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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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 revised proxy form for the annual 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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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

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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)**

- (1) FINANCIAL REPORT FOR 2020**
  - (2) AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR OF 2020 AND ITS SUMMARY**
  - (3) 2020 PROFIT DISTRIBUTION PLAN AND DIVIDEND DECLARATION PROPOSAL**
  - (4) RE-APPOINTMENT OF AUDITORS FOR 2021 AND PAYMENT OF THE AUDITING SERVICE FEE FOR 2020**
  - (5) 2021 INVESTMENT PLAN**
  - (6) REPORT OF THE BOARD OF DIRECTORS FOR 2020**
  - (7) REPORT OF THE BOARD OF SUPERVISORS FOR 2020**
  - (8) PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR**
  - (9) PROPOSED CONTINUING CONNECTED TRANSACTIONS WITH BEIJING INVESTMENT COMPANY**
  - (10) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
  - (11) PROPOSED GENERAL MANDATE TO ISSUE ADDITIONAL DOMESTIC SHARES AND/OR H SHARES**
- AND**
- REVISED NOTICE OF THE 2020 ANNUAL GENERAL MEETING**

***INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT SHAREHOLDERS***

**MERDEKA 領智**

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The AGM of the Company is to be held at Conference Room, 5 Fuchengmen North Street, Xicheng District, Beijing, the PRC at 2:30 p.m. on Friday, 28 May 2021. A letter from the Board is set out on pages 4 to 6 of this circular. Notice convening the AGM is set out on pages 7 to 12 of this circular.

A letter from the Independent Board Committee containing their advice and recommendation to the Independent Shareholders is set out on pages 49 to 50 of this circular. A letter from Merdeka containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 51 to 75 of this circular.

If you intend to appoint a proxy to attend the AGM, you are required to complete and return the revised proxy form in accordance with the instructions printed thereon as soon as possible. For holders of H Shares, the revised 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 AGM or any adjourned meeting thereof. Completion and return of the revised proxy form will not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof if you so wish.

7 May 2021

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## CONTENT

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	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	4
<b>REVISED NOTICE OF THE 2020 ANNUAL GENERAL MEETING</b> .....	7
<b>APPENDIX I – BUSINESS OF THE 2020 ANNUAL GENERAL MEETING</b> .....	13
<b>APPENDIX II – FINANCIAL REPORT FOR 2020</b> .....	33
<b>APPENDIX III – 2021 INVESTMENT PLAN</b> .....	39
<b>APPENDIX IV – REPORT OF THE BOARD OF SUPERVISORS FOR 2020</b> .....	47
<b>APPENDIX V – LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	49
<b>APPENDIX VI – LETTER FROM MERDEKA</b> .....	51
<b>APPENDIX VII – GENERAL INFORMATION</b> .....	76

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## DEFINITIONS

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

“AGM”	the 2020 annual general meeting of the Company to be convened on Friday, 28 May 2021
“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” or “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 PRC (《中華人民共和國公司法》), as enacted and adopted by the Standing Committee of the Eighth National People’s Congress on 29 December 1993 and effective on 1 July 1994, as the same may be amended, supplemented and otherwise modified from time to time
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and which are currently not listed or traded on any stock exchange

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## DEFINITIONS

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“Domestic Shareholder(s)”	holder(s) of Domestic Shares
“Group”	the Company and its subsidiaries
“H Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
“H Shareholder(s)”	holder(s) of H Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 Guofeng, Mr. Ma Xufei, 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 New Integrated Services Framework Agreement proposed to be entered into and the proposed annual caps of the continuing connected transactions contemplated thereunder for the three financial years ending 31 December 2023
“Independent Financial Adviser” or “Merdeka”	Merdeka Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and Independent Shareholders in relation to the provision of services (such as construction survey, design and consultancy services as well as construction contracting services) by the Group to Beijing Investment (together with its subsidiaries and/or its associates) under the New Integrated Services Framework Agreement and the proposed annual caps for the three financial years ending 31 December 2023

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## DEFINITIONS

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“Independent Shareholders”	Shareholders other than those required by the Listing Rules to abstain from voting on the resolution to be proposed at the annual general meeting in relation to the entering into of the New Integrated Services Framework Agreement and the proposed annual caps for the continuing connected transactions contemplated thereunder
“Integrated Services Framework Agreement”	the integrated services framework agreement entered into by the Company and Beijing Investment Company on 15 August 2018, effective from 1 January 2019 to 31 December 2021
“Latest Practicable Date”	3 May 2021, 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
“MTR Construction”	Beijing MTR Construction Administration Corporation
“New Integrated Services Framework Agreement”	the new integrated services framework agreement entered into by the Company and Beijing Investment Company, effective from 1 January 2021 to 31 December 2023
“PRC” or “China”	the People’s Republic of China which, for the purpose of this circular only, shall exclude the 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 Share(s) of the Company
“subsidiary(ies)”	shall have the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	supervisor(s) of the Company
“Year”	the year ended 31 December 2020

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## LETTER FROM THE BOARD

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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)**

**Members of the Board:**

*Executive Directors:*

Wang Hanjun

Li Guoqing

*Non-executive Directors:*

Pei Hongwei (*Chairman*)

Tang Shuchang

Wu Donghui

Guan Jifa

Ren Yuhang

Su Bin

Wang Tao

Ren Chong

**Registered office:**

5 Fuchengmen North Street

Xicheng District

Beijing

PRC

**Principal place of business**

**in Hong Kong:**

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai

Hong Kong

*Independent non-executive Directors:*

Wang Guofeng

Ma Xufei

Sun Maozhu

Liang Qinghuai

Qin Guisheng

7 May 2021

*To the Shareholders:*

- (1) FINANCIAL REPORT FOR 2020
  - (2) AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR OF 2020 AND ITS SUMMARY
  - (3) 2020 PROFIT DISTRIBUTION PLAN AND DIVIDEND DECLARATION PROPOSAL
  - (4) RE-APPOINTMENT OF AUDITORS FOR 2021 AND PAYMENT OF THE AUDITING SERVICE FEE FOR 2020
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  - (10) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
  - (11) PROPOSED GENERAL MANDATE TO ISSUE ADDITIONAL DOMESTIC SHARES AND/OR H SHARES
- AND
- REVISED NOTICE OF THE 2020 ANNUAL GENERAL MEETING**

### I. INTRODUCTION

On behalf of the Board, I invite you to attend the AGM to be held at Conference Room, 5 Fuchengmen North Street, Xicheng District, Beijing, the PRC at 2:30 p.m. on Friday, 28 May 2021.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with the revised notice of the AGM and the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the AGM and the Class Meetings.

### II. BUSINESSES TO BE TRANSACTED AT THE AGM

The businesses to be transacted at the AGM is specified in the revised notice of the AGM, and such notice is set out on pages 7 to 12 of this circular.

The resolutions to be proposed by way of ordinary resolutions at the AGM include: resolutions on (1) financial report for 2020; (2) audited consolidated financial statements for the year of 2020 and its summary; (3) 2020 profit distribution plan and dividend declaration proposal; (4) re-appointment of auditors for 2021 and payment of the auditing service fee for 2020; (5) 2021 investment plan; (6) report of the Board of Directors for 2020; (7) report of the Board of Supervisors for 2020; (8) proposed appointment of non-executive director; and (9) proposed continuing connected transactions with Beijing Investment Company.

The resolutions to be proposed by way of special resolutions at the AGM are: (10) proposed amendments to the Articles of Association and (11) proposal on granting the Board a general mandate to issue additional Domestic Shares and/or H Shares.

In order to enable you to have a better understanding of the resolutions to be proposed at the AGM and to make decisions upon obtaining sufficient and necessary information, we have provided detailed information in relation to the resolutions to be proposed at the AGM in Appendix I to this circular to the Shareholders.

### III. OTHER INFORMATION

Please pay attention to the other information set out in Appendices I to VII of this circular.

### IV. AGM

The AGM will be held at Conference Room, 5 Fuchengmen North Street, Xicheng District, Beijing, the PRC at 2:30 p.m. on Friday, 28 May 2021, to consider and approve the matters set out in the revised notice of the AGM dated 7 May 2021. Notice convening the AGM is set out on pages 7 to 12 in this circular.

If you intend to appoint a proxy to attend the AGM, 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 AGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof if you so wish.

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## LETTER FROM THE BOARD

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### V. BOOK CLOSURE PERIOD

In order to determine the list of Shareholders who will be entitled to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 25 May 2021 to Friday, 28 May 2021, both days inclusive, during which period no transfer of Shares will be registered.

For the identification of Shareholders who are qualified to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged 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 (for H Shareholders), or the registered office of the Company (for Domestic Shareholders), for registration not later than 4:30 p.m. on Monday, 24 May 2021. Shareholders whose names appear on the register of members of the Company on Friday, 28 May 2021 will be entitled to attend and vote at the AGM.

### VI. VOTING BY WAY OF POLL

According to Rule 13.39(4) of the Listing Rules and the Articles of Association, the resolutions set out in the revised notice of the AGM will be voted on by way of poll. Results of the poll voting will be posted on the website of the Company at [www.bju.cd.com](http://www.bju.cd.com) and the HKExnews website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) upon the conclusion of the AGM.

### VII. RECOMMENDATIONS

The Directors (including independent non-executive Directors) are of the view that all resolutions to be proposed for consideration at the AGM are in the interest of the Company and its Shareholders as a whole. Therefore, the Directors recommend Shareholders to vote in favour of relevant resolutions set out in the relevant notice to be proposed at the AGM.

Yours faithfully,

By order of the Board

**Beijing Urban Construction Design & Development Group Co., Limited**

**Pei Hongwei**

*Chairman*

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## REVISED NOTICE OF THE 2020 ANNUAL GENERAL MEETING

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*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.*



**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)**

### REVISED NOTICE OF THE 2020 ANNUAL GENERAL MEETING

**REVISED NOTICE IS HEREBY GIVEN** that the 2020 Annual General Meeting (the “AGM”) of Beijing Urban Construction Design & Development Group Co., Limited (the “Company”) will be held at Conference Room, 5 Fuchengmen North Street, Xicheng District, Beijing, the PRC at 2:30 p.m. on Friday, 28 May 2021, to consider and, if thought fit, approve the following resolutions:

#### ORDINARY RESOLUTIONS

1. To consider and approve the Financial Report for 2020;
2. To consider and approve the Audited Consolidated Financial Statements for the Year of 2020 and its Summary;
3. To consider and approve the 2020 Profit Distribution Plan and Dividend Declaration Proposal;
4. To consider and approve the Re-appointment of Auditors for 2021 and Payment of the Auditing Service Fee for 2020;
5. To consider and approve the 2021 Investment Plan;
6. To consider and approve the Report of the Board of Directors for 2020;
7. To consider and approve the Report of the Board of Supervisors for 2020;
8. To consider and approve the Appointment of Ms. Shi Huaxin as a non-executive Director;

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## REVISED NOTICE OF THE 2020 ANNUAL GENERAL MEETING

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

“**THAT**, the New 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 2023 are hereby approved and confirmed; and any executive 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 New Integrated Services Framework Agreement with such changes as he may consider necessary, desirable or expedient”;

### SPECIAL RESOLUTIONS

10. To consider and approve the amendments to the Articles of Association of Beijing Urban Construction Design & Development Group Co., Limited; and
11. To consider and approve the Resolution on Authorising the Board a General Mandate to Issue Additional Domestic Shares and/or H Shares:

“**THAT:**

- (a) Subject to the following conditions, an unconditional and general mandate be hereby granted to the Board (or Director(s) authorised by the Board) to issue, allot and deal with the additional Domestic Shares and/or H Shares in the Company’s Share capital and to make or grant offers, agreements, or options in relation to such Shares:
- (i) Except that the Board may make or grant offers, agreements, or options during the Relevant Period and such offers, agreements, or options might require further action or exercise after the end of the Relevant Period, the period of such mandate shall not exceed the Relevant Period;
- (ii) The total number of Domestic Shares and/or H Shares allotted or conditionally or unconditionally agreed to be allotted (whether allotted pursuant to the options or otherwise) under the approval of the Board shall not exceed 20% of each of Domestic Shares and H Shares of the Company in issue on the date of passing the relevant resolutions by the Shareholders’ general meeting; and

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## REVISED NOTICE OF THE 2020 ANNUAL GENERAL MEETING

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- (iii) The Board (or Director(s) authorised by the Board) will exercise the power under the above mandate only under the circumstances where it is in compliance with the Company Law of the People’s Republic of China and the Listing Rules (both as amended from time to time) and obtain the approval from the China Securities Regulatory Commission and/or other related Chinese government authorities.
  
- (b) For the purpose of this resolution:  
  
“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of the followings:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of 12-month period after the passing of this resolution; or
  - (iii) the date on which the mandate granted under this resolution is revoked or varied by a special resolution at a shareholders’ general meeting.
  
- (c) To authorise the Board (or Director(s) authorised by the Board) to formulate and implement detailed issuance plan which includes, without limitation, the pricing mechanism and/or the issue price (including a price range), the number of shares to be issued, the target subscribers and the use of proceeds; to determine the issue timing and issue period, and to decide whether to place to existing shareholders or not when exercising the above-mentioned general mandate.
  
- (d) To authorise the Board (or Director(s) authorised by the Board) to engage intermediaries in connection with the issue and to approve and execute all actions, deeds, documents and such other matters that are necessary, appropriate, expedient or relevant to the issue; to consider, approve and execute agreements relating to the issue on behalf of the Company, including but not limited to placing and underwriting agreements, engagement agreements with intermediaries.
  
- (e) To authorise the Board (or Director(s) authorised by the Board) to consider, approve and execute, on behalf of the Company, the applications and documents relating to the issue to be submitted to relevant regulatory authorities; to fulfill relevant approval procedures in accordance with the requirements of regulatory authorities and requirements at the places where the Company is listed, and to handle all necessary record, registration and filing procedures at related government authorities in China, Hong Kong and/or any other regions and jurisdictions (if applicable).

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## REVISED NOTICE OF THE 2020 ANNUAL GENERAL MEETING

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- (f) To authorise the Board (or Director(s) authorised by the Board) to make amendments to the relevant agreements and legal documents mentioned in (d) and (e) above in accordance with the requirements of domestic and foreign regulatory authorities.
  
- (g) To authorise the Board (or Director(s) authorised by the Board) to approve the Company to increase its registered capital correspondingly after the issue based on the Domestic Shares and/or H Shares in issue and to make relevant amendments as it thinks fit to the Articles of Association of the Company to reflect corresponding changes in the Company's registered capital, total Share capital and shareholding structure.

By order of the Board

**Beijing Urban Construction Design & Development Group Co., Limited**

**Pei Hongwei**

*Chairman*

Beijing, 7 May 2021

*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 Pei Hongwei, Tang Shuchang, Wu Donghui, Guan Jifa, Ren Yuhang, Su Bin, Wang Tao and Ren Chong; and the independent non-executive directors of the Company are Wang Guofeng, Ma Xufei, Sun Maozhu, Liang Qinghuai and Qin Guisheng.*

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## REVISED NOTICE OF THE 2020 ANNUAL GENERAL MEETING

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*Notes:*

1. The register of members of the Company will be closed from Tuesday, 25 May 2021 to Friday, 28 May 2021, both days inclusive, during which period no transfer of H Shares will be registered. Holders of H Shares and Domestic Shares whose names appeared on the register of members of the Company on Friday, 28 May 2021 shall be entitled to attend and vote at the AGM. Holders of H Shares of the Company who intend to attend and vote at the AGM 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 Monday, 24 May 2021 for registration.
2. The register of members of the Company will be closed from Sunday, 6 June 2021 to Friday, 11 June 2021, both days inclusive, during which period no transfer of H Shares will be registered. Holders of H Shares and Domestic Shares whose names appeared on the register of members of the Company on Friday, 11 June 2021 shall be entitled to receive the final dividend of the Company for 2020 (subject to Shareholders' approval at the AGM). Holders of H Shares of the Company who intend to receive the final dividend of the Company for 2020 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, 4 June 2021 for registration.
3. A Shareholder entitled to attend and vote at the AGM 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 AGM in person to represent the relevant Shareholder.
4. 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.
5. In order to be valid, the revised proxy form published on 7 May 2021 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 5 Fuchengmen North Street, Xicheng 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 AGM (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 AGM (or any adjournment thereof). If no direction is given, the proxy will be entitled to vote or abstain as he or she thinks fit.
6. The AGM is estimated to last for about half a day. Shareholders or their proxies who attend the AGM (and any adjournment thereof) shall bear their own travelling and accommodation expenses. Shareholders or their proxies shall produce their identity documents when attending the AGM (and any adjournment thereof).
7. A Shareholder who has not yet lodged the proxy form dispatched on 28 April 2021 (the "**Original Proxy Form**") in accordance with the instructions printed thereon is requested to lodge the revised proxy form if he or she wishes to appoint proxies to attend the AGM on his or her behalf. In this case, the Original Proxy Form should not be lodged.
8. A Shareholder who has already lodged the Original Proxy Form in accordance with the instructions printed thereon should note that:
  - (i) If no revised proxy form is lodged in accordance with the instructions printed hereon, the Original Proxy Form will be treated as a valid proxy form lodged by the Shareholder if duly completed. The proxy appointed under the Original Proxy Form will also be entitled to vote in accordance with the instructions previously given by the Shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the AGM, including the additional proposed resolutions as set out in the revised notice of AGM.

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## REVISED NOTICE OF THE 2020 ANNUAL GENERAL MEETING

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- (ii) If the revised proxy form is lodged in accordance with the instructions printed hereon at or before 2:30 p.m. on Thursday, 27 May 2021, the revised proxy form will be treated as a valid proxy form lodged by the Shareholder if duly completed.
  - (iii) If the revised proxy form is lodged after the closing time set out in the revised notice of AGM, the revised proxy form will be deemed invalid. The Original Proxy Form previously lodged by the Shareholder will not be revoked. The Original Proxy Form will be treated as a valid proxy form if duly completed. The proxy appointed under the Original Proxy Form will also be entitled to vote in accordance with the instructions previously given by the Shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the AGM (including the additional proposed resolutions as set out in the revised notice of AGM).
9. Shareholders are reminded that the completion and return of the revised proxy form will not preclude them from attending and voting in person at the AGM or any adjournment thereof.

**(1) FINANCIAL REPORT FOR 2020**

On 26 March 2021, the Financial Report for 2020 of the Company (see Appendix II to this circular for details) was considered and passed at the meeting of the Board, and is hereby proposed to the AGM for consideration and approval by way of ordinary resolution.

**(2) AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR OF 2020 AND ITS SUMMARY**

The audited consolidated financial statements and its summary for the year ended 31 December 2020 of the Company are set out in the 2020 Annual Report of the Company. On 26 March 2021, the resolution relating to the audited consolidated financial statements and its summary for the year ended 31 December 2020 was considered and passed at the meeting of the Board, and is hereby proposed to the AGM for consideration and approval by way of ordinary resolution.

**(3) 2020 PROFIT DISTRIBUTION PLAN AND DIVIDEND DECLARATION PROPOSAL**

According to the International Financial Reporting Standards, the net profit attributable to the Shareholders of the Company in 2020 was RMB786,534,387.38. After the appropriations to the statutory surplus reserve according to the requirement of relevant law, the proposed profit distribution plan for 2020 of the Company may proceed by distributing dividends of RMB0.1568 (including tax) per Share in cash on the base of the total Share capital of 1,348,670,000 Shares as at 31 December 2020, which will result in approximately RMB211,471,456.00 of profit distributed in total, representing approximately 30% of the distributable profits in 2020.

On 26 March 2021, the resolution was considered and passed at the meeting of the Board, which is hereby proposed to the AGM for consideration and approval by way of ordinary resolution.

To determine the list of the Shareholders entitled to receive the dividend, the register of H Shares of the Company will be closed from Sunday, 6 June 2021 to Friday, 11 June 2021, both days inclusive. Holders of H Shares and Domestic Shares whose names appear on the register of members of the Company as at Friday, 11 June 2021 will be entitled to receive the final dividend of the Company for 2020 (subject to Shareholders' approval at the AGM). The dividends shall be paid to the Shareholders within three months after being approved at the AGM.

According to Article 163 of the Articles of Association, the Company declares dividends denominated in RMB to Shareholders. Dividends declared to holders of Domestic Shares shall be paid in RMB within three months after the date when the dividends are declared, and dividends declared to holders of H Shares shall be paid in Hong Kong dollars within three months after the date when the dividends are declared. This Hong Kong dollars value shall be converted based on the average closing price of RMB against Hong Kong dollars announced by the People's Bank of China five working days before the date when the dividend is declared as to be approved by the AGM.

**(4) RE-APPOINTMENT OF AUDITORS FOR 2021 AND PAYMENT OF THE AUDITING SERVICE FEE FOR 2020**

The aggregated expenses relating to the auditing services and other related services conducted and provided by Ernst & Young engaged by the Company in 2020 were RMB3.38 million, which included the payments of RMB2.55 million and RMB0.83 million respectively incurred in auditing the annual financial statements of 2020 and reviewing the interim financial statements of 2020.

The Board has proposed to re-appoint Ernst & Young as the external auditors of the Company for 2021 to audit the annual financial statements of 2021 prepared by the Company in accordance with the International Accounting Standards, and to review the interim financial statements of the Company for the six months ending 30 June 2021 in compliance with the International Accounting Standards.

On 26 March 2021, the resolution was considered and passed at the meeting of the Board, which is hereby proposed to the AGM for consideration and approval by way of ordinary resolution.

**(5) 2021 INVESTMENT PLAN**

The Company plans to complete investment of RMB3.915 billion for the year 2021 and has prepared the 2021 Investment Plan (see Appendix III to this circular for details). On 26 March 2021, the resolution was considered and passed at the meeting of the Board, which is hereby proposed to the AGM for consideration and approval by way of ordinary resolution.

**(6) REPORT OF THE BOARD OF DIRECTORS FOR 2020**

Please refer to the relevant sections of the Company's 2020 Annual Report for the main contents of the Report of the Board of Directors for 2020. On 26 March 2021, the resolution was considered and passed at the meeting of the Board, which is hereby proposed to the AGM for consideration and approval by way of ordinary resolution.

**(7) REPORT OF THE BOARD OF SUPERVISORS FOR 2020**

The Board of Supervisors has prepared the Report of the Board of Supervisors for 2020 (see Appendix IV to this circular for details) as required by the Company Law and the Articles of Association. On 26 March 2021, the resolution was considered and passed at the meeting of the Board of Supervisors, which is hereby proposed to the AGM for consideration and approval by way of ordinary resolution.

**(8) PROPOSED APPOINTMENT OF MS. SHI HUAXIN AS A NON-EXECUTIVE DIRECTOR**

Reference is made to the announcement of the Company dated 10 March 2021 in relation to, among other things, the resignation of Director. Mr. Tang Shuchang tendered his resignation as a non-executive Director of the Company on 10 March 2021, with effect from the date of approval of the new appointment of non-executive Director at the AGM, due to change of job assignment. The Board resolved on 10 March 2021 to propose the appointment of Ms. Shi Huaxin (“**Ms. Shi**”) as a non-executive Director of the second session of the Board.

In accordance with the Articles of Association, the proposed appointment of Ms. Shi is subject to the approval of the Shareholders at the general meeting of the Company. Relevant proposal will be put forward at the AGM for Shareholders’ consideration and approval by way of an ordinary resolution.

Biographical details of Ms. Shi are set out below:

**Ms. Shi Huaxin**, aged 41, is currently the head of the capital operation department of Beijing Urban Construction Group Co., Ltd.. Ms. Shi was a staff member of the human resources department of the engineering general contracting department of Beijing Urban Construction Group Co., Ltd. from July 2004 to July 2006. From July 2006 to May 2017, she successively served as the deputy director, director, assistant to manager and deputy manager of the general office of the engineering general contracting department of Beijing Urban Construction Group Co., Ltd.. From May 2017 to June 2020, she served as the director of the manager office of Beijing Urban Construction Group Co., Ltd.. Since June 2020, she has been the head of the capital operation department of Beijing Urban Construction Group Co., Ltd.. Ms. Shi studied labor economics at Henan University of Finance and Economics from September 1997 to June 2001 and obtained a bachelor’s degree in economics. She studied labor economics at Nankai University from September 2001 to June 2004 and obtained a master’s degree in economics. She was accredited as a senior economist by Beijing Senior Specialised Technique Qualification Evaluation Committee in September 2015.

Save as disclosed above, Ms. Shi did not hold any directorship in other listed companies, or any other position in the Company and its subsidiaries in the last three years. Ms. Shi does not have any relationship with any Directors, senior management, substantial or controlling Shareholders of the Company. As of the Latest Practicable Date, Ms. Shi does not have any interest in the Shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Upon the appointment of Ms. Shi as a non-executive Director of the Company being approved by the Shareholders at the AGM, the Company will enter into a service contract with Ms. Shi in accordance with applicable Chinese laws and regulations. The term of office of Ms. Shi is for a term starting from the date of approval by the Shareholders at the general meeting of the Company to the expiry date of the term of office of the members of the current Board. Ms. Shi will not receive any Director’s fees for acting as a non-executive Director.

Save as disclosed above, there is no other information relating to the appointment of Ms. Shi which is required to be disclosed pursuant to Rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited nor are there any other matters that need to be brought to the attention of the Shareholders.

## **(9) PROPOSED CONTINUING CONNECTED TRANSACTIONS WITH BEIJING INVESTMENT COMPANY**

### **1. Background**

References are made to the announcement and circular of the Company dated 15 August 2018 and 9 October 2018, respectively. The Group entered into a continuing connected 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. A merger and restructuring was conducted between Beijing Investment and MTR Construction on 4 August 2020. Following the merger and restructuring, Beijing Investment remains to be a connected person of the Company and the transaction between the former MTR Construction and the Company constitutes a connected transaction between the Company and Beijing Investment. The Company is required to adjust the cap of its continuing connected transaction with Beijing Investment pursuant to the Listing Rules. Accordingly, the Company entered into the New Integrated Services Framework Agreement with Beijing Investment for a term of three years from 1 January 2021 to 31 December 2023. The Company has also set the annual caps for the continuing connected transactions contemplated thereunder for each of three financial years ending 31 December 2023.

### **2. New Integrated Services Framework Agreement**

The Company entered into the New Integrated Services Framework Agreement with Beijing Investment for a term of three years from 1 January 2021 to 31 December 2023. The Company has also set the annual caps for the continuing connected transactions contemplated thereunder for each of the three financial years ending 31 December 2023, the principal terms of which are set out as follows:

**Parties to the agreement:** The Company  
Beijing Investment Company

**Term of the agreement:** From 1 January 2021 to 31 December 2023

- Scope of service:** The Group will provide Beijing Investment, its subsidiaries and/or its associates with services such as construction survey, design and consultancy as well as construction contracting services;
- Transaction principles:**
- (1) Both parties are entitled to choose the counterparties of the transaction.
  - (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:**
- Pursuant to the New Integrated Services Framework Agreement, the terms of the agreement for the Group to provide services such as construction survey, design and consultancy as well as construction contracting services to Beijing Investment, its subsidiaries and/or its associates shall not be better than the terms of the agreement for the Group to provide similar services to independent third parties, and the price for services provided by one party to the other party shall be determined at the following principles:
- (1) Where there is government-prescribed price, the government-prescribed price shall be executed (the government-prescribed price refers to the price determined for certain type of services according to the laws, regulations, decisions or orders formulated by the Chinese central government, provincial government or other regulatory authorities);
  - (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 price determined for certain type of services according to the laws, regulations, decisions and orders formulated by the Chinese central government, provincial government or other regulatory authorities, which within a certain range, can be adjusted through negotiations between both parties to the transaction. In particular, in terms of project contracting services, the Beijing Municipal Commission of Housing and Urban-Rural Development issued the “Beijing Construction Project Pricing Basis-Urban Rail Transit Project Budget Quota” to provide pricing reference for the construction projects in Beijing);

- (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.

The “market price” shall be determined in the following order: (1) the price charged by independent third parties who offer the same type of services under normal commercial terms in the ordinary and usual course of business at or near the area where such services are provided with reference to at least two independent third parties who provide the same or similar type of services under same conditions; or (2) if the above 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

- (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 project cost and price with reference to the calculation methods described in the relevant charging guidelines issued by the government or industry associations. The prices, methods and calculations prescribed by industry associations and competent authorities are for reference only, and the parties do not have to apply such prices, methods and calculations when deciding on the agreed price. As far as construction contracting services concerned, the “Guiding Opinions on Charges for Urban Rail Transit Preliminary Consulting Work” issued by China Association of Metros will be used as a reference. To ensure that the price is fair and reasonable, the Company will consider a number of factors, including project size, technical difficulty, labor costs and prices of similar types of projects. Generally, the quotation should not be lower than the estimated cost plus reasonable profit).

**Payment arrangement:** 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 New Integrated Services Framework Agreement.

**Implementation of agreements:**

- (1) Both parties may enter into specific service contracts in accordance with the New 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 New Integrated Services Framework Agreement, and all specific service contracts shall not violate the provisions of the New Integrated Services Framework Agreement.
- (2) The principles and conditions stipulated in the New Integrated Services Framework Agreement shall apply to the specific service contracts which have been entered into when the New 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 and other matters of the contracts according to the actual situation and needs from time to time.

### 3. The proposed annual caps for the financial years ending 31 December 2023

#### 3.1 Historical transaction amounts

The table below sets out the historical transaction amounts of the construction survey, design and consultancy as well as construction contracting services provided by the Group to Beijing Investment, its subsidiaries and/or its associates for the financial year ended 31 December 2019 and the financial year ended 31 December 2020:

	<b>Approximate historical transaction amounts for the</b>	
	<b>year ended 31 December 2019</b> <i>(RMB hundred million)</i>	<b>year ended 31 December 2020</b> <i>(RMB hundred million)</i>
Revenue generated by the Group from providing construction survey, design and consultancy services to Beijing Investment, its subsidiaries and/or associates	1.2	1.75
Revenue generated by the Group from providing construction contracting services to Beijing Investment, its subsidiaries and/or associates	3.69	4.76

#### 3.2 Proposed annual caps for the three financial years ending 31 December 2023

The Company estimates that the annual caps for the construction survey, design and consultancy as well as construction contracting services provided by the Group to Beijing Investment, its subsidiaries and/or its associates for the three financial years ending 31 December 2023 are as follows:

	<b>Proposed annual caps for the three financial years ending</b>		
	<b>31 December 2021</b> <i>(RMB hundred million)</i>	<b>31 December 2022</b> <i>(RMB hundred million)</i>	<b>31 December 2023</b> <i>(RMB hundred million)</i>
Revenue to be generated by the Group from providing construction survey, design and consultancy services to Beijing Investment, its subsidiaries and/or associates	17	18.7	20.57
Revenue to be generated by the Group from providing construction contracting services to Beijing Investment, its subsidiaries and/or associates	21.5	23.65	26.015

### 3.3 Basis of determination of the proposed annual caps

#### 3.3.1. Revenue

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, its subsidiaries and/or associates under the New Integrated Services Framework Agreement for the three financial years ending 31 December 2023, the Company has made reference to the historical transaction figures as listed above and considered, among other things, the following key factors:

1. The Group will provide Beijing Investment, its subsidiaries and/or its associates with construction survey, design and consultancy services

The table below sets out the projects that the Company can obtain through tender and the revenue to be generated from such projects:

Service type	Specific services	Estimated income (RMB million)		
		As of 31 December 2021	As of 31 December 2022	As of 31 December 2023
Urban rail transit survey and measurement projects	Urban Rail Transit Line L1 and Line L2 Survey and Measurement Project	0	12	25
	Urban Rail Transit Line 13 Survey and Measurement Project	11	17	11
	Urban Rail Transit Line 22 Survey, Measurement and Monitoring Project	19	15	9
	Other projects (including the Urban Rail Transit Line 28 Monitoring Project, the Real Estate Construction Survey Project of Beijing Investment and the Road and Tunnel Survey Project of Beijing Investment)	67	56	65
Urban rail transit design business	The underground utility tunnel engineering design of Beijing Rail Transit Line 3 (Dongba Zhonglu Stop)	4	3	0
	The underground utility tunnel (phase I) engineering design of Beijing Rail Transit Line 8 (Wangfujing Stop)	3	2	0

Service type	Specific services	Estimated income (RMB million)		
		As of 31 December 2021	As of 31 December 2022	As of 31 December 2023
	The contract phase 07 of the worksite design project of Beijing Rail Transit Line 9	10	0	0
	The contract phase 11 of the first-stage engineering design of Beijing New Airport Express	8	0	0
	Projects that may be commenced in the construction planning scheme for phase III of Beijing Rail Transit, including Tongzhou Line 101, phase I of Line R4, M19 south extension, M19 north extension, phase I of Line 11, Line 6 south extension, Line 17 branch line and others	1,371	500	200
	Other projects	177	160	86
Urban rail transit consultancy business	The feasibility study report on the underground utility tunnel engineering design of Beijing Rail Transit Line 3 (Dongba Zhonglu Stop)	0.25	0	0
	The preparation of the feasibility study report on the underground utility tunnel (phase I) engineering design of Beijing Rail Transit Line 8 (Wangfujing Stop),	0.1	0	0
	The research on the operation and maintenance monitoring system and key technologies of Beijing utility tunnel	0.5	0	0
	The research on the management mechanism and key technologies of collaborative construction of urban utility and rail transit	0.39	0	0
	Other projects	0.75	0	0

When estimating the annual caps for the revenue to be generated by the Group from providing construction contracting services to Beijing Investment, its subsidiaries and/or associates under the New Integrated Services Framework Agreement for the three financial years ending 31 December 2023, the Company has made reference to the historical transaction figures as listed above and considered, among other things, the following key factors:

- The Group will provide Beijing Investment, its subsidiaries and/or its associates with construction contracting services

The table below sets out the relevant projects of the Company and the revenue to be generated from such projects:

Service type	Specific services	Estimated income (RMB million)		
		As of 31 December 2021	As of 31 December 2022	As of 31 December 2023
Subway engineering projects under construction	Beijing Rail Transit Line 11	145	30	30
	Beijing Rail Transit Line 12	218	120	120
	Beijing Rail Transit Line 14	100	55	55
	Beijing Rail Transit Line 16	25	12	12
	Beijing Rail Transit Line 17	28	10	10
	New Airport Express Project	200	290	290
	Urumqi Metro Line 2 Project	100	47	47
Projects to be further settled	Beijing Rail Transit Yanfang Line Project	50	50	27
	Beijing Rail Transit Line 7 (East Extension) Project	6	4	4
	Beijing Rail Transit Line 8 (Phase III) Project	15	12	6
	Haidian District Yuyuantan Township F1, F2 public mixed residence project	10	0	0
Newly won bid projects	The capacity expansion of Beijing Rail Transit Line 13,	70	200	200
	Beijing Rail Transit Line 22 (Pinggu Line)	180	520	520
	Bid 19 integration construction of Beijing Rail Transit Line 17	200	200	0
	Other projects	500	600	700
Industrialisation business	Shaoxing Metro Line 1 system integration project	240	0	0
	Other projects	0	200	200

### 3. Other determination criteria

In view of the coordinated development of “Beijing-Tianjin-Hebei Integration”, the development and upgrade of the national businesses of Beijing Investment, its subsidiaries and/or its associates, etc. and taking into account the business growth of the Company over the years, 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 2022 based on the estimated annual cap for the year ending 31 December 2021 and a buffer of 10% increase for the year ending 31 December 2023 based on the estimated annual cap for the year ending 31 December 2022 in its estimate of the annual cap for the revenue from providing construction survey, design and consultancy services and construction contracting services to Beijing Investment, its subsidiaries and/or associates.

During the period of “14th Five-Year Plan”, a key mission of expediting the development of a world-leading strong transport network will be fully implemented. The Beijing-Tianjin-Hebei region, as a key development area in the “14th Five-Year Plan”, will make greater efforts to promote the integration of regional transportation, build a comprehensive transportation system and establish green transportation. In order to achieve the goals of the 14th Five-Year Plan of Beijing-Tianjin-Hebei, a large number of projects are expected to come. As the principal activities of the Company fit well with the rail transit development plan, it is expected that we will undertake a large number of rail transit construction projects in the future. Based on the increase in its income and profits in the prior period, the Company considers that a buffer of 10% increase in determining the cap can reflect the actual requirements of the Company.

### 4. Internal control measures

To ensure the Company’s conformity with the above pricing policy in relation to the continuing connected transactions contemplated under the Integrated Services Framework Agreement and the New Integrated Services Framework Agreement, 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 New Integrated Services Framework Agreement between the Group and Beijing Investment, its subsidiaries and/or associates 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 and will continue to strengthen the following specific measures:

- (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 New 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 New Integrated Services Framework Agreement, whether the price conforms 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 conforms 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 New Integrated Services Framework Agreement to ensure that such agreement is entered into on normal commercial terms, is fair and reasonable, and is 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.

## **5. Reasons for and benefits of entering into the New 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 the merger and restructuring conducted between Beijing Investment Company and MTR Construction, Beijing Investment Company being the investment platform for the rail transit business of the government, MTR Construction being the management platform for the rail transit construction of the government, and the ongoing business cooperation between Beijing Investment Company, MTR Construction and the Group, the entering into of the New 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 New 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.

## **6. Implications of the Listing Rules**

As at the date of this circular, the Domestic Shares and H Shares of the Company held by Beijing Investment Company in aggregate accounted for 14.83% 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. The New Integrated Services Framework Agreement and the transactions 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, construction contracting services and other services by the Group to Beijing Investment, its subsidiaries and/or associates contemplated under the New 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, Mr. Ren Yuhang serves as the secretary to the board of directors and the general manager of the investment and development department of Beijing Investment Company and Mr. Su Bin serves as the deputy general manager of MTR Construction, Mr. Guan Jifa, Mr. Ren Yuhang and Mr. Su Bin are deemed to be materially interested in the New Integrated Services Framework 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 agreements and thus is not required to abstain from voting on the relevant resolutions at the Board meeting.

## **7. 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.

### ***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. The ultimate beneficial owner of Beijing Investment Company is the People's Government of Beijing Municipality.

**(10) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Reference is made to the announcement of the Company dated 10 March 2021 in relation to the proposed amendments to the Articles of Association.

In order to promote the diversified development of the Company and provide new economic growth points for the development of the Company, and taking into account the business development needs of the Company, it is proposed to amend the existing articles of association of the Company (the “**Existing Articles of Association**”) in accordance with the Company Law of the People’s Republic of China.

Details of the Amendments to the Existing Articles of Association of the Company are as follows:

**EXPLANATION ON THE AMENDMENTS TO THE EXISTING ARTICLES OF ASSOCIATION**

<b>Existing Articles</b>	<b>Amended Articles</b>
<p><b>Article 8</b></p> <p>...</p> <p>The term “legal proceedings” referred to in the preceding paragraph includes any legal action brought before a court or arbitration application submitted to an arbitration institution. Other senior management members referred to in the preceding paragraph include the deputy general manager, chief engineer, chief economist and chief accountant and secretary to the board of directors.</p>	<p><b>Article 8</b></p> <p>...</p> <p>The term “legal proceedings” referred to in the preceding paragraph includes any legal action brought before a court or arbitration application submitted to an arbitration institution. Other senior management members referred to in the preceding paragraph include the deputy general manager, chief engineer, chief economist and chief accountant, <b><u>chief planner</u></b> and secretary to the board of directors.</p>
<p><b>Article 14</b> The scope of business of the Company shall be based on the items approved by the examination and approval department subject to the examination and approval by the administration authority for industry and commerce.</p>	<p><b>Article 14</b> The scope of business of the Company shall be based on the items approved by the examination and approval department subject to the examination and approval by the administration authority for industry and commerce.</p>

Existing Articles	Amended Articles
<p>The Company's scope of business includes: Engineering survey; Engineering design; Engineering consulting; Engineering cost consulting; Internet information services; Foreign labour service cooperation; General contractor, specialist contractor, and labour subcontractor; Construction design review; Planning and management; Technology development and transfer; Investment Management; Sales of machinery and equipment; Property Management; Import and export of goods and technology; Agency for import and export; design, manufacture, agency and advertising; Educational consultation; Organization of technical exchange activities; Hosting exhibition and presentation activities; Conference services; Economic and trade consultation; Product design; R&amp;D, design, repair, sales, leasing and technical services for railway rolling stock (including Electric Multiple Units), urban rail transit vehicles, engineering machinery, various types of electromechanical equipment, electronic equipment and parts, electronic appliances and environmental protection equipment products. (After obtaining such license, an administrative approval shall be obtained from the housing and urban-rural construction committee. Enterprise is allowed to choose the business to be engaged in and carry out such business activities pursuant to laws. For business items for which approvals are required under the laws, they can be carried out after obtaining approval from relevant authorities. No business activities which are prohibited and restricted by the industrial policies of the municipality shall be carried out.</p> <p>The Company may, pursuant to the demand of the domestic and international markets, its own development capabilities and business needs, change the scope of business in accordance with the laws.</p>	<p>The Company's scope of business includes: Engineering survey; Engineering design; <b>Internet information services</b>; Engineering consulting; Engineering cost consulting; <del>Internet information services</del>; Foreign labour service cooperation; General contractor, specialist contractor, and labour subcontractor; Construction design review; Planning and management; Technology development and <b>technology</b> transfer; <b>Technology services</b>; Investment Management; <del>Sales of machinery and equipment</del>; Property Management; Import and export of goods and technology; Agency for import and export; design, manufacture, agency and advertising; Educational consultation (<b>excluding intermediaries and education institutions</b>); <del>Organization of technical exchange activities</del>; Hosting exhibition and presentation activities; Conference services; Economic and trade consultation; Product design; R&amp;D, design, repair, sales, leasing and technical services for <b>Software development; Computing system services; Sales of railway rolling stock</b> (including Electric Multiple Units), urban rail transit vehicles, engineering machinery, various types of electromechanical equipment, electronic <b>products, electrical appliances, environmental protection equipment products; Leasing of machinery equipment</b>. (After obtaining such license, an administrative approval shall be obtained from the housing and urban-rural construction committee. Enterprise is allowed to choose the business to be engaged in and carry out such business activities pursuant to laws. For business items for which approvals are required under the laws, they can be carried out after obtaining approval from relevant authorities. No business activities which are prohibited and restricted by the industrial policies of the municipality shall be carried out.); <b>Urban rail transportation operation services; Fire engineering; Environmental protection engineering; Security engineering; Smart transportation engineering; Building intelligent engineering; Building decoration; Machinery construction and equipment installation; Fire technology services; Environmental protection consultation services; Water environment management; Engineering management; Project management; Urban integrated operation; Urban construction</b></p>

Existing Articles	Amended Articles
	<p><b><u>management; Urban renewal; Investment, construction and management of municipal public facilities (or transportation facilities, ecological environmental protection facilities, cultural tourism facilities); Civil defense engineering design and construction; Sales of computing, software and ancillary equipment, electrical equipment, communication devices, metal materials, and security technology products; Technology development of computing software; Computing application software services; Multi-media technology, computing technology development, transfer, consultation and services; Computing infrastructure software services; Database development; Cloud computing centre (with a PUE value below 1.4); Exploration and design of cultural heritage protection engineering; Design of museum display exhibition; For contracting of overseas projects that are compatible in terms of capability, scale and performance, dispatch of labour necessary for the implementation of the above-mentioned projects will be arranged; Contracting of bidding projects domestically and abroad.</u></b></p> <p>The Company may, pursuant to the demand of the domestic and international markets, its own development capabilities and business needs, change the scope of business in accordance with the laws.</p>

**(11) PROPOSAL ON GRANTING THE BOARD A GENERAL MANDATE TO ISSUE ADDITIONAL DOMESTIC SHARES AND/OR H SHARES**

In order to meet the development needs of the Company after listing of the Company, it is proposed to the AGM by way of special resolution for consideration and approval of the granting of a general mandate to the Board (or Director(s) authorised by the Board) to issue Domestic Shares and/or H Shares during the Relevant Period (as defined below). Details of the general mandate are set out as follows:

- (a) Subject to the following conditions, an unconditional and general mandate is granted to the Board (or Director(s) authorised by the Board) to issue, allot and deal with the additional Domestic Shares and/or H Shares in the Company's Share capital and to make or grant offers, agreements, or options in relation to such Shares:
  - (i) Except that the Board may make or grant offers, agreements, or options during the Relevant Period and such offers, agreements, or options might require further action or exercise after the end of the Relevant Period, the period of such mandate shall not exceed the Relevant Period;
  - (ii) The total number of Domestic Shares and/or H Shares allotted or conditionally or unconditionally agreed to be allotted (whether allotted pursuant to the options or otherwise) under the approval of the Board shall not exceed 20% of the total number of each of Domestic Shares and H Shares of the Company in issue on the date of passing the relevant resolutions at the general meeting; and
  - (iii) The Board (or Director(s) authorised by the Board) shall exercise the power under the above mandate only under the circumstances where it is in compliance with the Company Law of the People's Republic of China and the Listing Rules (both as amended from time to time) and obtains the approval from the CSRC and/or other related Chinese government authorities.
  
- (b) For the purpose of this proposal:

**"Relevant Period"** means the period from the date of the passing of this proposal until whichever is the earliest of the followings:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of 12-month period after the passing of this proposal; or
- (iii) the date on which the mandate granted under this proposal is revoked or varied by a special resolution at a Shareholders' general meeting.

- (c) To authorise the Board (or Director(s) authorised by the Board) to formulate and implement detailed issuance plan including but not limited to the pricing mechanism and/or the issue price (including a price range), the number of Shares to be issued, the target subscribers and the use of proceeds; to determine the issue timing and issue period, and to decide whether to place to existing Shareholders or not when exercising the above-mentioned general mandate.
- (d) To authorise the Board (or Director(s) authorised by the Board) to engage intermediaries in connection with the issue and to approve and execute all actions, deeds, documents and such other matters that are necessary, appropriate, expedient or relevant to the issue; to consider, approve and execute agreements relating to the issue on behalf of the Company, including but not limited to placing and underwriting agreements, engagement agreements with intermediaries.
- (e) To authorise the Board (or Director(s) authorised by the Board) to consider, approve and execute, on behalf of the Company, the applications and documents relating to the issue to be submitted to relevant regulatory authorities; to fulfill relevant approval procedures in accordance with the requirements of regulatory authorities and requirements at the place where the Company is listed, and to handle all necessary archiving, registration and filing procedures at related government authorities in China, Hong Kong and/or any other regions and jurisdictions (if applicable).
- (f) To authorise the Board (or Director(s) authorised by the Board) to make amendments to the relevant agreements and legal documents mentioned in (d) and (e) above in accordance with the requirements of domestic and foreign regulatory authorities.
- (g) To authorise the Board (or Director(s) authorised by the Board) to approve the Company to increase its registered capital correspondingly after the issue based on the Domestic Shares and/or H Shares in issue and to make relevant amendments as it thinks fit to the Articles of Association to reflect corresponding changes in the Company's registered capital, total Share capital and shareholding structure.

**BEIJING URBAN CONSTRUCTION DESIGN & DEVELOPMENT GROUP CO., LIMITED  
FINANCIAL REPORT FOR 2020**

For the year ended 31 December 2020, the Group's total assets amounted to RMB21.060 billion, representing an increase of RMB601 million or 2.94% as compared to the total assets of RMB20.459 billion for the corresponding period last year. The Group's net assets amounted to RMB5.748 billion, representing an increase of RMB651 million or 12.77% as compared to the net assets of RMB5.097 billion for the corresponding period last year.

For the year ended 31 December 2020, the Group's revenue amounted to RMB9.985 billion, representing an increase of RMB1.571 billion or 18.67% as compared to the revenue of RMB8.414 billion for the corresponding period of last year. The Group's net profit amounted to RMB808 million, representing an increase of RMB142 million or 21.32% as compared to the net profit of RMB666 million for the corresponding period last year.

For the year ended 31 December 2020, the Group's net cash flows from operating activities amounted to RMB735 million. The Group's net cash flows used in investing activities amounted to RMB942 million. The Group's net cash flows used in financing activities amounted to RMB127 million.

## BALANCE SHEET

Unit: RMB'000

	2020	2019	Rate of change (%)
<b>Non-current assets</b>			
Property, plant and equipment	827,745	642,892	29
Goodwill	5,741	–	100
Right-of-use assets	451,698	476,073	(5)
Intangible assets	405,552	102,215	297
Investments in joint ventures	1,640,923	1,066,393	54
Investments in associates	66,245	75,642	(12)
Financial assets at fair value through profit or loss	274,000	134,640	104
Equity investments designated at fair value through other comprehensive income	15,701	17,452	(10)
Deferred tax assets	241,944	181,725	33
Financial receivables	4,182,296	2,692,290	55
Contract assets	984,425	2,159,424	(54)
Prepayments, other receivables and other assets	271,604	237,172	15
<b>Total non-current assets</b>	<b>9,367,874</b>	<b>7,785,918</b>	<b>20</b>
<b>Current assets</b>			
Inventories	144,693	116,223	24
Trade and bills receivables	4,245,437	4,768,740	(11)
Prepayments, other receivables and other assets	556,795	1,010,712	(45)
Contract assets	2,375,617	2,370,703	–
Financial receivables	795,921	498,737	60
Pledged deposits	39,181	22,879	71
Cash and bank balances	3,533,993	3,884,935	(9)
<b>Total current assets</b>	<b>11,691,637</b>	<b>12,672,929</b>	<b>(8)</b>
<b>Total assets</b>	<b>21,059,511</b>	<b>20,458,847</b>	<b>3</b>

	2020	2019	Rate of change (%)
<b>Current liabilities</b>			
Trade and bills payables	4,512,247	3,988,972	13
Other payables and accruals	4,699,552	5,734,357	(18)
Interest-bearing bank and other borrowings	558,553	576,354	(3)
Provisions for supplementary retirement benefits	3,600	3,750	(4)
Tax payables	48,360	22,884	111
Provision	4,357	4,812	(9)
<b>Total current liabilities</b>	<u>9,826,669</u>	<u>10,331,129</u>	<u>(5)</u>
<b>Net current assets</b>	<u>1,864,968</u>	<u>2,341,800</u>	<u>(20)</u>
<b>Total assets less current liabilities</b>	<u>11,232,842</u>	<u>10,127,718</u>	<u>11</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	16,435	12,294	34
Interest-bearing bank and other borrowings	4,971,816	4,578,869	9
Provisions for supplementary retirement benefits	63,475	67,055	(5)
Other payables and accruals	366,839	320,746	14
Provision	66,204	51,869	28
<b>Total non-current liabilities</b>	<u>5,484,769</u>	<u>5,030,833</u>	<u>9</u>
<b>Net assets</b>	<u>5,748,073</u>	<u>5,096,885</u>	<u>13</u>
<b>Equity attributable to owners of the parent</b>			
Share capital	1,348,670	1,348,670	–
Reserves	4,101,440	3,483,614	18
Non-controlling interests	297,963	264,601	13
<b>Total equity</b>	<u>5,748,073</u>	<u>5,096,885</u>	<u>13</u>

## INCOME STATEMENT

Unit: RMB'000

	2020	2019	Rate of change (%)
<b>Revenue</b>	9,984,891	8,414,039	19
Cost of sales	(8,088,364)	(6,734,842)	20
<b>Gross profit</b>	1,896,527	1,679,197	13
Other income and gains	404,664	382,919	6
Selling and distribution expenses	(78,777)	(73,149)	8
Administrative expenses	(843,741)	(827,541)	2
Impairment losses on financial and contract assets, net	(289,041)	(175,636)	65
Other expenses	(16,773)	(1,744)	862
Finance costs	(245,956)	(232,058)	6
Share of profits and losses of:			
Joint ventures	87,170	14,700	493
Associates	315	3,232	(90)
<b>Profit before tax</b>	914,388	769,920	19
Income tax expense	(106,836)	(104,344)	2
<b>Profit for the year</b>	<u>807,552</u>	<u>665,576</u>	<u>21</u>
Profit attributable to:			
Owners of the parent	786,535	658,085	20
Non-controlling interests	21,017	7,491	181
<b>Other comprehensive income</b>	4,355	4,971	(12)
<b>Total comprehensive income for the year, net of tax</b>	811,907	670,547	21
Attributable to:			
Owners of the parent	790,890	663,056	19
Non-controlling interests	21,017	7,491	181

## CONSOLIDATED STATEMENT OF CASH FLOWS

Unit: RMB'000

	2020	2019	Rate of change (%)
<b>Cash flows from operating activities</b>			
Profit before tax	914,388	769,920	19
Adjustments for:			
Finance costs	245,956	232,058	6
Exchange differences, net	14,833	(7,773)	(291)
Interest income	(372,662)	(343,134)	9
Gains from changes in the fair value of financial assets at fair value through profit or loss	(3,190)	–	(100)
Share of profits of associates and joint ventures	(87,485)	(17,932)	388
Gains on disposal of financial assets at fair value through profit or loss	–	(2,198)	(100)
Gains from re-measurement of the equity of acquirees held by subsidiaries as at the acquisition date through acquisition by stages	(12,881)	–	(100)
Depreciation of right-of-use assets	111,451	97,127	15
Depreciation of items of property, plant and equipment	50,465	74,394	(32)
Amortisation of intangible assets	7,541	2,715	178
Impairment of trade and bills receivables, net	208,611	126,053	65
Impairment of financial receivables/(reversal of impairment), net	1,791	(18)	(10,050)
Impairment of other receivables, net	755	6,103	(88)
Impairment of contract assets, net	77,884	43,498	79
Provision for foreseeable losses on contracts/(reversal of provision), net	1,996	(3,492)	(157)
Loss on disposal of items of property, plant and equipment and right-of-use assets, net	1,940	2	96,900
Increase in inventories	(28,450)	(16,276)	75
Decrease/(increase) in contract assets	1,104,172	(783,585)	(241)
Decrease/(increase) in trade and bills receivables	316,064	(1,640,272)	(119)
Decrease/(increase) in prepayments, other receivables and other assets	632,606	(3,213)	(19,789)
(Increase)/decrease in financial receivables	(1,081,537)	171,283	(731)
(Decrease)/increase in trade and bills payables	(189,353)	955,577	(120)
(Decrease)/increase in other payables and accruals	(1,086,457)	1,898,346	(157)
(Increase)/decrease in provision	11,884	(5,996)	(298)
Increase in provisions for supplementary retirement benefits	790	599	32
Increase in pledged deposits	(10,312)	–	(100)
<b>Cash flows from operations</b>	<u>830,800</u>	<u>1,553,786</u>	<u>(47)</u>
Interest received	44,806	33,736	33
Income tax paid	(140,618)	(166,952)	(16)
<b>Net cash flows from operating activities</b>	<u><u>734,988</u></u>	<u><u>1,420,570</u></u>	<u><u>(48)</u></u>

	2020	2019	Rate of change (%)
<b>Cash flows from investing activities</b>			
Purchases of items of property, plant and equipment	(130,719)	(168,051)	(22)
Purchases of intangible assets	(265,998)	(103,904)	156
Purchases of financial assets at fair value through profit or loss	(136,170)	(249,640)	(45)
Addition of investments in associates and joint ventures	(487,360)	(953,214)	(49)
Addition of equity investments designated at fair value through other comprehensive income	(1)	(1,152)	(100)
Proceeds from disposal of items of property, plant and equipment as well as intangible assets	2,904	1,126	158
Proceeds from disposal of financial assets at fair value through profit or loss	–	117,198	(100)
Acquisition of non-controlling interests	(2,858)	–	(100)
Proceeds from disposal of equity investments designated at fair value through other comprehensive income	1,130	–	100
Dividends received from associates and joint ventures	193	1,109	(83)
Withdrawal of borrowings to a joint venture	–	99,907	(100)
Acquisition of subsidiaries, net of cash acquired	75,440	–	100
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months	958	(1,000)	(196)
Increase in pledged deposits	–	(1,666)	(100)
<b>Net cash flows used in investing activities</b>	<u>(942,481)</u>	<u>(1,259,287)</u>	<u>(25)</u>
<b>Cash flows from financing activities</b>			
Interest paid	(230,920)	(233,157)	(1)
Dividends paid to shareholders	(167,609)	(145,719)	15
Dividends paid to non-controlling shareholders	(7,075)	(9,445)	(25)
Principal portion of lease payments	(109,285)	(91,884)	19
New bank and other borrowings	760,989	673,958	13
Repayment of bank and other borrowings	(373,491)	(368,400)	1
<b>Net cash flows used in financing activities</b>	<u>(127,391)</u>	<u>(174,647)</u>	<u>(27)</u>
Net decrease in cash and cash equivalents	(334,884)	(13,364)	2,406
Cash and cash equivalents at the beginning of the year	3,883,735	3,892,376	–
Effect of exchange rate changes on cash and cash equivalents	(15,101)	4,723	(420)
<b>Cash and cash equivalents at the end of the year</b>	<u>3,533,750</u>	<u>3,883,735</u>	<u>(9)</u>

**BEIJING URBAN CONSTRUCTION DESIGN & DEVELOPMENT GROUP CO., LIMITED**  
**REPORT ON 2021 INVESTMENT PLAN**

**I. GENERAL DESCRIPTION OF THE 2021 INVESTMENT PLAN**

In 2021, while continuously focusing on the development strategy of the Group and closely following the development trend of national strategic areas such as Guangdong, Hong Kong, Macao, Beijing-Tianjin-Hebei Region, Yangtze River Delta and Chengdu-Chongqing, Design & Development Group will fully leverage its advantages in the main business of rail transit and in the upstream and downstream of the industry chain, and expedite the progress of the Huangshan Urban Tourism Railway, Chongqing Suburban Railway Bishan-Tongliang Line and other projects. The Group strictly guards against risks while seizing opportunities to pursue common development.

In 2021, the Company plans to complete an investment of RMB3.915 billion, among which, RMB130 million is proposed to be invested in fixed assets; RMB619 million is proposed to be invested in equity; RMB3.166 billion is proposed to be invested in construction projects such as PPP and BOT in, among others, Chongqing, Huangshan, Zhuzhou, Jinan and Huzhou. The details are as follows:

**List of the 2021 Investment Plan**

*Unit: RMB100 million*

No.	Details on investment completion	Proposed investment amount in 2021	Percentage of the total structure
1	Fixed assets	1.30	3.32%
2	Investment in equity	6.19	15.81%
3	Investment in financial areas	Nil	Nil
4	Project investment	31.66	80.87%
<b>Total</b>		<b>39.15</b>	<b>100%</b>

**(I) Investment in fixed assets (proposed investment in 2021: RMB130 million)**

RMB130 million is proposed to be invested in fixed assets in 2021. The details are as follows:

**List of Fixed Assets Investment Plans in 2021**

*Unit: RMB100 million*

<b>No.</b>	<b>Project name</b>	<b>Proposed investment amount in 2021</b>	<b>Remarks</b>
1	Reconstruction of office building	0.83	
2	Instruments and experimental equipment	0.31	
3	Purchase of transportation equipment	0.01	
4	Purchase of office equipment	<u>0.15</u>	
<b>Total</b>		<u><u>1.30</u></u>	

**(II) Investment in equity (proposed investment in 2021: RMB619 million)**

The total investment of the equity investment plan of the Company is proposed to be RMB619 million in 2021, among which, RMB619 million is proposed to be invested in four equity investment projects at hand, and there are no equity investment projects under proposition. The details are as follows:

**List of Equity Investment Plans in 2021 (New)**

*Unit: RMB100 million*

No.	Name of equity project	Proposed investment amount in 2021	Remarks
1	Huangshan City Urban Travel Railway Investment Development Co., Ltd. (黃山市市域旅遊鐵路投資發展有限公司)	2.28	Total investment in the Project of Huangshan Urban Tourism Railway T1 Line which is implemented under ABO (Authorise-Build-Operate) model amounts to approximately RMB12 billion. The entity in charge of implementation is Huangshan City Urban Travel Railway Investment Development Co., Ltd. (黃山市市域旅遊鐵路投資發展有限公司) authorised by the Huangshan Municipal Government, of which Beijing Urban Construction Design holds 24% equity through a capital contribution of RMB240 million. Total capital contribution in 2020 is RMB12 million. A further capital contribution of RMB228 million is proposed to be made in 2021.

Unit: RMB100 million

No.	Name of equity project	Proposed investment amount in 2021	Remarks
2	Shaoxing Jingyue Metro Co., Ltd. (紹興京越地鐵有限公司)	1.99	Total investment in PPP Project of Shaoxing Rail Transit Line 1 is RMB19.778 billion, and project capital accounts for 40% of the total investment, being RMB7.881 billion. Beijing Urban Infrastructure Construction Investment Management Co., Ltd. (北京城建基礎設施投資管理有限公司), a wholly-owned subsidiary of Design & Development Group, holds 7.65% equity in the project company through a capital contribution of RMB603 million. Accumulative capital contribution in 2020 is RMB271 million. A capital contribution of RMB199 million is proposed to be made in 2021.
3	Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd. (雲南京建軌道交通投資建設有限公司)	1.78	Total investment within the scope of PPP Project of Kunming Rail Transit Line 4 is estimated to be RMB6.326 billion. Project capital accounts for 40%, being RMB2.530 billion. Design & Development Group holds 78.28% equity through a capital contribution of RMB1.981 billion. As of 2020, an accumulative capital contribution of RMB1.502 billion was made by Design & Development Group. A capital contribution of RMB178 million is proposed to be made in 2021.

Unit: RMB100 million

No.	Name of equity project	Proposed investment amount in 2021	Remarks
4	Industrial park of the national engineering laboratory	0.14	Beijing Urban Construction Design & Development Group Co., Limited and Beijing Beipao Group (北京北泡集團) intend to establish a joint venture by making joint capital contributions, for taking over the tenancy of the South Ring Plant of Beijing Beipao Group (北京北泡集團) for ten years and renovating and operating the industrial park of the national engineering laboratory. The total investment is RMB65.19 million and the registered capital is RMB20 million. Design & Development Group holds 70% equity. A capital contribution of RMB14 million is proposed to be made in the year.
<b>Total</b>		<b>6.19</b>	

**(III) Financial investment**

The Company has no financial investment plans in 2021.

**(IV) Project investment (proposed investment in 2021: RMB3.166 billion)**

In 2021, the Company proposes to invest RMB3.166 billion in projects, among which, RMB2.316 billion is proposed to be invested in the three projects at hand, and RMB850 million is proposed to be invested in the six projects under proposition. The details are as follows:

**List of Proposed Project Investment in 2021***Unit: RMB100 million*

No.	Project Category	Investment Project	Project Model	Proposed Investment Amount in 2021
1	Projects at hand	Project of Chongqing Suburban Railway Bishan-Tongliang Line	PPP+TOD	14.86
2		Project of Infrastructure Construction of Donghuangshan International Town (continuing construction)	PPP	4.43
3		Phase I Project of the Zhuzhou Smart Rail Transit System	BOT	3.87
Subtotal				23.16
4	Projects under proposition	Project of Jinan Rail Transit		2
5		Huzhou City Railway Project		2
6		Project of Chongqing Rail Transit		2
7		Project of Beijing Suburban Railway (北京市郊鐵路工程項目)		1
8		Project of Tianjin City Express (天津市捷運工程項目)		0.5
9		Capital Airport Express Line (首都機場捷運線)		1
Subtotal				8.5
<b>Total</b>				<b>31.66</b>

## II. INVESTMENT AND FINANCING MANAGEMENT STRATEGY

### 1. Strengthening the implementation of investment budget management constraints

The Company takes investment budget constraints as an important component of its comprehensive budget management and complies with the overall requirements of the comprehensive budget management. This aims to serve the overall situation while highlighting priorities and taking all factors into consideration.

### 2. Implementing the requirements of the Group's investment management measures

According to the requirements of the Administrative Measures on Equity Investments of Design & Development Group, the Group carries out standardized management by improving the development and decision-making of projects at the earlier stages and the supervision and evaluation of projects after investments, to make investment decision-making more efficient and effective.

### 3. Utilizing information technologies to strengthen the management and control of investment projects

The Group perfects the cloud management platform for PPP projects throughout the full life cycle, conducts real-time monitoring and continuous tracking of the project operation process, and strengthens the management and control of its investment projects.

## III. IMPROVEMENT OF INVESTMENT AND FINANCING MANAGEMENT SYSTEM

In 2020, the investment process and management system of the Company was properly executed as a whole. In order to further optimize the investment management system of the Company, the following tasks are proposed to be implemented in 2021:

### 1. Implementing the requirements of the investment management system

The Group comprehensively implements the requirements of the investment and financing management system, and strengthens the management and control of projects throughout the full life cycle from all aspects including funds and risks, to ensure the smooth development of the investment business.

### 2. Establishing a collaborative mechanism for business segments

The Group promotes the establishment of a collaborative mechanism for various business segments, establishes cooperation methods for all parties, and propels the collaboration of various business segments. This aims to speed up the formation of a virtuous development cycle of investment-driven industries, and maximize the investment income for the Group.

**3. Promoting the establishment of a post-investment management evaluation mechanism**

By drawing on the experience in post-investment management, the Group intends to establish a post-investment evaluation system for investment projects from the perspectives of the completion of investment behavior, investment project capabilities, technologies, degree of realization of business requirements, and expected realization of project economic effects. Meanwhile, the Group continues to strengthen post-investment management, strengthen experience summarisation, and make decision-making more scientific.

**BEIJING URBAN CONSTRUCTION DESIGN & DEVELOPMENT GROUP CO., LIMITED  
WORK REPORT OF THE BOARD OF SUPERVISORS FOR 2020**

In 2020, all members of the Board of Supervisors strictly and conscientiously performed their supervisory duties in strict accordance with the Company Law, the Articles of Association and the Rules of Procedure of the Board of Supervisors of Beijing Urban Construction Design & Development Group Co., Limited and other relevant provisions as well as the principle of good faith. Through meeting supervision and focusing on financial and internal control compliance, we have promoted the efficient operation of corporate governance and actively safeguarded the interests of shareholders, the Company and employees.

**I. Meetings of the Board of Supervisors**

In the year, the Board of Supervisors held 1 meeting and considered and approved the Proposal on Considering the Report of Board of Supervisors for 2019 in March 2020.

**II. Details on the Work of the Board of Supervisors**

The supervisors attended the meetings of Board of Directors and general meetings held by the Company in 2020, supervised the convening, proposals and resolutions of such meetings in accordance with laws and regulations, supervised and inspected the compliance operation, major business activities, governance structure, financial audit, performance of duties by Directors and senior officers of the Company, and made recommendations to the Board of Directors.

The Board of Supervisors supervised and inspected the financial system and financial position of the Company. Focusing on finance, internal control and compliance, we have supervised and promoted the legal and compliant operation of the Company, normalized and optimized the corporate governance structure, and paid special attention to the key issues arising from changes in Hong Kong Listing Rules or the Company's operation and management within our responsibilities. Adhering to the direction of sustainable and healthy development of the Company, we have put forward suggestions and rationalization proposals to the management, covering compliance adjustment, risk prevention, and business management. The employee representative supervisors have also fully fed back the demands of employees in the supervision process, and effectively safeguarded the legitimate rights and interests of employees.

**III. Change of Members of the Board of Supervisors**

There was no change in the members of the Board of Supervisors during the year.

#### IV. Independent Opinions of the Board of Supervisors

The Board of Supervisors hereby issue the following opinions on the supervision and inspection of the Company during the year:

The corporate governance and business operation were carried out in accordance with laws and regulations. The Board of Directors was able to ensure the legal operation of the Company in strict accordance with the requirements of the Company Law, the Articles of Association, the Listing Rules and other relevant laws, regulations and systems. The Company's major business decisions were reasonable, and its procedures were legal and effective. In order to further standardize the operation, the Company has further established and improved various internal management systems and internal control mechanisms. The Directors and senior officers of the Company faithfully performed their duties as stipulated in the Articles of Association and strictly observed the principle of due diligence and integrity while performing their duties. They carried out the resolutions of the general meetings and the Board of Directors efficiently and effectively, and none of them were found to violate laws and regulations, the Articles of Association or prejudice the rights and interests of the shareholders, the Company and the employees while performing their duties.

The report for the performance period is true and complete. The reviewed interim financial statements and the audited annual financial statements of the Company and its subsidiaries for 2020 were prepared in strict accordance with the relevant accounting standards. The financial statements gave a true and fair representation of the financial position and business results of the Company and its subsidiaries. The accounting treatment methods followed the principle of consistency and met the latest accounting standards. The accounts were set in a standard pattern, with clear records and complete data.

In 2021, the Board of Supervisors will, in strict accordance with the Company Law, the Articles of Association and the annual work plan, and focusing on both supervision and advice, conscientiously perform supervision duties and urge the Company to operate in a standardized manner. While strengthening the supervision and management functions, we will enhance the cooperation with the audit committee of the Board of Directors, strengthen audit supervision and risk prevention awareness, earnestly perform the tasks within our scope of responsibilities, so as to give full play to the role of the Board of Supervisors. We will work together with the Board of Directors and all shareholders to promote the standardized operation, sustainable and healthy development of the Company, safeguard and protect the interests of the Company, shareholders and employees, and further improve the business management of the Company.

Chairman of Board of Supervisors  
Hu Shengjie

Beijing, 26 March 2021



**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 Guofeng

Ma Xufei

Sun Maozhu

Liang Qinghuai

Qin Guisheng

7 May 2021

*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 7 May 2021 (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 New Integrated Services Framework Agreement and the proposed annual caps for the continuing connected transactions contemplated thereunder for the three financial years ending 31 December 2023 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.

Merdeka 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 New Integrated Services Framework Agreement and the proposed annual caps for the continuing connected transactions contemplated thereunder for the three financial years ending 31 December 2023. Details of the advice from Merdeka, together with the principal factors taken into consideration in arriving at such advice, are set out in the letter from Merdeka on pages 51 to 75 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 4 to 6 of the Circular and the additional information set out in the Appendix.

Having considered (i) the terms of the proposed New Integrated Services Framework Agreement and the proposed annual caps for the continuing connected transactions contemplated thereunder for the three financial years ending 31 December 2023; and (ii) the advice and recommendations from Merdeka as well as the principal factors and reasons considered by Merdeka, we are of the opinion that the proposed New 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 AGM to approve the proposed New Integrated Services Framework Agreement and the proposed annual caps for the continuing connected transactions contemplated thereunder for the three financial years ending 31 December 2023.

Yours faithfully,  
For and on behalf of  
*Independent Board Committee*  
**Wang Guofeng**  
**Ma Xufei**  
**Sun Maozhu**  
**Liang Qinghuai**  
**Qin Guisheng**  
*Independent non-executive Directors*

*The following is the full text of the letter from Merdeka setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the New Integrated Services Framework Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in the Circular.*



Room 1108-1110, 11/F.  
Wing On Centre  
111 Connaught Road  
Central  
Hong Kong

7 May 2021

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

Dear Sirs/Madams,

## CONTINUING CONNECTED TRANSACTIONS

### INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the provision of construction survey, design, and consultancy services (the “**Surveying Related Services**”) as well as construction contracting services (the “**Construction Contracting Services**”) by the Group to Beijing Investment Company, its subsidiaries and/or its associates (collectively, “**Beijing Investment Company Group**”) under the New Integrated Services Framework Agreement (the “**Continuing Connected Transactions**”), and the proposed annual caps in relation to the revenue to be generated from the Continuing Connected Transactions for the three years ending 31 December 2023 (the “**Proposed Annual Caps**”), details of the Continuing Connected Transactions and the Proposed Annual Caps are set out in the Appendix I – Business of the 2020 Annual General Meeting (the “**Appendix I**”) contained in the circular of the Company to the Shareholders dated 7 May 2021 (the “**Circular**”), of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

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 contemplated the Integrated Services Framework Agreement for the three years ending 31 December 2021.

As referred to an announcement of the Company dated 10 August 2020, a merger and restructuring was conducted between Beijing Investment Company and MTR Construction on 4 August 2020, pursuant to which the state-owned assets of the MTR Construction shall be transferred to Beijing Investment Company at nil consideration. Following the merger and restructuring, Beijing Investment Company remains to be a connected person of the Company and the transaction between the former MTR Construction and the Company constitutes a connected transaction between the Company and Beijing Investment Company. The Company is required to adjust the cap of its continuing connected transaction with Beijing Investment Company pursuant to the Listing Rules. Accordingly, on 10 March 2021, the Company entered into the New Integrated Services Framework Agreement with Beijing Investment Company for a term of three years from 1 January 2021 to 31 December 2023. The Company has also set the annual caps for the continuing connected transactions contemplated thereunder for the three years ending 31 December 2023.

### **IMPLICATIONS OF THE LISTING RULES**

As at the Latest Practicable Date, the number of the Domestic Shares and H Shares of the Company held by Beijing Investment Company in aggregate accounted for approximately 14.8% 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. The New Integrated Services Framework Agreement and the transactions contemplated thereunder between the Group and Beijing Investment Company Group 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 the Surveying Related Services and the Construction Contracting Services by the Group to Beijing Investment Company Group contemplated under the New Integrated Services Framework Agreement is more than 5%, the Continuing Connected Transactions and the 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 stated in the Appendix I to the Circular, as Mr. Guan Jifa serves as the deputy general manager of Beijing Investment Company, Mr. Ren Yuhang serves as the secretary to the board of directors and the general manager of the investment and development department of Beijing Investment Company and Mr. Su Bin serves as the deputy general manager of MTR Construction, Mr. Guan Jifa, Mr. Ren Yuhang and Mr. Su Bin are deemed to be materially interested in the New Integrated Services Framework Agreement, 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 agreements and thus is required to abstain from voting on the relevant resolutions at the Board meeting.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Wang Guofeng, Mr. Ma Xufei, Mr. Sun Maozhu, Mr. Liang Qinghuai and Mr. Qin Guisheng, has been established to advise the Independent Shareholders in respect of the Continuing Connected Transactions and the Proposed Annual Caps.

We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the Continuing Connected Transactions are entered in the ordinary and usual course of business of the Company and the terms of the Continuing Connected Transactions are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole and the Proposed Annual Caps are fair and reasonable; and (iii) how the Independent Shareholders should vote in favour of the relevant resolutions to approve the Continuing Connected Transactions and the Proposed Annual Caps.

### OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of us. In the past two years, we have not acted as an independent financial adviser and have not provided any other services to the Company or any of its respective subsidiaries or their respective associates. Accordingly, we consider that we are independent pursuant to the Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser in relation to the Continuing Connected Transactions and the Proposed Annual Caps.

### BASIS OF OUR OPINION

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have considered and reviewed, among other things, (i) the New Integrated Services Framework Agreement; (ii) the annual reports of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”), 31 December 2019 (the “**2019 Annual Report**”) and 31 December 2020 (the “**2020 Annual Report**”); (iii) the other information as set out in the Circular; (iv) relevant information provided by the management of the Company; and (v) other relevant market data and information from public sources.

We have assumed that all statements, information and representations made or referred to in the Circular and all information and representations which have been provided by the Company and its advisers, the Directors and the management of the Company, for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due and careful enquiry and were based on honestly-held opinions. The 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 AGM.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no omission of other facts that would make any statements in the Circular misleading. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any omission of any material facts that would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and the management of the Company.

This letter is issued to the Independent Board Committee and the Independent Shareholders, solely in connection for their consideration of the Continuing Connected Transactions and the Proposed 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 purpose without our prior written consent.

#### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In assessing and arriving at our advice and recommendation with regard to the Continuing Connected Transactions and the Proposed Annual Caps, we have taken into account the principal factors and reasons set out below.

#### **I. Background information of the parties to the New Integrated Services Framework Agreement**

##### ***a. Information on the Company***

As set out in the Appendix I to the Circular, 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.

The information below sets out the summary of audited financial information of the Group for the years ended 31 December 2018 (the “FY2018”), 31 December 2019 (the “FY2019”) and 31 December 2020 (the “FY2020”), respectively:

	For the year ended 31 December		
	2018	2019	2020
	(RMB'000)	(RMB'000)	(RMB'000)
<b>Revenue</b>	<b>7,186,146</b>	<b>8,414,039</b>	<b>9,984,891</b>
– Design, survey and consultancy	3,579,299	3,670,443	3,666,892
– Construction contracting	3,671,965	4,751,390	6,317,999
<b>Gross profit</b>	<b>1,423,801</b>	<b>1,679,197</b>	<b>1,896,527</b>
<b>Profit for the year</b>	<b>553,806</b>	<b>665,576</b>	<b>807,552</b>

As illustrated above, the Group principally generates its revenue from design, survey and consultancy segment and construction contracting segment. The revenue of the Group increased continuously in recent years. The Group recorded a revenue of approximately RMB8,414.0 million for FY2019, represented an increase of approximately 17.1% compared to the figures for the corresponding period in 2018. Such increase was mainly attributable to the steady increase in the Company’s revenue driven by the Company’s commitment to design and investment, and the increment created by promoting the layout of the whole industrial chain of urban rail transit and the resource synergy. For FY2020, the Group achieved a revenue of approximately RMB9,984.9 million, representing an increase of approximately 18.7% compared to FY2019. As disclosed in the 2020 Annual Report, such increase was mainly attributable to the steady increase in the Company’s revenue driven by the Company’s commitment to design and investment, the increment created by promoting the layout of the whole industrial chain of urban rail transit and the resource synergy, its efforts to expand the business scope of design, survey and consultancy and the scheduled operation of Kunming line 4 in the second half of 2020.

The Group recorded gross profit of approximately RMB1,423.8 million, RMB1,679.2 million and RMB1,896.5 million for FY2018, FY2019 and FY2020, respectively. In particular, we acknowledged from the 2019 Annual Report and 2020 Annual Report that the gross profit of design, survey and consultancy segment recorded a year-on-year growth of approximately 7.4% for FY2019 and recorded a decrease of approximately 3.6% for FY2020, by contrast, the annual increase in gross profit of construction contracting segment for FY2019 and FY2020 was approximately 51.0% and 50.2% respectively.

	<b>As at 31 December</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Total assets	16,402,288	20,458,847	21,059,511
Total liabilities	11,819,183	15,361,962	15,311,438
Net assets	4,583,105	5,096,885	5,748,073

As illustrated above, the Group's total assets and total liabilities as at 31 December 2020 amounted to approximately RMB21,059.5 million (31 December 2019: approximately RMB20,458.8 million) and RMB15,311.4 million (31 December 2019: approximately RMB15,362.0, million) respectively. Net assets of the Group was recorded approximately RMB5,748.1 million as at 31 December 2020 (31 December 2019: approximately RMB5,096.9 million).

***b. Information on Beijing Investment Company***

As stated in the Appendix I to the Circular, Beijing Investment Company, which is 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. The ultimate beneficial owner of Beijing Investment Company is the People's Government of Beijing Municipality.

**II. Reasons for and benefits of the entering into of the New Integrated Services Framework Agreement**

As mentioned in the Appendix I to the Circular, the integration of the Surveying Services and the Construction Contracting Services allows the Group to provide comprehensive business solutions, covering all major stages within urban rail transit engineering. In view of (i) the merger and restructuring conducted between Beijing Investment Company and MTR Construction; (ii) Beijing Investment Company being the investment platform for the rail transit business of the government; (iii) MTR Construction being the management platform for the rail transit construction of the government; and (iv) the ongoing business cooperation between Beijing Investment Company, MTR Construction and the Group, the Board considers

that the entering into of the New 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.

As advised by the management of the Company, the relationship between the Group and Beijing Investment Company Group has been established for years and the services to be provided by the Group to Beijing Investment Company Group under the New Integrated Services Framework Agreement are principally urban rail transit related business.

We understood from the information published in the official website of the National Development and Reform Commission of the PRC\* (中華人民共和國國家發展和改革委員會, the “NDRC”) that the Chinese government has been developing the urban rail transit network for years, and will further pursue the development of integration of transportation of different cities and provinces. For instance, on 5 December 2019, the NDRC issued the Beijing Approval Announcement (as defined below) to announce its approval on the revised construction plan of several urban rail transit lines in Beijing which include certain Beijing Trail Transit Lines that are under the newly won bid projects and/or target projects of the Group as referred to the Appendix I to the Circular. Save for the aforesaid, we understood that the NDRC also announced other policies to support the development of local urban rail transit network in different provinces and cities in the PRC, details of which are set out in the section headed “III. Industry overview” in this letter.

Given that Beijing Investment Company is the investment platform for the rail transit business of the government and MTR Construction is the management platform for the rail transit construction of the government, we believe the advantageous roles and positions of Beijing Investment Company and MTR Construction may enhance the Group’s chances of winning bids, and therefore concur with the Board’s view that the entering into of the New 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, and the provision of the Continuing Connected Transactions is in the ordinary and usual course of business of the Company, and fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independents Shareholders as a whole.

### **III. Industry overview**

As mentioned in the section headed “II. Reasons for and benefits of the entering into of the New Integrated Services Framework Agreement” above, we are aware that the Surveying Related Services and the Construction Contracting Services are principally urban rail transit related business. Accordingly, we performed researches on the development of urban rail transit network in the PRC.

According to the official data published by China Association of Metros\* (中國城市軌道交通協會), we noted that the urban rail transit network has been developing by the different level of governments in the PRC for years and the number of cities with urban rail transit lines in the PRC as at the end of 2019 reached 40 cities with a total operating mileage of approximately 6,730.3 km.

In order to support the further development of urban rail transit network, the Chinese government has continuously launched different supportive policies. According to the official website of the NDRC, several plans in relation to the development and construction of urban rail transit networks in different cities in the PRC (including but not limited to Beijing, Shenzhen, Fuzhou and Kunming) were approved by the NDRC in recent two years.

On 5 December 2019, the NDRC announced an approval with regard to the adjustment on the second phase construction plan of urban rail transit in Beijing (the “**Beijing Approval Announcement**”). According to the Beijing Approval Announcement, we understood (i) the length of Beijing New Airport Express between the Beijing New Airport and Lize Business Area\* (麗澤商務區) was adjusted to 47.5 km with an aggregate investment amount for construction of approximately RMB31.9 billion and a term of 3 years; (ii) the length of Beijing Trail Transit Line 22 (Pinggu Line) was adjusted to 78.6 km with an aggregate investment amount for construction of approximately RMB63.9 billion and a term of 4 years; (iii) the length of Beijing Trail Transit Line 28 was adjusted to 8.7 km with an aggregate investment amount for construction of approximately RMB12.8 billion and a term of 4 years; and (iv) the aggregate length of Beijing Trail Transit Line 13A and Beijing Trail Transit Line 13B was adjusted to 62.2 km with an aggregate investment amount for construction of RMB36.6 billion and a term of 4 years.

On 10 April 2020, the NDRC issued the Opinions on Promoting the Integration of Hub Airports and Rail Transit\* (《關於促進樞紐機場聯通軌道交通的意見》), the “**Opinion**”, which requires, including but not limited to, make top-level coordination by strengthening the integration of rail transit planning, general airport planning and general urban planning; implement differentiated policies for various airports and determine the types of rail transit, timing for construction and integration approach in a scientific and rational manner; proactively push forward the consolidation of the air-rail intermodal transport management and information platform. The Opinion covers a number of fields such as planning, design, construction, operation, investment and financing, providing new opportunities for construction of rail-airport routes in various cities.

On 14 December 2020, the NDRC approved the Urban Rail Transit Construction Plan in Ningbo (2021-2026)\* (《寧波市城市交通第三期建設規劃(2021-2026)》), which mentioned the development of key urban areas in Ningbo, for instance, the third phase of the Ningbo urban rail transit construction plan, and the construction of the first phase of Line 6, Line 7, and the first phase of Line 1, have been approved by the NDRC. On 3 February 2021, the NDRC issued another article, namely, Rail Transit Accelerates the Coordinated Development of Beijing-Tianjin-Hebei\* (《軌道交通為京津冀協同發展提速》), which highlighted that Beijing government will refer to Beijing City Master Plan (2016-2035)\* (《北京城市總體規劃

(2016-2035)》) to further improve the interconnection level of the Beijing-Tianjin-Hebei expressway network, and the Beijing government is planning to complete five projects and the total operating mileage of the expressway will be more than approximately 1,285 km.

Save as the aforesaid, we acknowledged that the Chinese government and Beijing governments respectively issued the Outline of 14th Five-Year Plan to further support the integration of urban rail transit networks, details of which have been set out in section headed “IV. The Continuing Connected Transactions – b. Proposed Annual Caps and the basis of determination” in this letter.

Given that (i) the Chinese government has continuously supported the development of urban rail transit network in different provinces and cities; (ii) Beijing government plans to improve its local urban rail transit lines in the medium-term future; (iii) among the construction projects disclosed in the Beijing Approval Announcement, several construction projects are under the newly won bid projects and/or target projects of the Group; and (iv) the Chinese government pursues the integration of rail transit planning, general airport planning and general urban planning, we believe the entering of the New Integrated Services Framework Agreement will enable the Group to catch the future business opportunities, we concur with the Director’s view that the entering into of the New 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.

#### **IV. The Continuing Connected Transactions**

In arriving at our opinion on the Surveying Related Services and the Construction Contracting Services to be provided by the Group to Beijing Investment Company Group, we have also taken into consideration the following factors and reasons:

##### ***a. Principal terms of the New Integrated Services Framework Agreement***

As mentioned in the Appendix I to the Circular, the Company entered into the New Integrated Services Framework Agreement with Beijing Investment Company for a term of three years commencing from 1 January 2021 to 31 December 2023. The Company has also set the Proposed Annual Caps for the three years ending 31 December 2023. The principal terms of the New Integrated Services Framework Agreement are summarized as follows:

<b>Parties</b>	:	The Company  Beijing Investment Company
<b>Term</b>	:	From 1 January 2021 to 31 December 2023
<b>Scope of services</b>	:	The Group will provide Beijing Investment Company Group with the Surveying Related Services and the Construction Contracting Services.

- Transaction principles** : (1) Both parties are entitled to choose the counterparties of the transaction.
- (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** : Pursuant to the New Integrated Services Framework Agreement, the terms of the agreement for the Group to provide services such as construction survey, design and consultancy as well as construction contracting services to Beijing Investment Company Group shall not be better than the terms of the agreement for the Group to provide similar services to independent third parties, and the price for services provided by one party to the other party shall be determined at the following principles:
- (1) Where there is government-prescribed price, the government-prescribed price shall be executed referring to the price determined for certain type of services according to the laws, regulations, decisions or orders formulated by the Chinese central government, provincial government or other regulatory authorities);
- (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 price determined for certain type of services according to the laws, regulations, decisions and orders formulated by the Chinese central government, provincial government or other regulatory authorities, which within a certain range, can be adjusted through negotiations between both parties to the transaction);
- (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.

The “market price” shall be determined in the following order: (i) the price charged by independent third parties who offer the same type of services under normal commercial terms in the ordinary and usual course of business at or near the area where such services are provided with reference to at least two independent third parties who provide the same or similar type of services under same conditions; or (ii) if the above 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

- (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.

**Payment arrangement** : The service fee shall be paid by Beijing Investment Company 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 New Integrated Services Framework Agreement.

As mentioned above, we understood that the pricing standards of the services to be provided by the Group to Beijing Investment Company Group under the New Integrated Services Framework Agreement should be determined according to (i) the state price; or (ii) the government-guided price (if there is no state price); or (iii) the tender process or market price (if there is no state price or government-guided price); or (iv) the contractual price (if none of pricing standards set out in either (i), (ii) or (iii) is applicable).

As advised by the management of the Company, the scope of services to be provided by the Group to Beijing Investment Company Group under the New Integrated Services Framework Agreement could be classified into the Surveying Related Services and the Construction Contracting Services.

In order to assess the pricing standards of the aforesaid services, we have obtained and reviewed 6 sample contracts of the Surveying Related Services (the “**Surveying Connected Contracts**”) and 3 sample contracts of the Construction Contracting Services (the “**Construction Connected Contracts**”, together with the Surveying Connected Contracts as the “**Connected Sample Contracts**”), both of which were entered into between the Group and Beijing Investment Company Group during the period from 2019 to 2020. As advised by the management of the Company, regarding the Construction Contracting Services, there were only 6 contracts entered with Beijing Investment Company Group in the past two years, the Company selected 3 sample contracts for our analysis. In comparison, regarding the Surveying Related Services, the number of transactions entered into between the Group and Beijing Investment Company Group are much higher than those of the Construction Contracting Services, the Company accordingly provided 6 sample contracts with the relevant large transaction amounts, the contract sum of which exceeds 50% of the total contract sum of the Surveying Related Services transactions entered into with the Group and Beijing Investment Company Group during the corresponding period. For our due diligence purpose, we were also provided 9 sample contracts that were entered into between the Group and independent third parties in relation to the provision of construction survey, design, and consultancy services as well as construction contracting services during 2019 and 2020 (the “**Independent Sample Contracts**”). Although we noted that the underlying projects in the Independent Sample Contracts are unique, and are not direct identical to relevant Connected Sample Contracts, having considered the underlying projects in the Independent Sample Contracts have covered all categories of the services to be completed under the New Integrated Services Framework Agreement, and are in similar nature to those contemplated under the Integrated Services Framework Agreement in 2019 and 2020, we consider the Independent Sample Contracts are comparable to the Connected Sample Contracts.

As such, we consider that the Connected Sample Contracts and the Independent Sample Contracts are fair and sufficient to provide us a general reference on the major terms of previous contracts entered into between the Group and Beijing Investment Company Group (or independent third parties) for our assessment on the pricing standard of the New Integrated Services Framework Agreement.

According to the Connected Sample Contracts and Independent Sample Contracts, we acknowledged that (i) the service fees under the Surveying Connected Contracts and the Construction Connected Contracts are generally determined by tendering process; and (ii) the service fees of the construction survey services, the design and consultancy services as well as the construction contracting services under the Independent Sample Contracts are also generally referred to tendering process.

Regarding the preparation of tendering documents, we discussed with the management of the Company and were advised that the Group adopts the consistent pricing standard when preparing tendering documents for Beijing Investment Company Group and the independent third parties. The Company will estimate the cost and price of the bidding project with reference to calculation methods stated in relevant charging guidelines promulgated by the government or industry associations, for instance, the Engineering Survey and Design Charging Standards (2002 Revised Edition)\* (《工程勘察設計收費標準(2002年修訂本)》) published by The National Planning Commission of the People's Republic of China\* (中華人民共和國國家計劃委員會) for the construction survey services, the Guiding Opinions on Charges for Urban Rail Transit Preliminary Consulting Work\* (《城市軌道交通前期諮詢工作收費指導意見》) issued by China Association of Metros for the design and consultancy services. Regarding the construction contracting services, the Group will make reference to the government-guided prices published in Beijing Construction Project Pricing Basis-Urban Rail Transit Project Budget Quota\* (《北京市建設工程計價依據- 城市軌道交通工程預算定額》) issued by Beijing Municipal Commission of Housing and Urban-Rural Development\* (北京市住房和城鄉建設委員會) as well as the Project Cost Information\* (《工程造價信息》) published by local commissions of housing and urban-rural development.

The management of the Company further advised that, to ensure the bidding price is fair and reasonable, the Company will also 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. The management of the Company mentioned that there was no contract under the Integrated Services Framework Agreement was entered into with reference to contractual price. Based on the trading history of the Company in the past three years and the prevailing market practice, the ranges of reasonable profit for the construction survey services, design and consultancy services as well as the construction contracting services are approximately 30%-35% of the contracting amount and 8%-10% of the contracting amount respectively.

As such, we consider the pricing standard of the Independent Sample Contracts are no less favourable than the pricing standard of the Connected Sample Contracts, and are of the view that the pricing standards and the principal terms of the Connected Sample Contracts are in compliance with and similar to those under the Independent Sample Contracts.

In addition, we were advised by the management of the Company that the principal terms under the Integrated Services Framework Agreement have no material change as compared to those as set out in the New Integrated Services Framework Agreement. As referred to the transaction principles mentioned in the summary table above, we understood that both parties are still entitled to choose the counterparties and the transactions to be carried out by both parties under the New Integrated Services Framework Agreement shall be in accordance with the applicable general market practice (if any) and on normal commercial terms, which means the Continuing Connected

Transactions do not restrict the Group to provide the services to contractual party (i.e. Beijing Investment Company Group) but to offer the Group an additional option that allows the Group to offer the services to contractual party if the price is competitive.

Moreover, in order to ensure the Company's conformity with the above pricing standards in relation to the Continuing Connected Transactions, the Company has also adopted and will continue to strengthen a series of internal control policies for its daily operation. Please refer to our analysis in relation to the internal control imposed by the Group as set out in the section headed "V. Internal control measures for the Continuing Connected Transactions" below in this letter.

Having considered the abovementioned, we are of the view that the pricing standards and the principal terms of the New Integrated Services Framework Agreement to be fair and reasonable so far as the Independent Shareholders are concerned.

***b. The Proposed Annual Caps and the basis of determination***

The following table sets out (i) the historical transaction amounts of the Surveying Related Services and the historical transaction amounts of the Construction Contracting Services between the Group and Beijing Investment Company Group for the year ended 31 December 2019 and 2020; and (ii) the Proposed Annual Caps for the Surveying Related Services and the Proposed Annual Caps for the Construction Contracting Services for each of the three years ending 31 December 2023:

	<b>Historical transaction amounts</b>				
	<b>For the year ended</b>		<b>Proposed Annual Caps</b>		
	<b>31 December</b>		<b>For the year ending 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
Revenue to be generated by the Group from providing the Surveying Related Services to the Beijing Investment Company Group (the "Surveying Annual Caps")	120	175	1,700	1,870	2,057

	Historical transaction amounts				
	For the year ended		Proposed Annual Caps		
	31 December		For the year ending 31 December		
	2019	2020	2021	2022	2023
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
Revenue to be generated by the Group from providing the Construction Contracting Services to the Beijing Investment Company Group (the “ <b>Contracting Annual Caps</b> ”)	369	476	2,150	2,365	2,602

As mentioned in the Appendix I to the Circular, the Proposed Annual Caps for the three years ending 31 December 2023 were determined mainly based on the historical transaction amounts for the year ended 31 December 2019 and 2020 after taking into account of (i) the key factors affecting the Surveying Annual Caps; (ii) the key factors affecting the Contracting Annual Caps; and (iii) a buffer rate of 10% increase (the “**Buffer Rate**”).

*i. Analysis on the key factors affecting the Surveying Annual Caps*

The Surveying Annual Caps for the three years ending 31 December 2023 were determined based on, amongst other things, (a) urban rail transit survey and measurement projects; (b) urban rail transit design business; and (c) urban rail transit consultancy business.

In order to assess the fairness and reasonableness of the aforementioned determining factors of the Surveying Annual Caps, we obtained and reviewed a list of potential projects in relation to Surveying Related Services, which the Company expects to obtain from Beijing Investment Company Group during the three years ending 31 December 2023 (the “**Surveying Projects List**”). The management of the Company expects that the Group would benefit from the merger and restructuring conducted between Beijing Investment Company and the MTR Construction, which contributes to an increase in number of potential projects to be entered into with Beijing Investment Company Group. As advised by the management of the Company, the Group expects that the aggregate amount of the projects obtained and to be obtained from Beijing Investment Group for the year ending 31 December 2021 would be approximately 93 projects.

Although we have not selected all of 93 potential projects in our assessment on the Surveying Annual Caps for the year ending 31 December 2021 (the “**2021 Surveying Annual Cap**”), the projects highlighted for our assessment on the Surveying Annual Caps (the “**Highlighted Surveying Projects**”) are expected to generate the aggregate revenue of approximately RMB1,670.0 million during the year of 2021, the amount of which represents approximately 98.3% of the 2021 Surveying Annual Cap. Therefore, we are of the view that these highlighted projects provide sufficient coverage for the purpose of our analysis.

We also noted from the Appendix I to the Circular that the aggregated estimated income to be generated from the Highlighted Surveying Projects in relation to the Surveying Related Services during the year of 2022 and 2023 will be lower than the Surveying Annual Caps for the corresponding year. In this regard, we have enquired with the management of the Company and are given to understand that the Surveying Annual Caps for the year ending 31 December 2022 (the “**2022 Surveying Annual Cap**”) and 2023 (the “**2023 Surveying Annual Cap**”) were determined based on, among others, the stage or progress of projects in 2021 and the potential opportunities raised by the PRC 14th Five-Year Plan (as defined below) and the Beijing 14th Five-Year Plan (as defined below).

We understood from the “Outline of the 14th Five-Year Plan for National Economic and Social Development of the People’s Republic of China and the Long-Range Objectives Through the Year 2035\*” (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), the “**PRC 14th Five-Year Plan**”) that the Chinese government will make greater efforts to promote the integration of regional transportation, build a comprehensive transportation system and establish green transportation in Beijing-Tianjin-Hebei region for 2021 to 2025. To cope with the PRC 14th Five-Year Plan, Beijing government also announced its Outline of 14th Five-Year Plan for National Economic and Social Development of Beijing and the Long-Range Objectives Through the Year 2035\* (《北京市國民經濟和社會發展第十四個五年規劃和二〇三五年遠景目標綱要》), the “**Beijing 14th Five-Year Plan**”), which points out the operating mileage of urban rail transit in Beijing will reach 1,600 km by end of 2025. As referred to an article, namely, The Operating Mileage of Urban Rail Transit in Beijing Increased to 727 km, Three New Urban Rail Transit Lines Opened Today\* (北京軌道交通運營里程增加至727公里, 今天開通了三條新的軌道交通線), published on *xinhuanet.com* on 31 December 2020, we understood the operating mileage of urban rail transit in Beijing is approximately 727 km as at 31 December 2020.

Having considered the aforesaid supportive policies announced in the PRC 14th Five-Year Plan and the Beijing 14th Five-Year Plan as well as the potential opportunities raised by the future development of urban rail transit in Beijing, we concur with the Directors’ view that the Group will be benefit from the urban rail transit development plan, and hence consider the assumption to determine the 2022 Surveying Annual Cap and 2023 Surveying Annual Cap to be reasonable.

*Highlighted Surveying Projects*

## (a) Urban rail transit survey and measurement projects

As advised by the management of the Company, if the Group is able to secure (i) urban rail transit survey and measurement projects of various urban transit lines in Beijing; and (ii) other projects (including but not limited to the real estate construction survey project and the monitoring projects for Urban Rail Transit Line 28), it is expected that the aggregate revenue to be generated from the aforementioned projects would be approximately RMB97.0 million, which is estimated by making reference to the cost per km surveyed, project scale and the surveyed length of the infrastructure in the previous project with similar nature of providing surveying services. The management of the Company expects that most of the work could be completed by the end of 2021, therefore, the Group expects to derive a revenue of approximately RMB97.0 million as of 31 December 2021 from the aforesaid projects.

In view of the revenue from selected urban rail transit survey and measurement projects is estimated with reference to previous projects in similar nature, we are of the view that the portion allocated to the Surveying Annual Caps to be reasonable.

## (b) Urban rail transit design projects

As discussed with the management of the Company, we acknowledged the aggregate revenue of urban rail transit survey and design projects would be approximately RMB1,573.0 million for the year ending 31 December 2021 if the Group is able to obtain the following projects through tender from Beijing Investment Company Group, for instance (i) the underground utility tunnel engineering design of Beijing Rail Transit Line 3 (Dongba Zhonglu Stop), (ii) the underground utility tunnel (phase I) engineering design of Beijing Rail Transit Line 8 (Wangfujing Stop); (iii) the contract phase 07 of the worksite design project of Beijing Rail Transit Line 9; (iv) the contract phase 11 of the first-stage engineering design of Beijing New Airport Express; (v) projects that may be commenced in the construction planning scheme for phase III of Beijing Rail Transit; and (vi) other projects (including but not limited to the general contracting projects for Beijing Rail Transit Line 17, Line 12 and Line 3).

Amongst the foresaid projects, we noted from the Surveying Projects List that the term of the design services in relation to underground utility tunnel of Beijing Rail Transit Line 8 and the underground utility tunnel of Beijing Rail Transit Line 3 is expected to be 2 years, and the revenue to be generated from Beijing Rail Transit Line 3 and Beijing Rail Transit Line 8 projects will be approximately RMB5.0 million for the year ending 31 December 2022, which will be at a similar level compared to the estimated revenue for 2021. The construction planning scheme for phase III of Beijing Rail Transit is expected

to enable the Group to generate revenue of approximately RMB500.0 million and approximately RMB200.0 million for the year ending 31 December 2022 and 2023, respectively. As further noted from the Surveying Projects List, the projects that are with relatively less transaction amount and have been classified in category (vi) other projects, are expected to contribute approximately RMB160.0 million and RMB86.0 million to the Group for the year ending 31 December 2022 and 31 December 2023, respectively. Save for the disclosed above, other projects are expected to complete by end of 2021.

As advised by the management of the Company, the estimated revenue amount of approximately RMB1,573.0 million of certain urban rail transit survey and design projects for the year ending 31 December 2021 is determined based on the expected project scale, technical requirements, cost of manpower and “Engineering Investigation and Design Fee Standard (2002 Edition)”, which was compiled by the NDRC. The management of the Company expects most of the aforesaid projects would be completed by end of 2021. As such, it is expected that the Group will derive aggregate revenue of approximately RMB1,573.0 million as at 31 December 2021.

Having considered the basis for the estimation of the selected urban rail transit survey and design projects, we are of the view that the portion allocated to the Surveying Annual Caps to be reasonable.

(c) Urban rail transit consultancy business

As disclosed in the Appendix I to the Circular, the Company’s projects in relation to transit consultancy businesses include (i) the feasibility study report on the underground utility tunnel engineering design of Beijing Rail Transit Line 3, (ii) the preparation of the feasibility study report on the underground utility tunnel (phase I) engineering design of Beijing Rail Transit Line 8 (Wangfujing Stop), (iii) research on the operation and maintenance monitoring system and key technologies of Beijing utility tunnel, (iv) research on the management mechanism and key technologies of collaborative construction of urban utility and rail transit; and (v) other projects.

It is expected that the revenue from urban rail transit consultancy business for the year ending 31 December 2021 would be approximately RMB1.9 million. As advised by the management of the Company, the estimated revenue is determined with reference to the project scale, technical requirements, cost of manpower and the pricing of previous projects with similar nature. Having considered the basis of the estimated revenue from selected projects of urban rail transit consultancy business, we are of the view that the portion allocated to the Surveying Annual Caps to be reasonable.

Given the aforesaid analysis on the Highlighted Surveying Projects, we considered the Surveying Annual Caps is determined on a reasonable estimation.

*ii. Analysis on the Contracting Annual Caps*

The Contracting Annual Caps for the three years ending 31 December 2023 were determined based on, amongst other things, (a) subway engineering projects under construction; (b) projects completed but to be settled; (c) newly won bid projects; and (d) industrialization business.

In order to assess the fairness and reasonableness of the aforementioned determining factors of the Contracting Annual Caps, we obtained a list of projects in relation to the Construction Contracting Services which includes (i) the newly won-bid projects that the construction works will commence in 2021; (ii) projects to be further settled; and (iii) the ongoing construction projects (the “**Construction Projects List**”).

As referred to the Construction Projects List, the total revenue expected to be generated from the Construction Contracting Services is approximately RMB2,087 million for the year ending 31 December 2021.

Based on the information as set out in the Construction Projects List, we acknowledged the aggregate revenue to be generated from the projects disclosed in the Appendix I to the Circular (the “**Highlighted Contracting Projects**”) accounts for approximately 97.1% of the Contracting Annual Caps of approximately RMB2,150.0 million for the year ending 31 December 2021, and believe the selected projects as disclosed in the Appendix I to the Circular are able to provide sufficient coverage for our analysis.

*Highlighted Contracting Projects**(a) Subway engineering projects under construction*

As advised by the management of the Company, the Group has been providing the Construction Contracting Services (i.e. of subway engineering projects) to Beijing Investment Company Group for years. The subway engineering projects as set out in the Construction Projects List were obtained through tender and are still in the construction progress as at the Latest Practicable Date.

The abovementioned subway engineering projects include the Beijing Rail Transit Lines (i.e. Line 11, Line 12, Line 14, Line 16 and Line 17), New Airport Express and Urumqi Metro Line 2, and the total contract sum of these projects would be approximately RMB816.0 million for the year ending 31 December 2021. Based on the Construction Projects List, we acknowledged that the construction works of each of the subway engineering projects will be carried out during the three years ending 31 December 2023. The management of the Company advised the Construction Contracting Services fees to be paid by Beijing Investment Company Group to the Group for each of the year ending 31 December 2022 and 2023 will be at the similar level as compared to that for the year ending 31 December 2021.

Having considered (i) the subway engineering projects were obtained through tender process; (ii) the expected contract sum for the year ending 31 December 2021 will be approximately RMB816.0 million; and (iii) the payment schedule for each of the year ending 31 December 2022 and 2023 is consistent, we are of the view that the portion allocated to the Contracting Annual Caps to be reasonable.

(b) Projects to be further settled

Based on the information set out in the Appendix I to the Circular, we understood certain projects of the Group are to be settled and the total outstanding contract sum would be approximately RMB81.0 million for the year ending 31 December 2021. These projects include Beijing Rail Transit Yanfang Line, Beijing Rail Transit Line 7 (East Extension), Beijing Rail Transit Line 8 (Phase III) and Haidian District Yuyuantan Township F1, F2 public mixed residence.

Based on the Construction Projects List, save for Haidian District Yuyuantan Township F1, F2 public mixed residence, it is expected that the Group will still be able to generate revenue from providing the Construction Contracting Services in relation to Beijing Rail Transit Line 7 (East Extension), Beijing Rail Transit Line 8 (Phase III), Beijing Rail Transit Yanfang Line for the year ending 31 December 2022 and 2023. The management of the Company advised that, it is expected that subsequent charges may occur if the Group provides additional Construction Contracting Services, and the estimated revenue from the aforesaid projects will be approximately RMB66.0 million and RMB37.0 million for the year ending 31 December 2022 and 2023, respectively. The management of the Company supplemented that the aforesaid estimated amount was determined with reference to the project scale, technical requirements, cost of manpower and the pricing of previous projects with similar nature.

Based on the abovementioned, we are of the view that the portion allocated to the Contracting Annual Caps to be reasonable.

(c) Newly won bid projects

The newly won bid projects, which the Company currently plans to commence construction in 2021, include the capacity expansion of Beijing Rail Transit Line 13, Beijing Rail Transit Line 22, Bid 19 integration construction of Beijing Rail Transit Line 17 (the “**Line 17**”) and other projects.

The contract sum of the aforesaid newly won bid projects is expected to be RMB950.0 million for the year ending 31 December 2021, which is determined with reference to, amongst the others, the length of each of Line 13,

Line 22, Line 17 and other newly won bid projects, the construction cost and the cost per kilometer. According to the Construction Projects List, we noted the construction works of the Line 17 project is expected to complete in 2022, while the construction works of each of Line 13, Line 22 and other newly won bid projects in Beijing are expected to complete in 2023. Given the current construction schedule, the estimated revenue from newly won bid projects will be approximately RMB1,520.0 million and RMB1,420.0 million for the year ending 31 December 2022 and 2023, respectively. The management of the Company supplemented that the aforesaid estimated amount was determined with reference to the project scale, technical requirements and cost of manpower.

Based on the abovementioned, we are of the view that the portion allocated to the Contracting Annual Caps to be reasonable.

(d) Industrialization business

As mentioned in the Appendix I to the Circular, the undergoing industrialization project of the Group is Shaoxing Metro Line 1 system integration project, which will generate revenue of approximately RMB240.0 million for the year ending 31 December 2021. With reference to the Construction Projects List, it is expected that the Group will have other industrialization projects with Beijing Investment Company Group for the years ending 31 December 2022 and 2023, with the estimated revenue of approximately 200.0 million and 200.0 million, respectively. As advised by the management of the Company, the aforesaid amount was referred to project scale, technical requirements and cost of manpower.

As the estimated revenue of industrialization projects for each of the year ending 31 December 2022 and 2023 is comparable to the estimated revenue of the industrialization project of the Group, we are of the view that the portion allocated to the Contracting Annual Caps to be reasonable.

Given the aforesaid analysis on the Highlighted Contracting Projects, we considered the Contracting Annual Caps is determined on a reasonable estimation.

*iii. Analysis on the Buffer Rate*

As mentioned in the Appendix I to the Circular, in view of the coordinated development of “Beijing-Tianjin-Hebei Integration”, the development and upgrade of the national businesses of Beijing Investment Company Group, and taking into account the business growth of the Company over the years as well as the increase in its profits in prior period, the Company has included a Buffer Rate of 10% increase when determining the Proposed Annual Caps. The Proposed Annual Caps for the year ending 31 December 2022 is based on a Buffer Rate of 10% for the year

ending 31 December 2021; and the Proposed Annual Caps for the year ending 31 December 2023 is based on a Buffer Rate of 10% for the year ending 31 December 2022. The Company considers that the inclusion of the Buffer Rate in the determination of the Proposed Annual Caps can reflect the actual requirements of the Company.

In assessing the reasonableness of the Buffer Rate, we have discussed with the management of the Company and are given to understand that the Buffer Rate was set for the potential increase in the revenue of the Group in future based on (i) the historical financial performance; and (ii) potential opportunities from the supportive government policies.

For our due diligence purpose, we made reference to the financial information of the Group (please refer to the details set out in the section headed “ I. Background information of the parties to the New Integrated Services Framework Agreement – a. Information on the Group” above in this letter) and acknowledged that the revenue of the Group for the year ended 31 December 2020 raised approximately 18.7 % as compared to the figures for FY2019 and the revenue of the Group for FY2019 increased approximately 17.0% as compared to the figures for FY2018. As the Group’s revenue has been increasing from FY2018 to FY2020 and the growth rates in revenue of the Group for FY2019 and FY2020 are higher than the Buffer Rate.

As referred to the above, we also acknowledged that the PRC government plans to promote and build the integration of urban rail transit network for 2021 to 2025, and the operating mileage of urban rail transit in Beijing is expected to reach 1,600 km by end of 2025 compared to the operating mileage of urban rail transit in Beijing of approximately 727 km as at 31 December 2020. Having taken into account supportive government policies as well as the advantageous roles and positions of Beijing Investment Company and MTR Construction as mentioned above, we concur with the Directors’ view that the Buffer Rate can also provide flexibility to the Group when Beijing Investment Company Group sources the Surveying Related Services and/or the Construction Contracting Services from the Group if the terms of the transactions to be carried out under the New Integrated Services Framework Agreement are on normal commercial terms and the price is competitive.

Given the aforesaid, we consider the incorporation of the Buffer Rate of 10% in determining the Proposed Annual Caps is fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

*iv. Conclusion*

Based on the above, we are of the view that the Proposed Annual Caps are determined based on reasonable estimation and after due and careful consideration and they are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

**V. Internal control measures**

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

The Administrative Measures on Connected Transactions was formulated by the Company, in accordance with supervisory requirements of the Stock Exchange in respect of connected transactions and continuing connected transactions and with reference to actual situation of the Company, which explicitly stipulated the identification of connected transactions, procedure of review and approval, report, supervision and management and related information disclosure.

To ensure the continuing connected transactions contemplated under the New Integrated Services Framework Agreement between the Group and Beijing Investment Company Group 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 and will continue to strengthen the following specific measures that were applied to every transaction entered into under the Integrated Services Framework Agreement and will be applied to every transaction to be entered into under New Integrated Services Framework Agreement to be renewed:

- (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 New Integrated Services Framework Agreement, the Legal and Audit Department and the Financial Department of the Company shall assist in reviewing and controlling 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 New Integrated Services Framework Agreement, whether the price conforms 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 conforms 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 the continuing connected transactions contemplated under Integrated Services Framework Agreement, and would continue to review the continuing connected transactions contemplated under the New Integrated Services Framework Agreement to ensure that individual service contracts under the New Integrated Services Framework 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 Proposed Annual Caps of such continuing connected transactions.

In assessing the effectiveness of the internal control imposed by the Group to monitor the principle terms offered to Beijing Investment Company Group and/or other independent third party for the individual service contracts stipulated under the New Integrated Service Agreement, we have obtained and reviewed the internal control measures. We have discussed with the management of the company and understood that the Board, different levels of managements of the Group and relevant departments of the Group will participate in the review of relevant individual service contracts to ensure the individual services contracts are in compliance with the relevant pricing policy under the New Integrated Services Framework Agreement and the relevant continuing connected transactions requirements. We are given to understand from the management of the Company that such review will be conducted first by 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, and then senior management. The Board would monitor and supervise the control on continuing 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 transactions. We have also reviewed and compared the major terms under the Connected Sample Contracts and the Individual Sample Contracts, and were aware that the major terms offered by the Group to Beijing Investment Company Group under the Integrated Service Framework Agreement is similar to the terms offered by the Group to the independent third party, therefore, we are of the view that the aforesaid internal control measures are properly in place.

**RECOMMENDATION**

Having considered the above principal factors and reasons, we are of the view that (i) the Continuing Connected Transactions are in the ordinary and usual course of business of the Group; and (ii) the terms of Continuing Connected Transactions contemplated under the New Integrated Framework Agreement and the Proposed Annual Caps are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and are in the interests of Company and the Independent Shareholders as a whole. Accordingly, we would recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the AGM in this regard.

Yours Faithfully,

For and on behalf of

**Merdeka Corporate Finance Limited**

**Tina Hung**

**Jeannie Chan**

*Director*

*Director*

*Ms. Tina Hung is a Responsible Officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 24 years of experience in corporate finance.*

*Ms. Jeannie Chan is a Responsible Officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 10 years of experience in corporate finance.*

\* *For identification 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, to the knowledge of 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 (share)	Nature of interests	Approximate percentage of total issued Domestic Share capital (%)	Approximate percentage of total issued Share capital (%)
Beijing Urban Construction Group Co., Ltd. <sup>1</sup>	Beneficial owner	571,031,118	Long position	59.44	42.34
Beijing Infrastructure Investment Co., Ltd. <sup>2,6</sup>	Beneficial owner	131,776,412	Long position	13.72	9.77
Beijing Jinguofa Equity Investment Fund (Limited Partnership) <sup>3</sup>	Beneficial owner	46,000,000	Long position	4.79	3.41
Tianjin Jun Rui Qi Equity Investment Partnership (LLP) <sup>4</sup>	Beneficial owner	46,000,000	Long position	4.79	3.41

Name of Shareholder	Capacity	Number of Domestic Shares (share)	Nature of interests	Approximate percentage of total issued Domestic Share capital (%)	Approximate percentage of total issued Share capital (%)
Beijing Chengtong Enterprise Management Center (General Partnership)	Beneficial owner	76,000,000 <sup>5</sup>	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 held by 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 held by Tianjin Jun Rui Qi Equity Investment Partnership (LLP).
5. Included 18,270,000 Domestic Shares 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.
6. On 4 August 2020, Beijing Infrastructure Investment Co., Ltd. and Beijing MTR Construction Administration Corporation (北京市轨道交通建设管理有限公司) conducted a merger and restructuring, the state-owned assets of the Beijing MTR Construction Administration Corporation shall be transferred to Beijing Infrastructure Investment Co., Ltd. at nil consideration. Prior to the merger and restructuring, Beijing MTR Construction Administration Corporation held 43,925,470 Domestic Shares of the Company. Following the merger and restructuring, Beijing Infrastructure Investment Co., Ltd. directly and indirectly holds a total of 131,776,412 Domestic Shares of the Company, and remains to be the substantial Shareholder of the Company. For details, please refer to the announcement published by the Company on 10 August 2020.

*H Shares*

Name of Shareholder	Capacity	Number of H Shares (Share)	Nature of interests	Approximate percentage of total issued H Share capital (%)	Approximate percentage of total issued share capital (%)
Amundi Asset Management	Investment manager	42,087,000	Long position	10.85	3.12
Amundi Ireland Ltd	Investment manager	81,494,000	Long position	21.01	6.04
Beijing Infrastructure Investment Co., Ltd <sup>1</sup>	Interest of controlled corporations	68,222,000	Long position	17.59	5.06
Beijing Infrastructure Investment (Hong Kong) Limited <sup>1</sup>	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 <sup>2</sup>	Interest of controlled corporations <sup>2</sup>	26,222,000	Long position	6.76	1.94

*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 which are required to be 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	Holding capacity	Class of Shares	Number of Shares (share)	Nature of interests	Approximate	Approximate
						percentage of total issued H Share capital (%)	percentage of total issued Share capital (%)
Wang Hanjun	Executive Director and the General Manager	Personal interest	H Shares	48,000	Long position	0.01	0.004
Li Guoqing	Executive Director and the Deputy General Manager	Personal interest	H Shares	48,000	Long position	0.01	0.004

*Note:*

Each of Mr. Wang Hanjun and Mr. Li Guoqing subscribed for 1,000,000 Domestic Shares 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 2020, 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:

<b>Name of the Director/Supervisor</b>	<b>Position in the specific company</b>
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	Secretary to the board of directors and general manager of investment and development department of Beijing Investment Company
Su Bin	Deputy general manager of MTR Construction
Nie Kun	Supervisor of Beijing Urban Construction Group Co., Ltd.
Chen Rui	Managing director of Beijing Legend Capital Co., Ltd

**7. MATERIAL ADVERSE CHANGE**

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 2020, 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 recommendation which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Merdeka	a corporation licenced to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Merdeka 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, Merdeka

- (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 2020, 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 other persons to subscribe for securities in any member of the Group.

**11. MISCELLANEOUS**

- (a) The Company Secretary of the Company is Mr. Xuan Wenchang.
- (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, Dah Sing Financial Centre, 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 28 May 2021:

- (a) the Articles of Association;
- (b) the New Integrated Services Framework Agreement signed by the parties upon approval by the Independent Shareholders at the AGM;
- (c) the letter from the Independent Board Committee as set out on pages 49 to 50 of this circular;
- (d) the letter from Merdeka as set out on pages 51 to 75 of this circular; and
- (e) the written consent of Merdeka referred to in the paragraph headed "Expert's Qualification and Consent" above.