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If you are in any doubts as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Beijing Urban Construction Design & Development Group Co., Limited**, you should at once hand this circular together with the accompanying proxy form for the extraordinary general meeting to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

(1) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
(2) PROPOSED GENERAL MANDATE TO ISSUE
DEBT FINANCING INSTRUMENTS
(3) PROPOSED CONTINUING CONNECTED TRANSACTIONS WITH
BEIJING INVESTMENT COMPANY
AND
(4) NOTICE OF THE 2018 SECOND EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders



Opus Capital Limited
創富融資有限公司

The EGM of the Company is to be held at Conference Room 501, 5/F, Block D, Hengtai Center, No. 18 Fengtai North Road, Fengtai District, Beijing, the PRC at 3:00 p.m. on Thursday, 25 October 2018. A letter from the Board is set out on pages 1 to 23 of this circular. A notice convening the EGM is set out on pages 54 to 55 of this circular.

A letter from the Independent Board Committee containing their recommendations to the Independent Shareholders is set out on pages 24 to 25 of this circular. A letter from Opus Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 26 to 46 of this circular.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the proxy form in accordance with the instructions printed thereon as soon as possible. For holders of H Shares, the proxy form should be returned to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in hand or by post not less than 24 hours before the time stipulated for convening the EGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof if you so wish.

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DEFINITIONS

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

“Articles of Association”	the articles of association of the Company as amended, modified or supplemented from time to time
“associate(s)”	shall have the meaning ascribed to it under the Listing Rules
“Beijing Investment Company”	Beijing Infrastructure Investment Co., Ltd., a substantial shareholder of the Company
“Board” or “Board of Directors”	the board of directors of the Company
“Board of Supervisors”	the board of supervisors 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)
“Company Law”	the Company Law of the People’s Republic of China (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 from 1 July 1994, as amended, supplemented and otherwise modified from time to time
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	the 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

DEFINITIONS

“EGM”	the 2018 Second Extraordinary General Meeting of the Company to be convened on Thursday, 25 October 2018 to consider and, if thought fit, approve the resolutions in relation to (i) the proposed amendments to the Articles of Association; (ii) the proposed general mandate to issue debt financing instruments; and (iii) the proposed continuing connected transactions with Beijing Investment Company
“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”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely Mr. Wang Dexing, Dr. Yim Fung, Mr. Sun Maozhu, Mr. Liang Qinghuai and Mr. Qin Guisheng, which was established to advise the Independent Shareholders in relation to the terms of the Integrated Services Framework Agreement proposed to be entered into and the proposed annual caps for revenue of the continuing connected transactions contemplated thereunder for the three financial years ending 31 December 2021
“Independent Financial Adviser” or “Opus Capital”	Opus Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and Independent Shareholders in relation to the proposed continuing connected transaction contemplated under the Integrated Services Framework Agreement to be entered into and the proposed annual caps for the three financial years ending 31 December 2021

DEFINITIONS

“Independent Shareholders”	Shareholders other than those required by the Listing Rules to abstain from voting on the resolution to be proposed at the extraordinary general meeting in relation to the entering into of the Integrated Services Framework Agreement and, accordingly, the proposed annual caps for the continuing connected transactions contemplated thereunder
“Integrated Services Framework Agreement”	the Integrated Services Framework Agreement entered into between the Company and Beijing Investment Company on 15 August 2018, effective from 1 January 2019 to 31 December 2021
“Latest Practicable Date”	5 October 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“PRC” or “China”	the People’s Republic of China which, for the purpose of this circular only, shall exclude Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	H Share(s) and Domestic Share(s) of the Company
“Shareholder(s)”	holders of the Shares of the Company
“subsidiary(ies)”	shall have the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	shall have the meaning ascribed to it under the Listing Rules

LETTER FROM THE BOARD



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)

Members of the Board:

Executive Directors:

Wang Hanjun

Li Guoqing

Non-executive Directors:

Shi Yubin (*Chairman*)

Tang Shuchang

Wu Donghui

Guan Jifa

Ren Yuhang

Su Bin

Yu Xiaojun

Ren Chong

Registered office:

5 Fuchengmen North Street

Xicheng District

Beijing

PRC

Principal place of business in Hong Kong:

40th Floor, Sunlight Tower

No. 248 Queen's Road East

Wanchai

Hong Kong

Independent non-executive Directors:

Wang Dexing

Yim Fung

Sun Maozhu

Liang Qinghuai

Qin Guisheng

9 October 2018

To the Shareholders:

Dear Sir or Madam,

(1) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

(2) PROPOSED GENERAL MANDATE TO ISSUE

DEBT FINANCING INSTRUMENTS

(3) PROPOSED CONTINUING CONNECTED TRANSACTIONS WITH

BEIJING INVESTMENT COMPANY

AND

(4) NOTICE OF THE 2018 SECOND EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

On behalf of the Board, I invite you to attend the EGM to be held at Conference Room 501, 5/F, Block D, Hengtai Center, No. 18 Fengtai North Road, Fengtai District, Beijing, the PRC at 3:00 p.m. on Thursday, 25 October 2018.

LETTER FROM THE BOARD

Reference is made to the announcement of the Company dated 15 August 2018 in relation to the proposed amendments to the Articles of Association and the announcement on the continuing connected transactions with Beijing Investment Company on the same date. The purpose of this circular is to provide you with, among other things:

- (a) details on the proposed amendments to the Articles of Association;
- (b) details on the proposed general mandate to issue debt financing instruments;
- (c) details on the proposed continuing connected transactions with Beijing Investment Company;
- (d) a letter from the Independent Board Committee, which sets out the recommendations of the Independent Board Committee to the Independent Shareholders in relation to the terms of the Integrated Services Framework Agreement proposed to be entered into and the proposed annual caps for revenue of the continuing connected transactions contemplated thereunder for the three financial years ending 31 December 2021;
- (e) a letter from Opus Capital, which sets out the opinions and recommendations of Opus Capital to the Independent Board Committee and Independent Shareholders in relation to the continuing connected transactions contemplated under the Integrated Services Framework Agreement proposed to be entered into, and the proposed annual caps for the three financial years ending 31 December 2021; and
- (f) notice of the EGM.

to enable you to make an informed decision on whether to vote for or against each of the resolutions to be proposed at the EGM.

LETTER FROM THE BOARD

II. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In view of the relevant provisions of the “Notice regarding the Promotion of the Requirements of Incorporation of Party Building Work into the Articles of Associations of State-owned Enterprises issued by the Organization Department of the Central Committee of the Communist Party of China and the Party Committee of State-owned Assets Supervision and Administration Commission of the State Council (《中共中央組織部國務院國資委黨委關於紮實推動國有企業黨建工作要求寫入公司章程的通知》)” and Company Law, the Company proposed to amend the Articles of Association, details of the amendments are as follows:

Existing Articles	Amended Articles
Chapter I GENERAL PROVISIONS	Chapter I GENERAL PROVISIONS
Article 1. To safeguard the legal interests of Beijing Urban Construction Design & Development Group Co., Limited (the “Company”), its shareholders and creditors and to regulate the organization and behaviour of the Company, the Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (中華人民共和國公司法) (the “Company Law”), Securities Law of the People’s Republic of China (中華人民共和國證券法) (the “Securities Law”), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) (the “Special Regulations”), the 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) (the “Mandatory Provisions”), the Circular regarding Opinions on Supplements and Amendments of Articles of Association of Companies to be Listed in Hong Kong (關於到香港上市公司對公司章程作補充修改的意見的函) (the “Opinion Circular”), and the other relevant regulations.	Article 1. To safeguard the legal interests of Beijing Urban Construction Design & Development Group Co., Limited (the “Company”), its shareholders and creditors and to regulate the organization and behaviour of the Company, the Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (中華人民共和國公司法) (the “Company Law”), Securities Law of the People’s Republic of China (中華人民共和國證券法) (the “Securities Law”), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) (the “Special Regulations”), the 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) (the “Mandatory Provisions”), the Circular regarding Opinions on Supplements and Amendments of Articles of Association of Companies to be Listed in Hong Kong (關於到香港上市公司對公司章程作補充修改的意見的函) (the “Opinion Circular”), <u>the Constitution of the Communist Party of China (中國共產黨章程) (the “Constitution”)</u> and the other relevant regulations.

LETTER FROM THE BOARD

	<p>Added after the original Article 10:</p> <p><u>Article 11. In accordance with the provisions of the Constitution, the Company shall establish an organization of the Communist Party of China (hereinafter referred to as the “Party organization”). The Party organization shall play a role of the leadership core and the political core of the Company, setting the right direction, keeping in mind the big picture, ensuring the implementation of Party policies and principles. The working organ of the Party shall be established to carry out Party activities.</u></p> <p><u>The Company shall provide necessary conditions for the Party organization to implement its normal activities, including the establishment of the Party organization and staffing of Party members into the enterprise’s management organization, staffing, and inclusion of the Party organization’s work funding into the Company’s management budget.</u></p>
	<p><u>Article 12. According to the Constitution of the People’s Republic of China and other relevant laws, the Company exercises democratic management. The Company shall organize the trade union in accordance with the law, carry out trade union activities and safeguard the legal rights of employees. The Company shall provide necessary conditions for the activities of its trade union.</u></p>
	<p>Added after the original Chapter IX: Chapter X Party Committee</p>

LETTER FROM THE BOARD

	<p><u>Article 92. The Company shall establish the committee of the Party of Beijing Urban Construction Design & Development Group Co., Limited (hereinafter referred to as the “Party Committee of the Company”) and the commission for discipline inspection of the Party of Beijing Urban Construction Design & Development Group Co., Limited (hereinafter referred to as the “Commission for Discipline Inspection of the Company”). The secretary of the Party Committee of the Company shall be assumed by a specialist, and one full-time deputy secretary shall be designated in charge of Party-building work.</u></p> <p><u>The number of positions of secretary, deputy secretary and committee members of the Party Committee of the Company and the Commission for Discipline Inspection of the Company shall be established in accordance with the reply given by the superior Party committee, and members for all positions shall be selected by election. During the adjournment of the Party representative congress, the superior Party committee may appoint the secretary, deputy secretary and members of the Party Committee of the Company and the secretary of the Commission for Discipline Inspection of the Company as necessary.</u></p>
	<p><u>Article 93. The Party Committee of the Company is an organic composition of the corporate governance structure of the Company, insisting on the implementation and optimization of the leadership system of “Two-way Entry, Cross-Appointment”. Eligible members of the Party Committee of the Company may be considered and appointed as members of the board of directors, the board of supervisors and the management through legal procedures. Eligible members in the board of directors, the board of supervisors and the management who are members of the Party may be considered and appointed as members of the Party Committee of the Company in accordance with relevant requirements and procedures.</u></p>

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	<p><u>Article 94. The Party Committee of the Company has established a working organization of the Party; Commission for Discipline Inspection of the Company has established a discipline inspection organization and meanwhile, established mass organizations, such as Labour Union and Youth League Committee. The Company insists on simultaneous planning of Party construction during its reforms and development, simultaneous establishment of Party organisations and working organs, simultaneous allocation of person-in charge of the Party organization and staff for Party affairs as well as simultaneous proceeding of Party work.</u></p>
	<p><u>Article 95. The Party Committee of the Company shall uphold political leadership, ideological leadership and organizational leadership, and perform its duties in accordance with the Constitution and other internal rules of the Party:</u></p> <p><u>(1) To ensure and supervise the thorough implementation of the guidelines and policies of the Party and the State as well as the decisions and deployment made by the superior Party committee throughout the Company.</u></p> <p><u>(2) To adhere to the principle of the Party exercising leadership over officials, the selection of operating managers by the board of directors, and the exercise of power as regards the right of officials' appointment by the operating managers in accordance with laws. The Party Committee of the Company shall recommend nominees to the board of directors or the general manager, or deliberate and give opinions on the candidates nominated by the board of directors or the general manager. The Party Committee of the Company, together with the board of directors, shall observe the proposed candidates and discuss jointly to provide opinions and suggestions thereon. To discharge duties of talents management of the Party, to implement the strategy of prospering the enterprise by relying on talents.</u></p>

LETTER FROM THE BOARD

	<p>(3) <u>To study and discuss stable reform and development, substantial operational and management issues of the Company as well as material issues related to the interests of our staff, and provide advice and recommendations in this regard.</u></p> <p>(4) <u>To undertake the main responsibility of exercising strict self-governance of the Party in every respect, lead the Company's ideological and political work, united front work, spiritual civilization construction as well as corporate culture construction, and lead mass organizations such as the trade union and the Communist Youth League. Play a leading role in the construction of the Party conduct and of a clean and honest administration, and support the Commission for Discipline Inspection of the Company in fulfilling its responsibility of supervision in practice.</u></p>
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LETTER FROM THE BOARD

CHAPTER X BOARD OF DIRECTORS	CHAPTER XI BOARD OF DIRECTORS
Section II. BOARD OF DIRECTORS	Section II. BOARD OF DIRECTORS
Article 101. Extraordinary board meetings may be convened under one of the following circumstances:	Article 107. Extraordinary board meetings may be convened under one of the following circumstances:
(1) the chairman of the board of directors deems necessary;	(1) the chairman of the board of directors deems necessary;
(2) jointly demanded by more than one-third of the directors;	(2) jointly demanded by more than one-third of the directors;
(3) demanded by the supervisory board;	(3) demanded by the supervisory board;
(4) demanded by the shareholders representing more than one-tenth of the voting rights;	(4) demanded by the shareholders representing more than one-tenth of the voting rights;
(5) demanded by more than one-half of the independent directors;	(5) demanded by more than one-half of the independent directors;
(6) demanded by the general manager.	(6) demanded by the general manager.;
.....	(7) <u>demanded by the Party Committee (Standing Committee).</u>

The proposed amendments will add 6 new articles and amend 2 articles. The number of articles of the amended Articles of Association will increase from 188 to 194. Save as the proposed amendments above, there should be no change in the content of other articles in the Articles of Association. Chapter, section and article numbering should be adjusted accordingly as a result of the proposed amendments.

The Board is of the view that it is able to fulfil its fiduciary duties and duties of skill, care and diligence under Rule 3.08 of the Listing Rules, and the functions and the decision-making power of the Board would be not be impaired and the decisions of the Board could not be overridden under the operation of the amended Articles of Association.

The amended Articles of Association shall become effective on the date of passing the relevant resolution at the EGM. Prior to the passing of the relevant resolution at the EGM, the existing Articles of Association shall remain valid.

LETTER FROM THE BOARD

III. PROPOSED GENERAL MANDATE TO ISSUE DEBT FINANCING INSTRUMENTS

1. General Information

According to the actual needs for the development of the Company and by making full use of the capital market, the Company raised a certain amount of funds in order to support the development, which was in the long-term interests of the Company. The Company proposed to make adequate use of financial instrument in the form of bonds, appropriately selecting the issuance of domestic perpetual bonds, corporate bonds or offshore USD bonds, in order to fulfill the needs by way of fund raising.

2. Particulars of Proposed Issuance

Particulars regarding the proposed issuance are as follows:

- (1) Issuer: The Company and/or its subsidiary. The specific issuer shall be determined by the Board according to the needs of issuance.
- (2) Issue size: Issuance with a total amount of not exceeding RMB1.5 billion, subject to compliance with various applicable regulatory requirements. The specific issue size shall be determined by the Board according to the capital needs and the market situations.
- (3) Term and type: Perpetual bonds, USD bonds and corporate bonds. The specific terms of maturity and the issuing size of each category shall be determined by the Board according to the relevant regulations and market situations.
- (4) Term of validity of the resolution: Twelve months from the date of passing of the relevant resolution at the general meeting.

If the Board and/or its authorised person has resolved to issue the debt financing instruments within the term of validity of the above general mandate and the Company has obtained the approval, permission or registration for the issuance from the relevant regulatory authorities within the term of validity of the mandate, the Company may complete the issuance within the valid period of such approval, permission or registration.

LETTER FROM THE BOARD

3. Authorisation to the Board

It is proposed to the Shareholders at the EGM to authorise the Board, generally and unconditionally, to deal with the following in accordance with the specific needs of the Company and market conditions:

- (1) to determine the issuer, type, specific instruments, detailed terms, conditions and other matters relating to the proposed issuance (including, but not limited to, the specific issue size, principal amount, currency, issue price, interest rate or the method for determining the interest rate, issue place, issue timing, term, whether or not to issue in multiple tranches and number of tranches, whether or not to set repurchase or redemption terms, rating arrangement, guarantee, repayment term, use of proceeds, underwriting arrangements and all other matters relating to the proposed issuance);
- (2) to carry out all necessary and ancillary actions and procedures (including, but not limited to, select and engage intermediary institutions, handle all approval, registration and filing procedures with the relevant regulatory authorities in connection with the proposed issuance on behalf of the Company, sign all necessary legal documents for the proposed issuance and handle other matters relating to the issuance, arrangement for repayment of principal and interests within the duration and trading and circulation of the proposed issuance);
- (3) to approve, confirm and ratify any action or procedure relating to the proposed issuance as mentioned above already taken by the Company;
- (4) to make adjustments to the specific proposals for the proposed issuance in accordance with the comments from the relevant regulatory authorities or the then market conditions within the authority of the Board, in the case of any change in policies of regulatory authorities in relation to the proposed issuance, or any change of market conditions, except where voting at a general meeting is required by any relevant laws and regulations and the Articles of Association;
- (5) to determine and handle all relevant matters relating to the listing of the debt financing instruments upon the completion of the proposed issuance (if applicable), and to formulate, sign, execute, revise and complete all necessary documents, contracts/ agreements and deeds in connection with the trading and circulation;
- (6) to approve, execute and despatch any announcements or circulars relating to the proposed issuance and make any related disclosure in accordance with the applicable listing rules of the relevant jurisdictions where the debt financing instruments are listed;

LETTER FROM THE BOARD

- (7) in the case of issuance of corporate bonds, during duration of the corporate bonds, to determine not to distribute dividends to the Shareholders and make other decisions as protection measures for repayment of debts as required under the relevant laws and regulations in the event that the Company expects to fail, or fails to pay the principal of such bonds and the interest accrued thereon as they fall due; and
- (8) to deal with other matters in relation to the application, issuance, trading and circulation of the domestic and overseas debt financing instruments.

IV. PROPOSED CONTINUING CONNECTED TRANSACTIONS WITH BEIJING INVESTMENT COMPANY

1. Background

The Group entered into a continuing transaction with Beijing Investment Company, its subsidiaries and/or its associates in the ordinary and usual course of business, including the provision of services such as construction survey, design and consultancy as well as construction contracting services to Beijing Investment Company, its subsidiaries and/or its associates. In order to comply with the requirements of the Listing Rules, on 15 August 2018, the Company entered into the Integrated Services Framework Agreement with Beijing Investment Company for a term of three years, valid from 1 January 2019 to 31 December 2021. The Company has also set the annual caps for the continuing connected transactions under such agreements for the three financial years ending 31 December 2021.

2. Integrated services framework agreement

On 15 August 2018, the Company entered into the Integrated Services Framework Agreement with Beijing Investment Company, valid from 1 January 2019 to 31 December 2021. The Company has also set the annual caps for the continuing connected transactions under such agreements for the three financial years ending 31 December 2021, the principle terms of which are set out as follows:

Parties to the agreement:

The Company
Beijing Investment Company

Term of the agreement:

From 1 January 2019 to 31 December 2021

LETTER FROM THE BOARD

Scope of service:

- (1) The Group provides Beijing Investment Company, its subsidiaries and/or its associates with construction survey, design and consultancy services, including but not limited to construction survey, design and consultancy services, and other services required by Beijing Investment Company, its subsidiaries and/or its associates to carry out their business.
- (2) The Group provides Beijing Investment Company, its subsidiaries and/or its associates with construction contracting services, including but not limited to construction contracting services, and other services required by Beijing Investment Company, its subsidiaries and/or its associates to carry out their business.

Transaction principles:

- (1) Both parties are entitled to choose the counterparties of the transaction. Meanwhile, Beijing Investment Company, its subsidiaries and/or associates shall not request the Group to provide services on terms and conditions more favourable than those offered to the independent third parties by the Group. Transactions must be made on no more favourable terms to Beijing Investment Company, its subsidiaries and/or associates, or no less favorable terms to the Group, than those available from independent third party.
- (2) Both parties shall carry out the transaction in accordance with the applicable general market practice (if any) and on normal commercial terms.

Pricing principles:

- (1) Where there is government-prescribed price (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);

LETTER FROM THE BOARD

- (2) Where there is no government-prescribed price, but there is government-guided price, then the price would be determined by coordinating the market factors with reference to the government-guided price (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. Currently, there is no government-guided price available in both construction survey, design and consultancy sector and construction contracting sector. The Company will keep track of related updates of government-guided prices. If any governmental documents issued to regulate the services the Company being involved and provide certain pricing range or level, the price will fall within the range of the government-guided price as stated in such documents. Along with the government-guided price, the Company will take into account the price paid by at least two independent third parties (if applicable) in areas or nearby areas acquiring such same type of services on normal commercial terms with comparable scale at that time. The Company will also determine the price by taking into account the project scale, technical difficulties, construction period, and labour costs etc.);
- (3) Where there is neither government-prescribed price nor government-guided price, then the price would be determined through tender process or other available market price. (If the Company intends to bid for a project, the Sales & Marketing Department will first evaluate the cost and price of the project and then formed a plan which will be submitted to responsible department heads for approval. If approved, the Company will prepare bidding documents as required by the project owner. According to relevant PRC rules and regulations in relation to the tender process of certain services, the project owner shall organise experts to evaluate the bidder and respective bidding documents. At last, the project owner will determine the bid winner by taking into account certain factors, including but not limited to the qualification of the bidders, the terms provided by the bidders and the total prices quoted, and with reference to the experts' opinions).

The “market price” shall be determined in the following order: (1) the price charged by independent third parties then 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) then who offer the same type of services under normal commercial terms in the ordinary and usual course of business in the PRC with reference to at least two independent third parties who provide the same or similar type of services under same conditions; or

LETTER FROM THE BOARD

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

The “contractual price” shall be determined on the basis of “reasonable cost + reasonable profit”. Among which, the “reasonable cost” means the cost confirmed by both parties after negotiations and as permitted by the relevant accounting principles of the PRC (inclusive of sales tax and surcharges); and “reasonable profit” means the profit calculated based on reasonable costs under market practice (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. 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. In terms of construction contracting 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. 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). Based on the trading history of the Company in the past three years and the prevailing market practice, the range of reasonable profit for construction survey, design and consultancy services and construction contracting services is estimated to be approximately 30%-35% of the contracting amount and 8%-10% of the contacting amount respectively.

Settlement method:

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

Implementation of agreements:

- (1) Both parties may enter into specific service contracts in accordance with the Integrated Services Framework Agreement (including the annual plan established under the Framework Agreement). The terms of such specific service contracts shall not exceed the validity period of the Integrated Services Framework Agreement, and all specific service contracts shall not violate the provisions of the Framework Agreement.

LETTER FROM THE BOARD

- (2) The principles and conditions stipulated in the Integrated Services Framework Agreement shall apply to the specific service contracts which have been entered into when the Framework Agreement was valid. Both parties may, as agreed, determine the new annual specific execution plan in the specific service contracts, or make any adjustments to the terms of renewal of the contracts and according to the actual situation and needs from time to time.

3. The proposed annual caps for the financial years ending 31 December 2021

3.1 *Historical transaction amounts:*

The actual transaction amount of the continuing transactions for services such as construction survey, design and consultancy, from 11 July 2017 to 31 December 2017, amounted to RMB64,405,000 in aggregate. From 11 July 2017 to 31 December 2017, the actual transaction amount of continuing transactions for construction contracting was RMB321,592,000.

3.2 *Proposed annual caps for the three financial years ending 31 December 2021*

The Company estimates that the annual caps for the continuing connected transactions contemplated under the Integrated Services Framework Agreement between the Group and Beijing Investment Company, its subsidiaries and/or its associates, for the next three financial years ending 31 December 2021 are as follows:

Proposed annual caps for the three financial years ending			
	31 December 2019	31 December 2020	31 December 2021
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Revenue to be generated by the Group from providing construction survey, design and consultancy services to Beijing Investment Company, its subsidiaries and/or associates	450.00	495.00	544.50
Revenue to be generated by the Group from providing construction contracting services to Beijing Investment Company, its subsidiaries and/or associates	500.00	600.00	700.00

LETTER FROM THE BOARD

3.3 Basis of determination of the proposed annual caps

3.3.1 Construction survey, design and consultancy services

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

- (a) New Airport Express North Extension Project: With the implementation of the New Airport Express North Extension Work Project, the Company, if able to obtain survey and design projects from the project company in relation to such project, such as the New Airport Express North Extension Measurement Project and the New Airport Express Special Monitoring Project, expects to generate a revenue of approximately RMB43.0 million as of 31 December 2019.
- (b) Urban Rail Transit Survey and Design Project: China has increased investment in urban infrastructure and introduced relevant policies for promoting involvement of social capital, thereby injecting new vitality into the development of the urban rail transit industry. The Company expects that the revenue to be generated from the provision of services to Beijing Urban Rapid Rail Construction Management Co., Ltd., a subsidiary of Beijing Investment Company, for the Beijing Rail Transit Line 22 (Xu Xinzhuang to Pinggu Section) Engineering Project will be approximately RMB15.0 million as of 31 December 2019. In addition, if the Company can obtain other urban rail transit survey and design projects from such subsidiary, such as the Third-party Survey Project of the Suburban Rail Transit of the Tongzhou District Sub-civic Center, the D1 or D2 Line Design Project, the Third-party Monitoring Project of the S6 Line First Phase Engineering, etc, it is expected that the revenue from the provision of such services during the three financial years ending 31 December 2021 will be approximately RMB90.0 million, RMB50.0 million and RMB50.0 million.

LETTER FROM THE BOARD

- (c) Urban Rail Transit Measurement and Monitoring Project: Beijing Investment Company, its subsidiaries and/or associates have a continuing demand for urban rail transit measurement and monitoring services. If the Company can obtain urban rail transit measurement and monitoring projects through bidding, the Company expects that the revenue to be generated from such projects for the three financial years ending 31 December 2021 will be approximately RMB65.0 million, RMB65.0 million and RMB70.0 million, respectively.
- (d) Urban Tunnel Survey and Design Projects: The Company expects that if it can obtain urban tunnel survey and design projects, such as the feasibility study and design relating to the tunnels and the utility tunnel third-party monitoring of Line 3, Line 17, Changnan, Tongzhou utility tunnel inspection and other projects, from Beijing Jingtou Urban Tunnel Investment Co., Ltd. (北京京投城市管廊投資有限公司), a subsidiary of Beijing Investment Company, the revenue to be generated for the three financial years ending 31 December 2021 will be approximately RMB98.0 million, RMB15.0 million and RMB5.0 million, respectively.
- (e) Other potential projects: In view of the coordinated development of “Beijing-Tianjin-Hebei Integration”, the development and upgrade of the national businesses of Beijing Investment Company, its subsidiaries and/or its associates, etc., in order to prepare for more potential projects to be acquired by the Company, the Company has included a buffer of 10% increase in the annual cap for the year ending 31 December 2020 based on the estimated annual cap for the year ending 31 December 2019 and a buffer of 10% increase for the year ending 31 December 2021 based on the estimated annual cap for the year ending 31 December 2020 in its estimate of the annual cap for the revenue from providing construction survey, design and consultancy services to Beijing Investment Company, its subsidiaries and/or associates.

LETTER FROM THE BOARD

3.3.2 Construction contracting services

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

- (a) China Police Dog Headquarter Project: The Company expects to obtain the China Police Dog Headquarter Project through public tender, as a result of which a revenue of approximately RMB500 million will be incurred as of 31 December 2019.
- (b) Beijing Tunnel Engineering: The Company expects to obtain the Beijing Tunnel Engineering Project, including the Tunnel engineering work for Line 17 and Line 12, through public tender, as a result of which a revenue of approximately RMB600 million and RMB700 million will be incurred for the two financial years ending 31 December 2020 and 31 December 2021.

3.4 Internal control measures

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

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

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

LETTER FROM THE BOARD

- (a) The Department of Board Secretary is responsible for collecting detailed data in respect of above-mentioned continuing connected transactions on a regular basis, including but not limited to pricing terms, payment arrangement and actual transaction amounts specified in individual service contracts under the Integrated Services Framework Agreement; the Legal and Audit Department and the Financial Department of the Company shall assist in reviewing and controlling the specific terms, conditions and actual transaction amounts of such continuing connected transactions.
- (b) Senior management of the Company and its subsidiaries is responsible for supervising whether the transaction terms, pricing and other terms specified in individual service contracts are in compliance with the principles set out in the Integrated Services Framework Agreement, whether the price conformed with relevant pricing requirements if the service applies price prescribed by the government, government-guided price or price determined through tender process and whether the price conformed with the range of the then market price applicable to same type of services if the service price is based on the market price, as well as evaluating the fairness of the transaction terms and pricing terms, and reporting relevant information to the Board in time.
- (c) The Board is in responsible for inspecting and supervising the control on connected transactions of the Company, as well as the execution of control system of connected transactions by the Directors, senior management and connected persons of the Company.
- (d) In addition, the independent non-executive Directors have reviewed and would continue to review the continuing connected transactions contemplated under the Integrated Services Framework Agreement to ensure that such agreement is entered into on normal commercial terms, is fair and reasonable, and are carried out pursuant to the terms of such agreement. The auditors of the Company would also conduct an annual review on the pricing terms and annual caps of such continuing connected transactions.

To ensure that the pricing terms are on normal commercial terms, the Group has implemented internal approval procedures, including the following:

LETTER FROM THE BOARD

The Sales and Marketing department of the Company will first estimate the cost and price of the project based on basic information of the project and with reference to the calculation methods stated in related guidelines and rules from the government and industry associations. The Sales and Marketing department will then assess whether the price is fair and reasonable after taking into consideration of individual factors, such as prices paid by independent third parties acquiring such same type of services under similar conditions. The Legal and Audit Department, the Financial Department, the Department of Board Secretary and related business unit of the Company will make internal assessment on the project. If approved, the General Manager of the Company will hold a special session with attendance of all heads of related departments including Sales and Marketing Department, Legal and Audit Department, Financial Department, the Department of Board Secretary and related business unit to review and consider the project comprehensively and approve the project if appropriate.

4. Reasons for and benefits of entering into the integrated services framework agreement

Integration of design, survey and consultancy business and construction contracting business allows the Group to provide comprehensive business solutions, covering all major stages within urban rail transit engineering. Taking into account 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 Integrated Services Framework Agreement may expand the income sources of the Group, consolidate and improve the market position and competitiveness of the Group in the urban rail transit industry.

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

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

5. Implications of the listing rules

As at the Latest Practicable Date, 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 Chapter 14A of the Listing Rules. The transactions under the Integrated Services Framework Agreement and contemplated thereunder between the Group and Beijing Investment Company, its subsidiaries and/or associates constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

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

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

As Mr. Guan Jifa serves as the deputy general manager of Beijing Investment Company, he is deemed to be materially interested in the Integrated Services Framework 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 agreement and thus is required to abstain from voting on the relevant resolutions at the Board meeting.

6. General information

Information on the Company

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

LETTER FROM THE BOARD

Information on Beijing Investment Company

Beijing Investment Company, a wholly state-owned company with limited liability, is mainly engaged in businesses investment and financing, pre-planning, capital operation and relevant resources development and management of infrastructure projects including rail transit.

V. EGM

The EGM will be held at Conference Room 501, 5/F, Block D, Hengtai Center, No. 18 Fengtai North Road, Fengtai District, Beijing, the PRC at 3:00 p.m. on Thursday, 25 October 2018, to consider and approve (i) the proposed amendments to the Articles of Association; (ii) the proposed general mandate to issue debt financing instruments; and (iii) the proposed continuing connected transactions with Beijing Investment Company. A notice convening the EGM is set out on pages 54 to 55 of this circular.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the proxy form in accordance with the instructions printed thereon as soon as possible. For H Shareholders, the proxy form should be returned to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in hand or by post not less than 24 hours before the time stipulated for convening the EGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof if you so wish.

The register of members of the Company will be closed from Monday, 24 September 2018 to Thursday, 25 October 2018 (both days inclusive) for the purpose of determining Shareholders who will be entitled to attend and vote at the EGM, during which no transfer of Shares will be registered.

For the purposes of ascertaining Shareholders' entitlement to attend and vote at the EGM, all transfer documents together with the relevant share certificates must be lodged to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Share Shareholders) or the registered address of the Company (for Domestic Share Shareholders) for registration not later than 4:30 p.m. on Friday, 21 September 2018. Shareholders whose names appear on the register of members of the Company on Thursday, 25 October 2018, will be entitled to attend the EGM and to vote thereat.

LETTER FROM THE BOARD

VI. VOTES BY WAY OF POLL

According to the Listing Rules and the Articles of Association, the resolutions set out in the notice of the EGM will be voted on by way of poll. Results of the poll voting will be posted on the website of the Company at www.bjucd.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk after the conclusion of the EGM. As at the Latest Practicable Date, the number of Domestic Shares and H Shares of the Company held by Beijing Investment Company are 87,850,942 and 68,222,000 respectively, representing 11.57% of the total issued Shares of the Company in aggregation.

Pursuant to the Listing Rules, Beijing Investment Company, its subsidiaries and/or associates are required to abstain from voting on the resolution of the Integrated Services Framework Agreement and the annual caps for the continuing connected transactions contemplated thereunder at EGM.

To the best of the Directors' knowledge, having made all reasonable enquiries, none of the other Shareholders has a material interest in the continuing connected transactions contemplated under the proposed Integrated Services Framework Agreement and is required to abstain from voting on the relevant resolution at EGM besides Beijing Investment Company, its subsidiaries and/or associates.

VII. RECOMMENDATIONS

The Board (including the independent non-executive Directors) is of the view that the resolutions in relation to (i) the proposed amendments to the Articles of Association; (ii) the proposed general mandate to issue debt financing instruments; and (iii) the proposed continuing connected transactions with Beijing Investment Company are in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the above resolutions. The Independent Board Committee's view on the proposed continuing connected transaction with Beijing Investment Company is set out in the section headed "Letter from the Independent Board Committee" in this circular.

Yours faithfully,

By order of the Board

Beijing Urban Construction Design & Development Group Co., Limited

Shi Yubin

Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

Independent non-executive Directors:

Wang Dexing

Yim Fung

Sun Maozhu

Liang Qinghuai

Qin Guisheng

9 October 2018

To the Independent Shareholders:

Dear Sir or Madam,

PROPOSED CONTINUING CONNECTED TRANSACTIONS WITH BEIJING INVESTMENT COMPANY

Reference is made to the circular of the Company dated 9 October 2018 (the “**Circular**”, of which this letter forms a part). Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed as the members of the Independent Board Committee to consider and advise the Independent Shareholders on whether the terms of the proposed Integrated Services Framework Agreement and the proposed annual caps for the continuing connected transactions contemplated thereunder for the three financial years ending 31 December 2021 are fair and reasonable and are on normal commercial terms so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

Opus Capital has been appointed by the Board as the Independent Financial Adviser to give advice to the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the proposed Integrated Services Framework Agreement and the proposed annual caps for the continuing connected transactions contemplated thereunder for the three financial years ending 31 December 2021. Details of the advice from Opus Capital, together with the principal factors taken into consideration in arriving at such advice, are set out in its letter on pages 26 to 46 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Your attention is also drawn to the letter from the Board set out on pages 1 to 23 of the Circular and the additional information set out in the Appendix.

Having considered (i) the terms of the proposed Integrated Services Framework Agreement and the proposed annual caps for the continuing connected transactions contemplated thereunder for the three financial years ending 31 December 2021; and (ii) the advice and recommendations of Opus Capital as well as the principal factors and reasons considered by Opus Capital, we are of the opinion that the proposed Integrated Services Framework Agreement was entered into in the ordinary and usual course of business of the Group, and the terms and conditions therein as well as the proposed annual caps for the continuing connected transactions contemplated thereunder are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned, and are in the interests of the Company and its Shareholders as a whole.

Therefore, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the proposed Integrated Services Framework Agreement and the proposed annual caps for the continuing connected transactions contemplated thereunder for the three financial years ending 31 December 2021.

Yours faithfully,

For and on behalf of the Independent Board Committee

Wang Dexing

Yim Fung

Sun Maozhu

Liang Qinghuai

Qin Guisheng

Independent non-executive Directors

LETTER FROM OPUS CAPITAL

Set out below is the text of a letter received from Opus Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed continuing connected transactions contemplated under the Integrated Services Framework Agreement for the purpose of inclusion in this circular.



18th Floor, Fung House
19–20 Connaught Road Central
Central, Hong Kong

9 October 2018

*To: The Independent Board Committee and the Independent Shareholders of
Beijing Urban Construction Design & Development Group Co., Limited*

Dear Sir/Madam,

PROPOSED CONTINUING CONNECTED TRANSACTIONS WITH BEIJING INVESTMENT COMPANY

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions contemplated under the Integrated Services Framework Agreement (including the proposed annual caps of the relevant transactions (the “**Annual Caps**”)), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 9 October 2018 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

INTEGRATED SERVICES FRAMEWORK AGREEMENT

As stated in the Letter from Board, on 15 August 2018, the Company entered into the Integrated Services Framework Agreement with Beijing Investment Company, pursuant to which the Group would provide Beijing Investment Company, its subsidiaries and/or its associates (collectively, the “**Beijing Investment Group**”) with services such as construction survey, design and consultancy as well as construction contracting services.

LETTER FROM OPUS CAPITAL

As at the Latest Practicable Date, the Domestic Shares and H Shares of the Company held by Beijing Investment Company in aggregate accounted for approximately 11.57% of the total issued Shares. Beijing Investment Company is one of the substantial shareholders of the Company and constitutes a connected person of the Company under Chapter 14A of the Listing Rules. The transactions under the Integrated Services Framework Agreement and contemplated thereunder between the Group and the Beijing Investment Group constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios of the Annual Caps for each of the provision of (i) construction survey, design and consultancy services and other services (“**Surveying Related Services**”); and (ii) construction contracting services and other services (“**Construction Contracting Related Services**”), by the Group to the Beijing Investment Group contemplated under the Integrated Services Framework Agreement is more than 5% respectively, such continuing connected transactions and the Annual Caps shall be subject to the reporting, announcement, annual review and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. Accordingly, Beijing Investment Company, which has a material interest in the Integrated Services Framework Agreement, and its associates will be required to abstain from voting on the resolution of the Integrated Services Framework Agreement and the Annual Caps for the continuing connected transactions at the EGM.

As Mr. Guan Jifa, a non-executive Director, serves as the deputy general manager of Beijing Investment Company, he is deemed to be materially interested in the Integrated Services Framework Agreement, and therefore, he has abstained from voting on the relevant resolutions at the Board meeting approving the Integrated Services Framework Agreement.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Wang Dexing, Mr. Yim Fung, Mr. Sun Maozhu, Mr. Liang Qinghuai and Mr. Qin Guisheng, has been established by the Company to advise and make recommendations to the Independent Shareholders in respect of the transactions contemplated under the Integrated Services Framework Agreement and, accordingly, the Annual Caps. Our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders has been approved by the Independent Board Committee in this respect.

Our role as the Independent Financial Adviser is to advise the Independent Board Committee and the Independent Shareholders as to: (i) whether the entering into of the Integrated Services Framework Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the Integrated Services Framework Agreement (including the Annual Caps) are on normal commercial terms and fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (iii) to how the Independent Shareholders should vote on the relevant resolution at the EGM.

LETTER FROM OPUS CAPITAL

OUR INDEPENDENCE

As at the Latest Practicable Date, we do not have any relationship with, or interest in, the Company, Beijing Investment Company or any other parties that could reasonably be regarded as relevant to our independence. Apart from normal independent financial advisory fees payable to us in connection with this appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things, the Integrated Services Framework Agreement, the Company's annual reports for the two years ended 31 December 2014 and 2017, the Company's interim report for the six months ended 30 June 2018 (the **"2018 Interim Report"**), and other information set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the **"Management"**). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We considered that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects. We also have not considered the taxation implications on the Group as a result of the Integrated Services Framework Agreement.

LETTER FROM OPUS CAPITAL

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the terms of the transactions contemplated under the Integrated Services Framework Agreement (including the Annual Caps), and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the terms of the transactions contemplated under the Integrated Services Framework Agreement (including the Annual Caps), we have taken into consideration the following principal factors and reasons:

1. Information of the Group

The H Shares of the Company were listed on the Hong Kong Stock Exchange on 8 July 2014. The Group 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.

The Company has extensive experience in the business related to rail transit. It has been leading and promoting the development of the urban rail transit industry in China. The Company, traces its origin as 北京城建設計研究總院 (Beijing Urban Construction Design & Research Institute*), which was established in 1958. It was a design organisation established for the design and survey services of 北京地鐵1號線 (Beijing Subway Number 1 Line*), China's first subway line. The Company has the highest level of design and survey qualification in China, namely the Comprehensive A-class Qualification. According to the Management, the Company is considered one of the largest and ranked as one of the top general contractors of urban rail transit design projects in the PRC. The Group participated in a large number of engineering contracting projects of urban rail transit lines in the PRC, covering major cities such as Beijing, Kunming, Zunyi, Guangzhou and Suzhou.

2. Information on Beijing Investment Company

Beijing Investment Company, founded in 2003, is a company wholly-owned by 北京市國有資產監督管理委員會 (Beijing State-owned Assets Supervision and Administration Commission*). Beijing Investment Company is principally engaged in businesses investment and financing, pre-planning, capital operation and relevant resources development and management of infrastructure projects including rail transit.

According to the website of Beijing Investment Company, as at 31 December 2017, Beijing Investment Company's assets and net asset value stood at approximately RMB483.0 billion and RMB191.7 billion respectively. During the year ended 31 December 2017, it completed government investment projects amounting to approximately RMB54.6 million and recorded a total net profit of approximately RMB2.5 billion.

3. Reasons for and Benefits of the Integrated Services Framework Agreement

As discussed in the section headed "1. Information on the Group" above, design, survey and consultancy business and the construction contracting business have all along been the Group's ordinary and usual course of business. As set out in the 2018 Interim Report, during the first half of 2018, faced with, among others, tightened PRC macro-policy, slowing down of investment in rail transit and more intensified market competition, the Group has been actively developing its survey and consultancy, civil construction and general contracting segments, further widening financing channels and promoting the coordinated development of industrial chain. As discussed with the Management, the entering into of the Integrated Services Framework Agreement can be seen as one of the Group's strategy to overcome difficulties in an overall downturn environment in the rail transit market.

As stated in the Letter from Board, integration of design, survey and consultancy business and construction contracting business allows the Group to provide comprehensive business solutions, covering all major stages within urban rail transit engineering. Having taken into account Beijing Investment Company as the investment platform for the rail transit business of the government and the ongoing business cooperation between the Beijing Investment Group and the Group, the entering into of the Integrated Services Framework Agreement may expand the income sources of the Group, consolidate and improve the market position and competitiveness of the Group in the urban rail transit industry.

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

LETTER FROM OPUS CAPITAL

In light of the above and having considered in particular:

- (i) the principal business and operations of the Group;
- (ii) the reputation and strong financial base of Beijing Investment Company; and
- (iii) the reasons for and benefits of the Integrated Services Framework Agreement as mentioned above,

we concur with the Directors' views that the entering into of the Integrated Services Framework Agreement is in the ordinary and usual course of business of the Group and would be conducive to the business development of the Group.

4. Principal Terms of the Integrated Services Framework Agreement

A summary of the principal terms of the Integrated Services Framework Agreement is set out below:

- | | |
|--------------------------------|---|
| Parties: | <ul style="list-style-type: none">(i) The Company; and(ii) Beijing Investment Company |
| Term: | From 1 January 2019 to 31 December 2021 |
| Scope of service: | <ul style="list-style-type: none">(i) The Group provides Surveying Related Services required by the Beijing Investment Group to carry out their business; and(ii) The Group provides Construction Contracting Related Services required by the Beijing Investment Group to carry out their business. |
| Transaction principles: | <ul style="list-style-type: none">(i) Both parties are entitled to choose the counterparties of the transaction. Meanwhile, the Beijing Investment Group shall not request the Group to provide services on terms and conditions more favourable than those offered to the independent third parties by the Group; and(ii) Both parties shall carry out the transaction in accordance with the applicable general market practice (if any) and on normal commercial terms. |

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Pricing principles:

- (i) Where there is government-prescribed price (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);
- (ii) Where there is no government-prescribed price, but there is government-guided price, then the price would be determined by coordinating the market factors with reference to the government-guided price (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. Currently, there is no government-guided price available in both construction survey, design and consultancy sector and construction contracting sector. The Company will keep track of related updates of government-guided prices. If any governmental documents are issued to regulate the services the Company is being involved and provide certain pricing range or level, the price will fall within the range of the government-guided price as stated in such documents. Along with the government-guided price, the Company will take into account the price paid by at least two independent third parties (if applicable) in areas or nearby areas acquiring such same type of services on normal commercial terms with comparable scale at that time. The Company will also determine the price by taking into account the project scale, technical difficulties, construction period, and labour costs etc.);

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- (iii) Where there is neither government-prescribed price nor government-guided price, then the price would be determined through tender process or other available market price. (If the Company intends to bid for a project, the sales and marketing department will first evaluate the cost and price of the project and then form a plan which will be submitted to responsible department heads for approval. If approved, the Company will prepare bidding documents as required by the project owner. According to relevant PRC rules and regulations in relation to the tender process of certain services, the project owner shall organise experts to evaluate the bidder and respective bidding documents. Lastly, the project owner will determine the bid winner by taking into account certain factors, including but not limited to the qualification of the bidders, the terms provided by the bidders and the total prices quoted, and with reference to the experts' opinions).

The "market price" shall be determined in the following order: (1) the price charged by independent third parties then 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) then who offer the same type of services under normal commercial terms in the ordinary and usual course of business in the PRC with reference to at least two independent third parties who provide the same or similar type of services under same conditions; or

- (iv) 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.

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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. In terms of construction consultancy services, 《城市軌道交通前期諮詢工作收費指導意見》(Charging Guidelines of Preliminary Consultancy Services of Urban Rail Transit*) issued by 中國城市軌道交通協會 (China Association of Metros*) would be taken as a reference. For Construction Contracting Related Services, reference would be made to 《工程造價信息》(Project Cost Information*) published regularly by local commissions of housing and urban-rural development, which provides suggested prices of certain types of building materials. 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. Based on the trading history of the Company in the past three years and the prevailing market practice, the ranges of reasonable profit for Surveying Related Services and Construction Contracting Related Services are approximately 30%-35% of the contracting amount and 8%-10% of the contacting amount respectively.

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- Settlement method:** The service fee shall be paid by the Beijing Investment Group to the Group upon completion of relevant services provided within the settlement cycle as agreed under the specific service contracts entered into in accordance with the Integrated Services Framework Agreement.
- Implementation of agreements:**
- (i) Both parties may enter into specific service contracts in accordance with the Integrated Services Framework Agreement (including the annual plan established under the Integrated Services Framework Agreement). The terms of such specific service contracts shall not exceed the validity period of the Integrated Services Framework Agreement, and all specific service contracts shall not violate the provisions of the Integrated Services Framework Agreement.
 - (ii) The principles and conditions stipulated in the Integrated Services Framework Agreement shall apply to the specific service contracts which have been entered into when the Integrated Services Framework Agreement was valid. Both parties may, as agreed, determine the new annual specific execution plan in the specific service contracts, or make any adjustments to the terms of renewal of the contracts and according to the actual situation and needs from time to time.

We have reviewed the Integrated Services Framework Agreement and noted that the pricing basis and the other key terms are in line with an integrated services framework agreement dated 9 March 2017 (the “**BUCG Integrated Services Framework Agreement**”) entered into between the Company and 北京城建集團有限責任公司 (Beijing Urban Construction Group Co., Ltd.*) (“**BUCG**”, together with its subsidiaries and/or associates but excluding the Group, the “**BUCG Group**”), the controlling shareholder of the Company, in relation to, among others, the provision of engineering construction related services and Surveying Related Services, from the BUCG Group to the Group and vice versa. For details, please refer to the circular issued by the Company dated 20 January 2017.

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Based on the above, and in particular, (i) both parties are entitled to choose the counterparties of their choice and the Beijing Investment Group shall not request the Group to provide services on terms and conditions more favourable than those offered to the independent third parties by the Group; (ii) the transactions shall be carried out in accordance with the applicable general market practice (if any) and on normal commercial terms; (iii) established pricing principles as set out above, which is consistent with the terms of the BUCG Integrated Service Framework Agreement; (iv) the Company's internal control measures to be discussed below; and (v) our sample review of five historical individual service contracts entered into between the Group and the Beijing Investment Group suggested that transaction pricing and other principal terms specified in individual service contracts are in line with those set out in the Integrated Services Framework Agreement, we consider the pricing and other principal terms of the Integrated Services Framework Agreement to be on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned.

5. Internal control procedures

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

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

To ensure the transactions contemplated under the Integrated Services Framework Agreement being in compliance with the pricing policy thereunder, especially when the relevant service price is determined on the basis of market price, the Group has adopted the procedures as follows:

- a) The Department of Board Secretary is responsible for collecting detailed data in respect of above-mentioned continuing connected transactions on a regular basis, including but not limited to pricing terms, payment arrangement and actual transaction amounts specified in individual service contracts under the Integrated Services Framework Agreement; the legal and audit department and the financial department of the Company shall assist in reviewing and controlling the specific terms, conditions and actual transaction amounts of such continuing connected transactions;

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- b) Senior management of the Company and its subsidiaries is responsible for supervising whether the transaction terms, pricing and other terms specified in individual service contracts are in compliance with the principles set out in the Integrated Services Framework Agreement, whether the price conformed with relevant pricing requirements if the service applies price prescribed by the government, government-guided price or price determined through tender process and whether the price conformed with the range of the then market price applicable to same type of services if the service price is based on the market price, as well as evaluating the fairness of the transaction terms and pricing terms, and reporting relevant information to the Board in time;
- c) The Board is responsible for inspecting and supervising the control on connected transactions of the Company, as well as the execution of control system of connected transactions by the Directors, senior management and connected persons of the Company;
- d) In addition, the independent non-executive Directors have reviewed and would continue to review the continuing connected transactions contemplated under the Integrated Services Framework Agreement to ensure that such agreement is entered into on normal commercial terms, is fair and reasonable, and are carried out pursuant to the terms of such agreement. The auditors of the Company would also conduct an annual review on the pricing terms and Annual Caps of such continuing connected transactions.

We understand that the Group has implemented internal approval procedures through an internal approval system. The sales and marketing department of the Company will first estimate the cost and price of the project based on basic information of the project and with reference to the calculation methods stipulated in related guidelines and rules from the government and industry associations. The sales and marketing department will then assess whether the price is fair and reasonable after taking into consideration of individual factors, such as prices paid by independent third parties acquiring the same type of services under similar conditions. The legal and audit department, the financial department, the Department of Board Secretary and related business units of the Company will make internal assessment on the project. If approved, the general manager of the Company will hold a special session with attendance of all heads of related departments including sales and marketing department, legal and audit department, financial department, the Department of Board Secretary and related business units to review and consider the project comprehensively and approve the project if appropriate.

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Having regard to the abovementioned procedures, we note that different levels of management of the Group, including the Board, will participate in the review of the Integrated Services Framework Agreement and the relevant individual contracts to ensure they are in compliance with the relevant pricing policy and the relevant continuing connected transactions will be carried out according to the Integrated Services Framework Agreement and in an orderly manner. Based on our discussion with the Management, such review will firstly be conducted by the operational level management with the likes of the legal and audit department and the financial department of the Company, taking a first level review of the relevant legal documents, followed by the senior management. The process would also call for the Board's inspections and supervisions of the control on connected transactions of the Company, as well as the execution of such control system. Independent non-executive Directors and the auditor of the Company would take part in the annual review process of the relevant transaction.

We have carried out a sample review of eight individual service contracts conducted between the Group and independent third parties as well as three individual service contracts conducted between the Group and the BUCG Group, being connected persons of the Company, in which the underlying projects are of similar nature to those transactions contemplated under the Integrated Services Framework Agreement. Although we noted that the underlying projects in the individual service contracts reviewed are unique which are not identical to those transactions contemplated under the Integrated Services Framework Agreement, the pricing terms of those individual service contracts with the independent third parties also referred to the price prescribed by the government or pricing policy announced by the government which we are of the view that the pricing terms are comparable to those set out in the Integrated Services Framework Agreement. The pricing terms of those individual service contracts with the BUCG Group, being connected persons of the Company, are in line with those set out in the BUCG Integrated Services Framework Agreement. We have also performed a walk-through of the internal control measure with the Management regarding the transactions performed under the abovementioned individual service contracts and sample-checked the Company's internal approval records.

We are of the view that the effectiveness of the Company's internal control measures is evidenced through our satisfactory walk-through of the transactions, sample check of the Company's internal approval records and sample review of individual service contracts. Based on the above, we concur with the views of the Directors that the internal control measures can result in the continuing connected transactions to be conducted on normal commercial terms, are fair and reasonable as far as the interests of the Independent Shareholders are concerned.

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6. Annual Caps

Set out below are the Annual Caps for the three years ending 31 December 2019, 2020 and 2021 (the “**Cap Period**”) under the Integrated Services Framework Agreement:

	Annual Caps for the three years ending		
	31 December	31 December	31 December
	2019	2020	2021
	(RMB million)	(RMB million)	(RMB million)
Revenue to be generated by the Group from providing Surveying Related Services to the Beijing Investment Group (the “ Survey Annual Caps ”)	450.0	495.0	544.5
Revenue to be generated by the Group from providing Construction Contracting Related Services to the Beijing Investment Group (the “ Contracting Annual Caps ”)	500.0	600.0	700.0

(a) *The Survey Annual Caps*

As stated in the Letter from the Board, the Survey Annual Caps for the Cap Period were determined based on, among other things, the following consideration:

- (i) the expected revenue generated from major projects stated below:
 - (a) New Airport Express North Extension Project;
 - (b) Urban Rail Transit Survey and Design Project;
 - (c) Urban Rail Transit Measurement and Monitoring Project; and
 - (d) Urban Tunnel Survey and Design Projects; and

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- (ii) the inclusion of a buffer for the estimated increase in revenue generated by other potential projects in light of the coordinated development of “Beijing-Tianjin-Hebei Integration” and the development and upgrade of the national businesses of the Beijing Investment Group.

Based on the aforementioned determining factors, we have reviewed the Survey Annual Caps for the Cap Period, by way of the following together with the review of a list of projects which the Management actively tracks and expects to obtain from the Beijing Investment Group during the Cap Period (the “**Surveying Projects List**”), to assess their fairness and reasonableness. As provided in the Surveying Projects List, the Management expects that the Group can obtain approximately 40 projects from the Beijing Investment Group during 2019 and the total revenue expected to generate from these projects during 2019 is approximately RMB450 million. Although not all 40 projects are selected for our analysis, the following major projects highlighted are expected to generate a total revenue of approximately RMB311 million during 2019, the amount of which represents approximately 69.1% of the Survey Annual Caps for the year ending 31 December 2019. Therefore, we are of the view that these highlighted major projects provide sufficient coverage for the purpose of our analysis.

(i) *The expected revenue to be generated from the major projects*

(a) New Airport Express North Extension Project

According to 北京市人民政府網(www.beijing.gov.cn), the New Airport Express North Extension Project is the second phase construction project of the New Airport Express. The New Airport Express North Extension Project is expected to commence the construction by the end of 2018.

As advised by the Management, if the Company is able to secure survey and design projects in relation to the New Airport Express North Extension Project such as the New Airport Express North Extension Measurement Project and the New Airport Express Special Monitoring Project, it is expected that the total contract sum of the New Airport Express North Extension Project will be approximately RMB43.0 million which is estimated by making reference to the cost per kilometre surveyed, project scale and the surveyed length of the infrastructure in the previous project with similar nature of providing surveying services. The Management expects that most of the work will be completed by the end of 2019. As such, it is expected that the Group will derive a revenue of approximately RMB43.0 million as of 31 December 2019 from the project.

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Based on the Surveying Projects List, we understand that the New Airport Express North Extension Project includes the provision of Surveying Related Services. As the project is expected to complete in 2019, we consider that the aforesaid amount allocated to the Survey Annual Caps to be reasonable.

(b) Urban Rail Transit Survey and Design Project

As shown in 北京軌道交通22號線(徐辛莊至平谷段)工程北京段環境影響報告書(Environmental Impact Assessment Report of Beijing Rail Transit Line 22 (Xu Xinzhuang to Pinggu Section) Engineering Project*), the total length of Beijing Rail Transit Line 22 (Xu Xinzhuang to Pinggu Section) is approximately 52.9 kilometres (“km”) and the length of the Beijing Section is approximately 30.6 km. The construction period is 3 years and the total construction cost is approximately RMB7.9 billion. It is expected that the project will commence operation by the end of 2020.

As discussed with the Management, we understand that the Management estimated the contract sum will be approximately RMB15.0 million based on the estimation of the expected project scale, technical requirements, cost of manpower and the pricing of previous projects with similar nature by referring to the successful tender of 《北京市軌道交通第三期建設規劃(2018-2025年)主報告》(Report of Beijing Urban Rail Transit Phase III Construction Plan (2018–2025)*) bid in mid 2018. The Management expects most of the work will be completed in 2019 if the Group secures the project. As such, it is expected that the Group will derive a revenue of approximately RMB15.0 million as of 31 December 2019 from the project. As the project is expected to complete in 2019, we consider that the aforesaid amount allocated to the Survey Annual Caps to be reasonable.

As disclosed in the Letter from the Board, there is a possibility that the Company is able to obtain other urban rail transit survey and design projects such as the Third-party Survey Project of the Suburban Rail Transit of the Tongzhou District Sub-civic Center, the D1 or D2 Line Design Project or the Third-party Monitoring Project of the S6 Line First Phase Engineering. Based on the Surveying Projects List, the contract sum of the Third-party Survey Project of the Suburban Rail Transit of the Tongzhou District Sub-civic Center is expected to be approximately RMB20.0 million by making reference to the manpower cost of previous projects with similar nature. The construction period is expected to be 3 years. As advised by the Management, it is expected that approximately 40%, 40%, and 20% of the project will be completed in 2019, 2020 and 2021, respectively. According to the Surveying Projects List and the

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revenue estimation provided by the Management, the contract sum of D1 or D2 Line Design Project for the design services of the urban rail transit is projected with the basis of the project scale, technical requirements, cost of manpower and the price of previous projects with similar nature which is estimated to be approximately RMB60.0 million and is expected to be completed within 3 years. As advised by the Management, it is expected that approximately 50%, 30%, and 20% of the project will be completed in 2019, 2020 and 2021, respectively. As shown in the Surveying Projects List and the revenue estimation of S6 Line First Phase Engineering, the contract sum of S6 Line First Phase Engineering is expected to be approximately RMB15.0 million according to the estimation of the total length of S6 Line and the cost per km. It is expected that the project will complete within 3 years. As advised by the Management, it is expected that approximately 60%, 30%, and 10% of the project will be completed in 2019, 2020 and 2021, respectively. As such, it is expected that the revenue to be generated from the aforementioned projects during the 3 years ending 31 December 2019, 2020 and 2021 will be approximately RMB90.0 million, RMB50.0 million and RMB50.0 million.

In view of: (i) the construction period of the aforementioned projects; (ii) the revenue estimation provided by the Management; and (iii) the revenue is measured on the basis of the costs incurred relative to the total costs expected to incur as the percentage of completion for construction projects, we consider that the aforesaid portion allocated to the Survey Annual Caps to be reasonable.

(c) Urban Rail Transit Measurement and Monitoring Project

As advised by the Management, the contract sum of Urban Rail Transit Measurement and Monitoring Project is expected to be approximately RMB200.0 million according to the projection of the cost of measurement and monitoring per km, project scale and the length of measurement and monitoring services provided in previous projects with similar nature and the expectation of the planning of Beijing sub-centre will commence soon. The project is expected to complete in 12 months. As advised by the Management, it is expected that approximately 80%, 15%, and 5% of the project will be completed in 2019, 2020 and 2021, respectively. As such, it is expected that the revenue to be generated from the project during the three years ending 31 December 2019, 2020 and 2021 will be approximately RMB65.0 million, RMB65.0 million and RMB70.0 million.

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After considering the construction period of the project and the expected percentage of completion of the project for recognizing the revenue, we are of the view that the portion allocated to the Survey Annual Caps to be reasonable.

(d) Urban Tunnel Survey and Design Projects

As disclosed in the Letter from the Board, Urban Tunnel Survey and Design Projects include the feasibility study and design relating to the tunnels and the utility tunnel third-party monitoring of Line 3, Line 17, Changnan, Tongzhou utility tunnel inspection and other projects. Based on the revenue estimation of Line 3, Line 17, Changnan, Tongzhou utility tunnel, it is expected that the contract sum of the feasibility study services is approximately RMB20.0 million by making reference to the total investment amount of the project and the contract sum of design services is expected to be approximately RMB70.0 million based on the total construction fee with the application of a 2% design fee by referring to previous experience. As advised by the Management, the Group has been tracking the development of the underground space and utility tunnel projects which are expected to commence soon. As such, the total contract sum of all urban tunnel survey and design projects is approximately RMB118.0 million according to the estimation of the project scale, technical requirements, cost of manpower and the pricing of previous projects with similar nature and the construction period of these projects will be 12 to 24 months. It is expected that approximately 60%, 30% and 10% of these projects will be completed in 2019, 2020 and 2021, respectively. As such, it is expected that the revenue to be generated from these projects during the three years ending 31 December 2019, 2020 and 2021 will be approximately RMB98.0 million, RMB15.0 million and RMB5.0 million.

After considering the construction period of these projects, the revenue estimation provided by the Management and the expected percentage of completion of these projects for recognizing the revenue, we are of the view that the portion allocated to the Survey Annual Caps to be reasonable.

(ii) *Other potential projects*

According to the annual reports of the Company for the two years ended 31 December 2014 and 2017, the revenue of the Group derived from Surveying Related Services increased from approximately RMB1,522.1 million in 2013 to approximately RMB2,976.7 million in 2017, representing a compound annual growth rate (“CAGR”) of approximately 18.3%. As mentioned in the 2018 Interim Report, the Group encountered an overall downturn in the national urban rail transit market. To cope with the challenge, the Group, on one hand, continued to complete on-going projects.

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On the other hand, the Group focused on market expansion and enhancing its core competitiveness. The Group also proactively expanded the market by collaboration of the entire industry chain. The Management tries to overcome the difficulties of the downturn of the market and strive to continue to grow.

Having considered the historical long-term growth rate of approximately 18.3% from the year ended 31 December 2013 to 31 December 2017 and it is expected that the industry will be less promising in the near term, we consider that a buffer of 10% growth for each of the two years ending 31 December 2020 and 2021 to be reasonable.

(b) *The Contracting Annual Caps*

As stated in the Letter from the Board, the Contracting Annual Caps for the Cap Period were determined based on, among other things, the following consideration:

- (i) the expected maximum revenue to be generated from China Police Dog Headquarter Project;
- (ii) the expected maximum revenue to be generated from Beijing Tunnel Engineering; and
- (iii) historical transaction figure.

(i) *China Police Dog Headquarter Project*

As stated in the Letter from the Board, the Management expects to obtain the project through public tender. As advised by the Management and according to the information provided, the contract sum of the project is expected to be approximately RMB500 million based on the estimation of the gross floor area of the headquarter and the cost per gross floor area. The construction period is estimated to be 12 to 24 months. We understand from the Management that there is a possibility the project may have to be completed in one year to facilitate an earlier opening of the headquarter for training the China police dogs. We further understand from the Management that RMB500 million is the maximum amount of revenue expected to be derived from the project unlike the estimate of the Survey Annual Caps where a buffer was incorporated. Given that the constructing contracting projects are of a more substantial size in terms of project contract sum and that it is concentrated with one or two projects won each year, unlike surveying and consultancy contracts which tend to be smaller in contract sum size and of a more frequent occurrence which are harder to estimate, we consider that the lack of buffer applied to the Contracting Annual Caps to be reasonable. As such, we concur with the view of the Management that the whole amount allocated to the Contracting Annual Caps in the financial year ending 31 December 2019 to be reasonable and the Contracting Annual Caps is sufficient for the Group.

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(ii) *Beijing Tunnel Engineering*

As stated in the Letter from the Board, the project includes the tunnel engineering work for Line 17 and Line 12. As represented by the Management, the contract sum of the project is expected to be approximately RMB1,300 million according to the length of Line 17 and Line 12, the construction cost and the cost per kilometer. We understand from the Management that RMB1,300 million is the maximum amount of revenue expected to be derived from the project unlike the estimate of the Survey Annual Caps where a buffer was incorporated. We consider the lack of buffer to be reasonable for the abovementioned reasons. The project is expected to complete in 24 months. We further understand from the Management that approximately 40% and 60% of the construction work will be completed in 2020 and 2021, respectively. As such, it is expected that the revenue to be generated from the project during the two years ending 31 December 2020 and 2021 will be approximately RMB600 million and RMB700 million, respectively. As discussed, we concur with the view of the Management that the portions allocated to the Contracting Annual Caps to be reasonable and the portions allocated are sufficient for the Group.

(iii) *Historical transaction figure*

As stated in the Letter from the Board, the actual transaction amount of continuing transactions for construction contracting was approximately RMB321.6 million for the period from 11 July 2017 to 31 December 2017. The transaction amount for the year ending 31 December 2018 is expected to be approximately RMB670.7 million on an annualised basis. The expected annualised Contracting Annual Caps of approximately RMB670.7 million is higher than the proposed Contracting Annual Caps of RMB500 million and RMB600 million for the two years ending 31 December 2019 and 2020 respectively and is slightly less than the proposed Contracting Annual Caps of RMB700 million for the year ending 31 December 2021. As such, we are of the view that the proposed Contracting Annual Caps to be reasonable.

RECOMMENDATION

Having taking into account the above principal factors and reasons, we considered that:

- (i) the entering into of the Integrated Services Framework Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole; and
- (ii) the terms of the Integrated Services Framework Agreement (including the Annual Caps) are on normal commercial terms and fair and reasonable so far as the Company and the Independent Shareholders are concerned.

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Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in relation to the transactions contemplated under the Integrated Services Framework Agreement (including the Annual Caps).

Yours faithfully,
For and on behalf of
Opus Capital Limited

Koh Kwai Yim
Executive Director

Ms. Koh Kwai Yim is the Executive Director of Opus Capital and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Ms. Koh has over 17 years of corporate finance experience in Asia and has participated in and completed various financial advisory and independent financial advisory transactions.

** English translation is directly translated from the Chinese text and is for illustrative purpose only.*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this appendix or this circular misleading.

2. DISCLOSURE OF INTERESTS

Substantial Shareholders' Interests in Securities

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than the Directors, Supervisors and the chief executive of the Company) had interests and short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Domestic Shares

Name of Shareholder	Capacity	Number of Domestic Shares	Nature of interests	Approximate percentage of total issued Domestic Share capital	Approximate percentage of total issued share capital
Beijing Urban Construction Group Co., Ltd. ¹	Beneficial owner	571,031,118	Long position	59.44%	42.34%
Beijing Infrastructure Investment Co., Ltd. ²	Beneficial owner	87,850,942	Long position	9.14%	6.51%
Beijing Jingguofa Equity Investment Fund (Limited Partnership) ³	Beneficial owner	46,000,000	Long position	4.79%	3.41%
Tianjin Jun Rui Qi Equity Investment Partnership (LLP) ⁴	Beneficial owner	46,000,000	Long position	4.79%	3.41%
Beijing Chengtong Enterprise Management Center (General Partnership)	Beneficial owner	76,000,000 ⁵	Long position	7.91%	5.64%

Notes:

1. Beijing Urban Construction Group Co., Ltd. was incorporated by the Beijing Municipal Government.
2. Beijing Infrastructure Investment Co., Ltd. is a wholly state-owned enterprise established and funded by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.
3. The general partner of Beijing Jingguofa Equity Investment Fund (Limited Partnership) is Beijing Jingguofa Investment Management Co., Ltd. The 100% equity interest in Beijing Jingguofa Investment Management Co., Ltd. is held by Baoding Taihangheyi Cement Co., Ltd. In addition, Beijing State-owned Capital Operation and Management Center is a limited partner holding 64.99% interest in Beijing Jingguofa Equity Investment Fund (Limited Partnership). Each of the entities above was deemed to have interests in the same number of shares as Beijing Jingguofa Equity Investment Fund (Limited Partnership).
4. The general partner of Tianjin Jun Rui Qi Equity Investment Partnership (LLP) is Beijing Bodao Investment Advisory Center (Limited Partnership), while the general partner of Beijing Bodao Investment Advisory Center (Limited Partnership) is Beijing Legend Capital Co., Ltd. Beijing Junqijiarui Enterprise Management Co., Ltd. holds 45.00% equity interest in Beijing Legend Capital Co., Ltd. Each of the entities above was deemed to have interests in the same number of shares as Tianjin Jun Rui Qi Equity Investment Partnership (LLP).
5. Among which, 18,270,000 Domestic Shares were issued for connected subscriptions. For further details, please refer to the circular published by the Company on 7 December 2017 and the announcement published by the Company on 5 February 2018.

H Shares

Name of Shareholder	Capacity	Number of H Shares	Nature of interests	Approximate percentage of total issued H Share capital	Approximate percentage of total issued share capital
Amundi Asset Management	Investment Manager	83,171,000	Long position	21.44%	6.17%
Amundi Ireland Ltd.	Investment Manager	81,494,000	Long position	21.01%	6.04%
Amundi Luxembourg S.A.	Investment Manager	77,422,000	Long position	19.96%	5.74%
Beijing Infrastructure Investment Co., Ltd. ¹	Interest of controlled corporations	68,222,000	Long position	17.59%	5.06%
Beijing Infrastructure Investment (Hong Kong) Limited ¹	Beneficial Owner	68,222,000	Long position	17.59%	5.06%
Pioneer Investment Management Limited	Investment Manager	66,028,000	Long position	17.02%	4.90%
Pioneer Asset Management S.A.	Investment Manager	52,777,000	Long position	13.60%	3.91%
CRRC Group	Interest of controlled corporations ²	26,222,000	Long position	6.76%	1.94%
Fidelity Investment Trust	Beneficial Owner	19,384,000	Long position	5.00%	1.44%

Notes:

- 1 Beijing Infrastructure Investment Co., Ltd. (北京市基礎設施投資有限公司) indirectly holds long positions in 68,222,000 H Shares of the Company through its wholly-owned subsidiary, Beijing Infrastructure Investment (Hong Kong) Limited (京投(香港)有限公司).
2. CRRC Group (formerly known as CSR Group Limited) holds interests in 26,222,000 H Shares through its controlled corporations, CRRC Corporation Limited (formerly known as CSR Corporation Limited) and CRRC (Hong Kong) Co., Ltd. (formerly known as CSR (Hong Kong) Co. Ltd).

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other person (other than the Directors, Supervisors or the chief executive of the Company) who had interests or short positions in the Shares and underlying shares of the Company otherwise notified to the Company and the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under Section 336 of the SFO.

Directors', Supervisors', and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at the Latest Practicable Date, the following Directors had interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange, pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of SFO), or required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange as follows:

Name	Position	Nature of interests	Class of Shares	Number of Shares (Share)	Approximate percentage of total issued H Share capital (%)	Approximate percentage of total issued share capital (%)
Wang Hanjun	Executive Director and the General Manager	Personal interest	H Shares	48,000	0.01	0.004
Li Guoqing	Executive Director	Personal interest	H Shares	48,000	0.01	0.004

Note:

Mr. Wang Hanjun and Mr. Li Guoqing subscribed for 1,000,000 Domestic Shares, respectively, under a key employee stock ownership scheme on 29 December 2017.

Save as disclosed above, as at the Latest Practicable Date, none of the other Directors, Supervisors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO): (i) which were required to be notified to the Company and the Hong Kong Stock Exchange, pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

4. DIRECTORS' AND SUPERVISORS' INTEREST IN ASSETS AND/OR CONTRACTS

As at the Latest Practicable Date, none of the Directors or the Supervisors had any direct or indirect interest in any asset which had been, since 31 December 2017, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

As at the Latest Practicable Date, none of the Directors, Supervisors or their respective associates was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

5. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or the Supervisors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

6. DIRECTORS' AND SUPERVISORS' POSITIONS IN SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the following Directors and the Supervisors were in the employment of those companies which had interests or short positions in the Shares or underlying Shares of the Company which are required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Name of the Director/Supervisor	Position in the specific company
Shi Yubin	Deputy General Manager of Beijing Urban Construction Group Co., Ltd.
Tang Shuchang	Assistant to the General Manager of Beijing Urban Construction Group Co., Ltd.
Wu Donghui	Vice-chief economist of Beijing Urban Construction Group Co., Ltd.
Guan Jifa	Deputy general manager of Beijing Investment Company
Ren Yuhang	General manager of capital operation department and director of overseas corporation office of Beijing Investment Company
Yuan Guoyue	Head of sales and marketing department of Beijing Urban Construction Group Co., Ltd.
Nie Kun	Supervisor of Beijing Urban Construction Group Co., Ltd.
Chen Rui	Managing director of Beijing Jun Lian Capital Management Co., Ltd.

7. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited accounts of the Group were made up.

8. LITIGATIONS

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries had received any notice of any litigations or arbitration processes pending or threatened against the Company or any of its subsidiaries.

9. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given advice and recommendations which are contained in this circular:

Name	Qualification
Opus Capital	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Opus Capital had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

10. EXPERT'S INTERESTS

As at the Latest Practicable Date, Opus Capital:

- (a) did not have any direct or indirect interest in any assets acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2017, being the date to which the latest published audited accounts of the Group were made up; and
- (b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

11. MISCELLANEOUS

- (a) The Joint Company Secretaries of the Company are Mr. Xuan Wenchang and Ms. Kwong Yin Ping Yvonne. Ms. Kwong Yin Ping Yvonne is a member of the Hong Kong Institute of Chartered Secretaries.
- (b) The registered address of the Company is 5 Fuchengmen North Street, Xicheng District, Beijing, the PRC. The principal place of business of the Company in Hong Kong is at 40th Floor, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong.
- (c) The H Share Registrar of the Company is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Clifford Chance LLP at 27/F, Jardine House, Connaught Place, Hong Kong Special Administrative Region during normal business hours on any business days from the date of this circular up to and including 24 October 2018:

- (a) the Articles of Association;
- (b) the Integrated Services Framework Agreement signed by the parties upon approval by the Independent Shareholders at the EGM;
- (c) the letter from the Independent Board Committee as set out on pages 24 to 25 of this circular;
- (d) the letter from Opus Capital as set out on pages 26 to 46 of this circular; and
- (e) the written consent of Opus Capital referred to in the paragraph headed “Expert’s Qualification and Consent” above.

NOTICE OF THE 2018 SECOND EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF THE 2018 SECOND EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2018 Second Extraordinary General Meeting (the “**EGM**”) of Beijing Urban Construction Design & Development Group Co., Limited (the “**Company**”) will be held at Conference Room 501, 5/F, Block D, Hengtai Center, No. 18 Fengtai North Road, Fengtai District, Beijing, the PRC at 3:00 p.m. on Thursday, 25 October 2018, to consider and, if thought fit, approve the following resolutions:

SPECIAL RESOLUTIONS

1. To consider and approve the amendments to the articles of association of the Company; and
2. To consider and approve the general mandate to issue debt financing instruments.

ORDINARY RESOLUTION

3. To consider and approve the continuing connected transactions with Beijing Infrastructure Investment Co., Ltd.:

“**THAT**, the Integrated Services Framework Agreement to be executed by the Company and Beijing Infrastructure Investment Co., Ltd. and the annual caps for the continuing connected transactions contemplated thereunder for the three years ending 31 December 2021 are hereby approved and confirmed; and any one director of the Company is hereby authorized to sign or execute such other documents or supplemental agreements or deeds on behalf of the Company and to do all such things and take all such actions as he may consider necessary or desirable for the purpose of giving effect to the Integrated Services Framework Agreement with such changes as he may consider necessary, desirable or expedient.”

NOTICE OF THE 2018 SECOND EXTRAORDINARY GENERAL MEETING

By order of the Board

Beijing Urban Construction Design & Development Group Co., Limited

Shi Yubin

Chairman

Beijing, 7 September 2018

As at the date of this notice, the executive directors of the Company are Wang Hanjun and Li Guoqing; the non-executive directors of the Company are Shi Yubin, Tang Shuchang, Wu Donghui, Guan Jifa, Ren Yuhang, Su Bin, Yu Xiaojun and Ren Chong; and the independent non-executive directors of the Company are Wang Dexing, Yim Fung, Sun Maozhu, Liang Qinghuai and Qin Guisheng.

Notes:

1. The register of members of the Company will be closed from Monday, 24 September 2018 to Thursday, 25 October 2018, both days inclusive, during which period no transfer of shares will be registered. Holders of H shares and domestic shares whose names appeared on the register of members of the Company as at Thursday, 25 October 2018 shall be entitled to attend and vote at the EGM. Holders of H shares of the Company who intend to attend and vote at the EGM must lodge all transfer documents accompanied by the relevant H share certificates with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 21 September 2018 for registration.
2. A shareholder entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote in his stead. A proxy need not be a shareholder of the Company but must attend the EGM in person to represent the relevant shareholder.
3. The instrument appointing a proxy must be in writing under the hand of a shareholder or his attorney duly authorised in writing. If the shareholder is a corporation, the instrument must be executed either under its common seal or under the hand of its director(s) or duly authorised attorney. If the instrument is signed by an attorney of the shareholder, the power of attorney authorising that attorney to sign, or other documents of authorisation, must be notarised.
4. In order to be valid, the proxy form together with the notarised power of attorney or other documents of authorisation (if any) must be deposited at the secretariat of the board of directors of the Company at 12A, Block D, Hengtai Center, No. 18 Fengtai North Road, Fengtai District, Beijing, the PRC for holders of domestic shares and at the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for holders of H shares not less than 24 hours before the time stipulated for convening the EGM (or any adjournment thereof) (as the case may be). Completion and return of a proxy form will not preclude a shareholder from attending and voting in person at the EGM (or any adjournment thereof). If no direction is given, the proxy will be entitled to vote or abstain as he or she thinks fit.
5. The EGM is estimated to last for about half a day. Shareholders or their proxies who attend the EGM (or any adjournment thereof) shall bear their own travelling and accommodation expenses. Shareholders or their proxies shall produce their identity documents when attending the EGM (or any adjournment thereof).