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北京城建设计发展集团股份有限公司
BEIJING URBAN CONSTRUCTION DESIGN & DEVELOPMENT GROUP CO., LIMITED

Beijing Urban Construction Design & Development Group Co., Limited

北京城建设计发展集团股份有限公司

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

(Stock Code: 1599)

**CONNECTED TRANSACTION:
ESTABLISHMENT OF A JOINT VENTURE COMPANY**

The Board is pleased to announce that, on 29 March 2019, the Board considered and approved the resolution in relation to the Company's participation in the investment of PPP project of Shaoxing Urban Rail Transit Line 1, pursuant to which, among other things, the Company proposed to enter into a Joint Venture Agreement with Beijing Investment Company, Beijing Metro Vehicle Equipment Co., Ltd. ("**Beijing Vehicle Company**"), Beijing Municipal Road and Bridge Co., Ltd. ("**Road and Bridge Company**") and Shaoxing Rail Transit Group Co., Ltd. ("**Shaoxing Rail Group**") to jointly establish a Joint Venture Company to implement the Shaoxing Rail PPP Project.

According to the Joint Venture Agreement proposed to be entered into, the total contribution amount of the Joint Venture Company amounted to RMB7,881 million, among which, the Company, Beijing Investment Company, Beijing Vehicle Company, Road and Bridge Company and Shaoxing Rail Group will contribute RMB603 million, RMB2,793 million, RMB20 million, RMB603 million and RMB3,862 million and each of them will own 7.65%, 35.445%, 0.255%, 7.65% and 49% of the equity interest in the Joint Venture Company, respectively.

IMPLICATIONS OF THE LISTING RULES

As of the date of this announcement, the domestic shares and H shares of the Company held by Beijing Investment Company in aggregate accounted for 11.57% of the total issued Shares of the Company. Beijing Investment Company is one of the Substantial Shareholders of the Company, and constitutes a connected person under Chapter 14A of the Listing Rules. Beijing Vehicle Company is a subsidiary of Beijing Investment Company and constitutes a connected person of the Company under Chapter 14A of the Listing Rules. The transactions between Beijing Investment Company and/or its subsidiaries and the Company constitute connected transactions under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Joint Venture Agreement constitute the connected transactions of the Company.

As the highest applicable percentage ratio in respect of the relevant transactions contemplated under the Joint Venture Agreement exceeds 5%, the transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company expects to despatch a shareholders' circular on 24 April 2019 for Shareholders' consideration of the transactions to be contemplated.

INTRODUCTION

The Board is pleased to announce that, on 29 March 2019, the Board considered and approved the resolution in relation to the Company's participation in the investment of PPP project of Shaoxing Urban Rail Transit Line 1, pursuant to which, among other things, the Company proposed to enter into a Joint Venture Agreement with Beijing Investment Company, Beijing Vehicle Company, Road and Bridge Company and Shaoxing Rail Group to jointly establish a Joint Venture Company to implement the Shaoxing Rail PPP Project.

According to the Joint Venture Agreement, the total contribution amount of the Joint Venture Company amounted to RMB7,881 million, among which, the Company, Beijing Investment Company, Beijing Vehicle Company, Road and Bridge Company and Shaoxing Rail Group will contribute RMB603 million, RMB2,793 million, RMB20 million, RMB603 million and RMB3,862 million and each of them will own 7.65%, 35.445%, 0.255%, 7.65% and 49% of the equity interest in the Joint Venture Company, respectively.

THE JOINT VENTURE AGREEMENT TO BE ENTERED INTO

The principal terms of the Joint Venture Agreement proposed to be entered into among the Company, Beijing Investment Company, Beijing Vehicle Company, Road and Bridge Company and Shaoxing Rail Group are summarised as follows:

1. Parties

The Company;

Beijing Investment Company;

Beijing Vehicle Company;

Road and Bridge Company; and

Shaoxing Rail Group (as the representative of the government contribution party).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Road and Bridge Company and Shaoxing Rail Group and each of their ultimate beneficial owners are third parties independent of the Company and its connected persons.

2. Scope of Business

The scope of business of the Joint Venture Company mainly includes: construction and management of urban rail transit engineering, housing construction engineering, municipal public engineering, foundation and infrastructure engineering involved in Shaoxing Urban Rail Transit Line 1; construction, operation and management of parking lots along Shaoxing Urban Rail Transit Line 1; operation and management of Shaoxing Urban Rail Transit Line 1; comprehensive development, resource development and operation of lands along the Shaoxing Urban Rail Transit Line 1; construction management and asset management related to Shaoxing Urban Rail Transit Line 1 project (subject to the scope of business agreed by each shareholder and approval from the industrial and commercial registration authority).

3. Contribution Amount

Total contribution amount was RMB7,881 million, among which RMB5,000 million was included in the registered capital of the Joint Venture Company, and RMB2,881 million was included in the capital surplus of the Joint Venture Company.

The capital contributions to be made by the Company, Beijing Investment Company, Beijing Vehicle Company, Road and Bridge Company and Shaoxing Rail Group under the Joint Venture Agreement have been determined after arm's length negotiations among each party, with reference to the proposed capital requirement of the Shaoxing Rail PPP Project and the equity interest of each party in the Joint Venture Company. The capital contributions to be made by the Company under the Joint Venture Agreement are from its self-raised funds and part of its own funds. The Joint Venture Company has not been established as at the date of this announcement.

4. Shareholding Structure

- (1) RMB603 million to be contributed in cash by the Company, among which RMB383 million was included in the registered capital, and RMB220 million was included in the capital surplus, holding 7.65% equity interest in the Joint Venture Company;
- (2) RMB2,793 million to be contributed in cash by Beijing Investment Company, among which RMB1,772 million was included in the registered capital, and RMB1,021 million was included in the capital surplus, holding 35.445% equity interest in the Joint Venture Company;
- (3) RMB20 million to be contributed in cash by Beijing Vehicle Company, among which RMB13 million was included in the registered capital, and RMB7 million was included in the capital surplus, holding 0.255% equity interest in the Joint Venture Company;
- (4) RMB603 million to be contributed in cash by Road and Bridge Company, among which RMB383 million was included in the registered capital, and RMB220 million was included in the capital surplus, holding 7.65% equity interest in the Joint Venture Company; and
- (5) RMB3,862 million to be contributed in cash by Shaoxing Rail Group, among which RMB2,450 million was included in the registered capital, and RMB1,412 million was included in the capital surplus, holding 49% equity interest in the Joint Venture Company.

5. Profit Distribution

Shaoxing Rail Group does not participate in the profit distribution of the Joint Venture Company. The profit after tax of the Joint Venture Company after making up the losses and withdrawing the provident fund shall be distributed by the Company, Beijing Investment Company, Beijing Vehicle Company and Road and Bridge Company in proportion to their respective shareholding.

6. Structure of Organization

The board of directors of the Joint Venture Company consists of seven members, of which three directors will be recommended by Shaoxing Rail Group, Beijing Investment Company, Road and Bridge Company and the Company will recommend one director, respectively, and will be elected through the shareholder's meeting. Another employee representative director will be elected by the employees of the Joint Venture Company through the employee representative meeting, the employee meeting or other forms of democratic election. The board of directors of the Joint Venture Company shall consist of one chairman, who shall be elected by the board of directors. The term of office of a director is three years. A director may be re-elected upon the expiry of the term of office.

The board of supervisors of the Joint Venture Company consists of 3 supervisors, of which a supervisor will be recommended by Shaoxing Rail Group, a supervisor will be recommended by the Beijing Investment Company, respectively, and will be elected through the meeting of Shareholders. Another employee representative supervisor will be elected by the employees of the Joint Venture Company through the employee representative meeting, the employee meeting or other forms of democratic election. The board of supervisors of the Joint Venture Company shall consist of one chairman, who shall be elected by more than half of all the supervisors. The term of office of a supervisor is three years. A supervisor may be re-elected upon the expiry of the term of office.

7. Future Financing

Capital contributions beyond the total contribution amount will be principally financed by the Joint Venture Company. The Company, Beijing Investment Company, Beijing Vehicle Company and Road and Bridge Company shall organize and complete the project financing. Shaoxing Rail Group does not assume any liability arising from financing activities and guarantee. If Joint Venture Company fails to obtain sufficient debt funds required for the Shaoxing Rail PPP Project on time, which has or may affect the construction and operation of the project, the Company, Beijing Investment Company, Beijing Vehicle Company and Road and Bridge Company are obliged to adopt measures including guarantee, new issuance, borrowings from shareholders or other lawful means to ensure sufficient fund.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE JOINT VENTURE AGREEMENT

Shaoxing Rail PPP Project is conducive to facilitating the needs for the Company to enhance profitability, and is beneficial to the market expansion and integration of the industry chain of the Company.

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

INFORMATION ON THE SHAOXING RAIL PPP PROJECT

Shaoxing Rail PPP Project refers to the PPP project of the construction, operation management and transfer of the Shaoxing Urban Rail Transit Line 1. Shaoxing Urban Rail Transit Line 1 is an important channel connecting Hangzhou and Shaoxing, and runs through the Hangzhou-Shaoxing intercity line. The total length of the Shaoxing Rail PPP Project is 34.1 km.

According to the agreement of Shaoxing Rail PPP Project, the periods for construction and operation are 4 years and 26 years, respectively. The Joint Venture Company proposed to enter into the agreement of Shaoxing Rail PPP Project with relevant government authorities, according to which the Joint Venture Company will be authorized to manage and operate the Shaoxing Rail PPP Project.

INFORMATION ON THE PARTIES

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

Beijing Investment Company is a wholly state-owned enterprise established as a limited liability company, which is principally engaged in the investment and financing of the infrastructure of Beijing's rail transit, as well as its pre-establishment planning, capital management, and the exploitation and management of relative resources.

The principal business of Beijing Vehicle Company, a subsidiary of Beijing Investment Company, includes manufacture of urban rail transit vehicles, equipment and parts.

The principal business of Road and Bridge Company includes manufacture of building materials; EPC of highway construction; investment, development, operation, design and construction of infrastructure. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Road and Bridge Company and its beneficial owner are third parties independent of the Group and its connected persons.

The principal business of Shaoxing Rail Group includes development, operation and management of rail transit, as well as closed operation of land lots authorized by the municipal government. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Shaoxing Rail Group and its beneficial owner are third parties independent of the Group and its connected persons.

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As Mr. Guan Jifa serves as the deputy general manager of Beijing Investment Company and Mr. Ren Yuhang serves as the general manager of capital operation department and director of overseas corporation office of Beijing Investment Company, they are deemed to be materially interested in the Joint Venture Agreement, and therefore, they have 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.

DEFINITIONS

“Beijing Investment Company”	Beijing Infrastructure Investment Co., Ltd., a substantial shareholder of the Company
“Board”	the board of directors of the Company
“Company”	Beijing Urban Construction Design & Development Group Co., Limited (北京城建設計發展集團股份有限公司), a joint stock company with limited liability incorporated in the PRC, the H shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1599)
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Joint Venture Agreement”	the joint venture agreement proposed to be entered into among the Company, Beijing Investment Company, Beijing Vehicle Company, Road and Bridge Company and Shaoxing Rail Group for the establishment of the Joint Venture Company
“Joint Venture Company”	the project company of Shaoxing Rail PPP Project, a company with limited liability to be incorporated in the PRC by the Company, Beijing Investment Company, Beijing Vehicle Company, Road and Bridge Company and Shaoxing Rail Group pursuant to the Joint Venture Agreement to be entered into
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, shall exclude the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

- “Shaoxing Rail PPP Project” the PPP project of the construction, operation management and transfer of the Shaoxing Urban Rail Transit Line 1, which the Company, Beijing Investment Company, Beijing Vehicle Company, Road and Bridge Company, Shaoxing Rail Group and Shaoxing Rail Transit Construction Headquarters Office proposed to adopt a Public-Private-Partnership model. Shaoxing Urban Rail Transit Line 1 is an important channel connecting Hangzhou and Shaoxing, and runs through the Hangzhou-Shaoxing intercity line. The total length of the Shaoxing Rail PPP Project is 34.1 km
- “Shareholder(s)” holders of the Shares of the Company
- “Share(s)” H share(s) and domestic share(s) of the Company
- “subsidiary(ies)” shall have the meaning ascribed to it under the Listing Rules
- “Substantial Shareholder(s)” shall have the meaning ascribed to it under the Listing Rules

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

Beijing, 29 March 2019

As at the date of this announcement, the executive directors of the Company are Wang Hanjun and Li Guoqing; the non-executive directors of the Company are 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.