive upgrading project of the station squares of Beijing Metro Line 5, Line 13 and Changping Line.

***iii) Term of the design service***

From the signing of the agreement to the conclusion of the quality defect liability period.

***iv) Remuneration and its payment method***

The design fee of the agreement was RMB2,418,000 (subject to the following adjustments), which shall be paid by the Principal to the Company in instalments. The transaction was achieved through market bidding and tender process, while the agreement amount was determined through fair bidding and tender process.

The design fee shall not be adjusted when the deviation rate of the approved construction fee and the submitted investment estimated construction fee (i.e. RMB53.67 million) does not exceed  $\pm 20\%$ ; in the event that the deviation rate of the approved construction fee and the submitted investment estimated construction fee exceeds  $\pm 20\%$ , the design fee shall be adjusted subject to the multiplication of the approved construction fee and the conversion rate (conversion rate = bid-winning design fee/RMB53.67 million).

Within 30 days after the signing of the agreement, the Principal shall pay 20% of the total contracted design fee as prepayment; within 30 days after the preliminary design is completed, the Principal shall pay 45% of the total contracted design fee to the Company, and shall pay 45% of the total settlement design fee if the project cost is approved; within 30 days after the design of the construction drawing is completed, the Principal shall pay 85% of the total settlement design fee to the Company; within 30 days after the completion and acceptance of the project, the Principal shall pay 97% of the total settlement design fee to the Company; and within 30 days after the conclusion of the quality defect liability period, the Principal shall pay off the remaining design fee to the designer.

**REASONS FOR AND BENEFITS OF ENTERING INTO THE ABOVE AGREEMENTS**

The integration of the design and consultation business and construction contracting business enables the Group to be able to provide comprehensive business solutions, covering all major stages within the urban rail transit engineering. The entering into of the above agreements by Beijing Investment Company, which is the investment platform for the rail transit business of the government and has been conducting business cooperation with the Group, is conducive to the Group's expansion of its income sources, consolidation and improvement of the market position and competitiveness of the Group in the urban rail transit industry.

The Directors of the Company (including independent non-executive Directors) are of the view that the above agreements and the transactions thereunder were entered into in the ordinary and usual course of business of the Group, which 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 term or better.

## **INFORMATION OF 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 project contracting business for urban rail transit engineering.

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.

Beijing Metro Network Administration Co., Ltd., a subsidiary of Beijing Investment Company, is principally engaged in the operation and management of metro transportation, design and sales of ticket cards; advertising design, etc.

BII Rail Transit Asset Management Co., Ltd., a subsidiary of Beijing Investment Company, is principally engaged in the asset operation and management of the rail transit lines in operation in Beijing (excluding Loop Line 1), file management of construction and lines, management of land and property, warehousing service, development of commercial resources along the lines, management of station squares and bridge space along the lines, etc.

Beijing Metro Line 5 Investment Co., Ltd., a subsidiary of Beijing Investment Company, is principally engaged in the investment, development, construction, operation, management, etc. of Beijing Metro Line 5.

Beijing Urban Railway Co., Ltd., an investee company of Beijing Investment Company, is principally engaged in the construction, transportation and management of urban railways; development of real estate projects, etc.

Beijing Rail Transit Changping Line Investment Co., Ltd., a subsidiary of Beijing Investment Company, is principally engaged in the investment, financing, construction, operation and management of the Beijing Rail Transit Changping Line project; design, production, agency and release of advertisements; development, transfer, consultation service and training of new products and new technologies of rail transit, and operation and lease of commercial facilities within and along the stations.

## **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 11.57% of the total issued Shares of the Company. Beijing Investment Company is one of the Substantial Shareholders of the Company and constitutes the connected person under the Chapter 14A of the Listing Rules. Metro Network Company, Beijing Metro Line 5 Investment Co., Ltd., Beijing Rail Transit Changping Line Investment Co., Ltd. and BII Rail Transit Asset Management Co., Ltd., being subsidiaries of Beijing Investment Company, constitute connected persons of the Company under Chapter 14A of the Listing Rules. The transactions between Beijing Investment Company and/or its subsidiaries and the Company constitute connected transactions of the Company. Accordingly, the above agreements and the transactions contemplated thereunder constitute the connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and deemed as one transaction if such transactions were all completed within a 12-month period or were mutually related. The counterparties of the Company for the above agreements are Beijing Investment Company and/or its subsidiaries and the nature of the transactions is the same, and therefore, the above transactions shall be aggregated. As the highest applicable percentage ratio upon aggregation is more than 0.1% but less than 5%, the above transactions shall be subject to the reporting, announcement and 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, he is deemed to be materially interested in the joint venture agreement, and therefore, he has 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.

## Definitions

“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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the rules governing the listing of securities on The Stock Exchange of Hong Kong Limited
“PRC”	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
“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 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**  
**Wang Liping**  
*Chairman*

Beijing, 11 May 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.*