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

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

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

Beijing Urban Construction Design & Development Group Co., Limited
北京城建設計發展集團股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1599)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR AND NOTICE OF THE 2025 SECOND EXTRAORDINARY GENERAL MEETING

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

MERDEKA 領智

The EGM 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 Tuesday, 23 December 2025. A letter from the Board is set out on pages 5 to 26 of this circular. Notice convening the EGM is set out on pages 57 to 58 of this circular.

A letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 27 to 28 of this circular. A letter from Merdeka containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 29 to 50 of this circular.

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

3 December 2025

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DEFINITIONS

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

“Articles of Association”	the articles of association of the Company as amended, modified or supplemented from time to time
“associate(s)”	shall have the meaning ascribed to it under the Hong Kong Listing Rules
“Board” or “Board of Directors”	the board of directors of the Company
“BUCG”	Beijing Urban Construction Group Co., Ltd. (北京城建集團有限責任公司), the controlling shareholder of the Company holding 42.34% interest in the Company and a wholly state-owned enterprise under the Beijing Municipal People’s Government
“Company”	Beijing Urban Construction Design & Development Group Co., Limited (北京城建設計發展集團股份有限公司), a joint stock company with limited liability incorporated in the PRC, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1599)
“Company Law”	the Company Law of the People’s Republic of China (中華人民共和國公司法)
“connected person(s)”	shall have the meaning ascribed to it under the Hong Kong Listing Rules
“controlling shareholder(s)”	shall have the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and which are currently not listed or traded on any stock exchange
“Domestic Shareholder(s)”	holder(s) of Domestic Shares

DEFINITIONS

“EGM”	the 2025 Second Extraordinary General Meeting of the Company to be convened on Tuesday, 23 December 2025 to consider and, if thought fit, approve the resolutions in relation to the renewal of the continuing connected transactions and the proposed appointment of independent non-executive Director
“Group”	the Company and its subsidiaries
“H Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
“H Shareholder(s)”	holder(s) of H Shares
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely Mr. Wang Guofeng, Mr. Xia Peng, Mr. Frank Chan Fan and Mr. Zha Xiaodong, which was established to advise the Independent Shareholders in relation to the terms of the Integrated Services Framework Agreement proposed to be renewed and the proposed annual caps for the revenue and expenditure of the continuing connected transactions contemplated thereunder, for the three years ending 31 December 2028
“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 terms of the Integrated Services Framework Agreement proposed to be renewed and the proposed annual caps for the revenue and expenditure of the continuing connected transactions contemplated thereunder for the three years ending 31 December 2028

DEFINITIONS

“Independent Shareholders”	Shareholders other than those required by the Hong Kong Listing Rules to abstain from voting on the resolution to be proposed at the EGM in relation to the renewal of the 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 between the Company and BUCG on 24 October 2025
“Latest Practicable Date”	2 December 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Non-competition Agreement”	the non-competition agreement entered into between BUCG and the Company on 24 January 2014, as amended by the Supplemental Agreement I to the Non-competition Agreement on 16 June 2014, the Supplemental Agreement II to the Non-competition Agreement on 29 October 2015 and the Supplemental Agreement III to the Non-competition Agreement on 10 November 2021 signed by the parties
“PRC” or “China”	the People’s Republic of China which, for the purpose of this circular only, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	H Share(s) and Domestic Share(s) of the Company
“Shareholder(s)”	holders of the Shares of the Company
“subsidiary(ies)”	shall have the meaning ascribed to it under the Hong Kong Listing Rules
“substantial shareholder(s)”	shall have the meaning ascribed to it under the Hong Kong Listing Rules
“Supervisor(s)”	supervisor(s) of the Company

DEFINITIONS

“Supplemental Agreement I to the Non-competition Agreement”	the supplemental agreement entered into between BUCG and the Company on 16 June 2014 to amend the non-competition agreement entered into between BUCG and the Company on 24 January 2014
“Supplemental Agreement II to the Non-competition Agreement”	the second supplemental agreement entered into between BUCG and the Company on 29 October 2015 to amend the Non-competition Agreement, which was entered into between BUCG and the Company on 24 January 2014 as amended by the first supplemental agreement on 16 June 2014
“Supplemental Agreement III to the Non-competition Agreement”	the third supplemental agreement entered into between BUCG and the Company on 10 November 2021 to amend the Non-competition Agreement, which was entered into between BUCG and the Company on 24 January 2014 as amended by the first supplemental agreement on 16 June 2014 and the second supplemental agreement on 29 October 2015 respectively

LETTER FROM THE BOARD



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

Beijing Urban Construction Design & Development Group Co., Limited
北京城建设计发展集团股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1599)

Members of the Board:

Executive Director:

Xia Xiujiang

Non-executive Directors:

Pei Hongwei (*Chairman*)

Li Guoqing

Shi Huaxin

Peng Dongdong

Li Fei

Wang Tao

Tang Qimeng

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

Xia Peng

Frank Chan Fan

Zha Xiaodong

3 December 2025

To the Shareholders:

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
PROPOSED APPOINTMENT OF INDEPENDENT
NON-EXECUTIVE DIRECTOR
AND
NOTICE OF THE 2025 SECOND EXTRAORDINARY
GENERAL MEETING**

I. INTRODUCTION

On behalf of the Board, I invite you to attend the EGM to be held at Conference Room, 5 Fuchengmen North Street, Xicheng District, Beijing, the PRC at 2:30 p.m. on Tuesday, 23 December 2025.

LETTER FROM THE BOARD

References are made to the announcement of the Company dated 24 October 2025 in relation to, among other things, the Integrated Services Framework Agreement proposed to be renewed and the proposed annual caps for the continuing connected transactions contemplated thereunder for the three years ending 31 December 2028 and the Company's announcement dated 1 December 2025 regarding proposed appointment of the independent non-executive Director.

The purpose of this circular is to provide you with, among other things:

- (a) details on the renewal of continuing connected transactions;
- (b) details of the proposed appointment of independent non-executive Director;
- (c) a letter from the Independent Board Committee, which sets out the recommendations of the Independent Board Committee to the Independent Shareholders in relation to the terms of the Integrated Services Framework Agreement proposed to be renewed and the proposed annual caps for the revenue and expenditure of the continuing connected transactions contemplated thereunder for the three years ending 31 December 2028;
- (d) a letter from Merdeka, which sets out the opinions and recommendations of Merdeka to the Independent Board Committee and Independent Shareholders in relation to the terms of the Integrated Services Framework Agreement proposed to be renewed and the proposed annual caps for the revenue and expenditure of the continuing connected transactions contemplated thereunder for the three years ending 31 December 2028;
- (e) a notice of the EGM; and
- (f) other information as required under the Hong Kong Listing Rules,

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

LETTER FROM THE BOARD

II. RENEWAL OF CONTINUING CONNECTED TRANSACTIONS: INTEGRATED SERVICES FRAMEWORK AGREEMENT

1. The Proposed Renewal of the Integrated Services Framework Agreement

As the Existing Integrated Services Framework Agreement as well as the annual caps for the continuing connected transactions thereunder are due to expire on 31 December 2025, the Company has, on 24 October 2025, renewed the Integrated Services Framework Agreement with BUCG for a further term of three years commencing from 1 January 2026 and ending on 31 December 2028 on the same terms and conditions, the principal terms of which are summarised as follows:

Parties	The Company BUCG
Term of the Agreement	For a term of three years from 1 January 2026 to 31 December 2028
Principal Terms and Conditions	<p>Pursuant to the Integrated Services Framework Agreement proposed to be renewed:</p> <p>(a) The integrated services to be provided by BUCG, its subsidiaries and/or associates include but are not limited to engineering construction related services, including but not limited to provision of labor performing basic physical work in engineering projects, supply of raw materials used in engineering construction, construction machinery equipment leasing, training services related to the aforementioned, and other services required by the Group to carry out its business, as well as “Research and Development, Production, Sales and Integration Services Businesses of Products Related to the Rail Transit” provided by BUCG, its subsidiaries and/or associates to the Group pursuant to Supplemental Agreement III to the Non-competition Agreement^{Note 1}.</p>

LETTER FROM THE BOARD

- (b) The integrated services to be provided by the Group to BUCG, its subsidiaries and/or associates include but are not limited to: (i) services relating to construction survey, design and consultancy, including but not limited to measurement, test, inspection of construction drawings, as well as training services and other services required by BUCG, its subsidiaries and/or associates to carry out their businesses; and (ii) project sub-contracting and/or specialised services, including but not limited to project management and equipment leasing services, etc., pursuant to Situations (2) and (3)^{Note 2} of the Supplemental Agreement II to the Non-competition Agreement.

- Notes:* 1. Supplemental Agreement III to the Non-competition Agreement was entered into on 10 November 2021. The Supplemental Agreement III to the Non-competition Agreement stipulates that when the Company is engaged in rail transit related businesses, if the inseparable part of the businesses involves 'Research and Development, Production, Sales and Integration Services Businesses of Products Related to the Rail Transit', subject to not violating the relevant requirements of the construction unit and relevant laws and regulations such as bidding, the Company or its subsidiaries will give priority to subcontracting these businesses to BUCZT, a company owned by BUCG under the same conditions. For details, please refer to the Company's announcement dated 10 November 2021, and the circular dated 10 December 2021.
2. Supplemental Agreement II to the Non-competition Agreement was entered into on 29 October 2015. According to the requirements of the Supplemental Agreement II to the Non-competition Agreement, if the Company is restricted from bidding for an engineering and construction project by reason of: (1) the Company's previous provision of design or consultancy services at the preparatory stage or for supervisory work of such project restricting the Company from bidding for the engineering and construction work of the project; and/or (2) the special bidding requirements of such project, but only to the extent that the Company alone cannot meet the bidding requirements in relation to the bidder's net assets, total assets, grading level and/or qualification level, and if it is for the interests of the Company and the requirements for bidding are satisfied, BUCG agrees to leverage its advantages to bid for or jointly with the Company bid for a project, and then subcontract part of the project to the Group pursuant to the requirements of Clause 3.8 of the Supplemental Agreement II to the Non-competition Agreement. For details, please refer to the announcement of the Company dated 29 October 2015 and the circular of the Company dated 11 December 2015.

LETTER FROM THE BOARD

- (c) The parties agree that the transaction shall be consummated in line with the applicable general market practice (if any) and on normal commercial terms.
- (d) The parties are entitled to choose the counterparty of the transaction, i.e. to provide services to, or obtain services from, any third parties (other than in the circumstances specified in paragraph (e) below). Meanwhile, BUCG, its subsidiaries and/or associates shall provide services to the Group on terms and conditions no less favourable than those offered to independent third parties under similar circumstances and shall not request the Group to provide services on terms and conditions more favourable than those offered to the independent third parties by the Group.
- (e) Notwithstanding any other provisions of the agreement, in respect of the awarded projects cooperated with and/or bid by BUCG under the Situations (2) and (3) as set out in the Supplemental Agreement II to the Non-competition Agreement, BUCG shall, in accordance with the terms of the bidding documents and in compliance with the relevant laws and regulations, sub-contract the awarded projects bid by BUCG for the Company to the Group and/or enter into such other ways of cooperation, including but not limited to project management services and/or equipment leasing services, etc., as permitted by the project owner on a no profit basis to BUCG (that is, the Company entrusts BUCG which possesses bidding qualification to submit a tender on its behalf, and the pricing of the projects is subject to the market price finally determined during the bidding process. If the awarded projects are obtained, BUCG subcontracts all the awarded projects to the Company, and therefore the awarded projects are carried out by the Company and BUCG does not generate any profit in respect of the awarded projects).

LETTER FROM THE BOARD

Pricing Policy

The pricing policy of the Integrated Services Framework Agreement proposed to be renewed is set out as follows:

- (a) Pursuant to the Integrated Services Framework Agreement proposed to be renewed, the prices of the integrated services (including but not limited to engineering construction related services) to be provided by BUCG, its subsidiaries and/or associates to the Group shall be determined with reference to government guidance prices and market factors, but shall not be less favourable than the terms and prices provided by independent third parties to the Group in respect of the same or similar services in any event. The government guidance price refers to the price determined for a certain type of service or services according to the laws, regulations, decisions and orders formulated by the Chinese central government, provincial governments, local governments, industry associations or other competent authorities, which within a certain range, can be determined by both parties to the transaction (factors taken into consideration when determining prices by both parties including but not limited to material cost, scale and technological difficulties of projects).

For further illustration purposes, in terms of engineering construction services, the Beijing Municipal Commission of Housing and Urban-Rural Development issued the “Beijing Construction Project Pricing Basis-Urban Rail Transit Project Budget Quota”, while the commissions of housing and urban-rural development of local governments would also publish the project cost information, which would provide basis of calculation (including but not limited to how to calculate project cost in a comprehensive manner based on factors such as labor cost, material cost, scale of projects, etc.) for the engineering construction services.

The Company will continue to keep itself updated with the latest developments of government guidance prices. If there is any document issued by the government to regulate the services in which the Company is involved and set out specific price range or level, the prices will be determined within the range of government guidance prices stipulated in such document.

LETTER FROM THE BOARD

In addition to government guidance prices, the Company will refer to market prices based on specific project differences such as project scale, technical difficulty, construction period, and labour costs.

“Market Price” refers to the prices collected by the Company through public channels such as the China government procurement services information platform of China government procurement website (<http://www.ccgp.gov.cn>), the China Tender and Procurement website (www.zbytb.com), and the China Procurement and Tender website (<http://www.chinabidding.com.cn/>). Market Price generally refers to the prevailing bid price of an independent third party that provides similar 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 the prices offered by at least two independent third parties for the same or similar services under the same conditions), or in the absence of the aforesaid prevailing bid price at or near the area where such services are provided, the then prevailing bid price of an independent third party providing similar services under normal commercial terms in the ordinary and usual course of business in other regions of the PRC (with reference to the prices offered by at least two independent third parties for the same or similar services under the same conditions).

For the integrated services accepted by the Group (including but not limited to engineering construction related services), the Company will conduct public bidding in accordance with the provisions of the Law of the People’s Republic of China on Tenders and Bids (《中華人民共和國招標投標法》). In the case of a successful bid, BUCG, its subsidiaries and/or associates will provide the relevant services to the Group.

LETTER FROM THE BOARD

Specifically, for projects located in Beijing, the Group will conduct bidding directly through the bidding platform and invite no less than three potential service providers to submit bidding documents. For projects outside Beijing, the Group will engage an independent professional bidding organisation (which specialises in, among others, bidding agency services for various engineering projects and projects involving central government investment) to conduct bidding on behalf of the Group, and no less than three potential service providers are invited to submit bidding documents. The bidding documents are prepared in accordance with the standard bidding documents issued by the Beijing Municipal Commission of Housing and Urban-Rural Development, and the service prices are determined with reference to government guidance prices and market prices, and adjusted based on project-specific factors such as project scale, technical requirements, construction period, labour costs, and prevailing market conditions. The Group or the independent professional bidding organisation acting on behalf of the Group will evaluate the service providers based on their bids and qualifications, and score the bidding documents according to evaluation standards generally adopted for comparable services in the market. Upon comprehensive consideration of the foregoing factors, the Group or the independent professional bidding organisation acting on behalf of the Group will determine the successful bidder.

LETTER FROM THE BOARD

- (b) Pursuant to the Integrated Services Framework Agreement proposed to be renewed, the price of integrated services (including but not limited to construction survey, design and consultancy related services) to be provided by the Group to BUCG, its subsidiaries and/or associates shall be the prices determined through a tender process or the agreed prices:

If the Company intends to bid for a particular project, the marketing department will firstly conduct a preliminary assessment of the project, including but not limited to the estimated construction cost, required resources and project schedule, etc. Based on such assessment, the marketing department will prepare a project proposal and pricing scheme, which will be submitted to the relevant department heads and management for approval. Upon internal approval, the Company will prepare the bidding document in accordance with the invitation document for tender issued by the project owner and the relevant provisions of the Law of the People's Republic of China on Tenders and Bids (《中華人民共和國招標投標法》). According to the relevant PRC rules and regulations in relation to the bidding procedures for the specific services, the project owner shall engage professionals to evaluate the bidders and the corresponding bid documents. Finally, the project owner shall determine the successful bidder taking into account certain factors (including but not limited to the qualifications of the bidders and the terms and total quotation offered by the bidders) and with reference to the professional opinions.

The “agreed price” shall be calculated based on “reasonable cost + reasonable profit” and determined with reference to the “market price”, provided that in no event shall it be more favourable than the conditions and prices offered to independent third parties for the same or similar services.

LETTER FROM THE BOARD

“Reasonable costs” means costs (including sales tax and surcharge) agreed by both parties through negotiation and permitted by the national financial accounting system; “Reasonable profits” means profits calculated based on market practices and reasonable costs. (The Company will estimate the costs and prices of projects with reference to the calculation methods set out in the relevant charging guidelines issued by the government or industrial associations. For project consultancy services, the Company will make reference to the Guidelines on Charging for Preliminary Consulting Services for Urban Rail Transit (《城市軌道交通前期諮詢工作收費指導意見》) issued by China Association of Metros (中國城市軌道交通協會). For project contracting related services, the Company will make reference to the Information on Project Costs (《工程造價信息》) regularly issued by local commission of housing and urban-rural development, which sets out recommended prices of construction materials of specific categories.)

LETTER FROM THE BOARD

To ensure that the price is fair and reasonable, and in no event more favourable than the terms and prices offered by the Company to independent third parties for the same or similar services, the Company will refer to market prices based on specific project differences such as project scale, technical difficulty, construction period, and labour costs. (“Market Price” refers to the prices collected by the Company through public channels such as the China government procurement services information platform of China government procurement website (<http://www.ccgp.gov.cn>), the China Tender and Procurement website (www.zbytb.com), and the China Procurement and Tender website (<http://www.chinabidding.com.cn/>) for (1) the prevailing bid price of an independent third party that provides similar 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 the prices offered by at least two independent third parties for the same or similar services under the same conditions; or (2) if (1) is not applicable, the then prevailing bid price of an independent third party providing similar services under normal commercial terms in the ordinary and usual course of business in the PRC, with reference to the prices offered by at least two independent third parties for the same or similar services under the same conditions.) In addition to reference to market prices, the Company will also ensure that the terms and prices for the integrated services provided by the Group to BUCG, its subsidiaries and/or associates will not be more favorable than the terms and prices offered by the Group to independent third parties for the same or similar services. Specifically, at the initial stage of determining the transaction prices, the management of the Company and its subsidiaries will be responsible for monitoring the pricing of each specific contract to assess whether such pricing complies with the prevailing market price range for the provision of comparable services in the market, and is not more favourable than the terms and prices offered by the Group to independent third parties for the same or similar services. The management will also report the relevant information to the Board in a timely manner. For further details of the internal control measures, please refer to the section headed “4. Internal Control Measures” in this circular.

LETTER FROM THE BOARD

The price of the relevant project subcontracting arrangements and/or specialised services, if required, to be provided by the Group to BUCG, pursuant to Situations (2) and (3) set out in the Supplemental Agreement II to the Non-competition Agreement, shall be determined as follows:

- (i) The price of the sub-contracting arrangements shall be the contractual price attributable to part or parts of the awarded contract sub-contracted to the Group on a no profit basis to BUCG under the contract awarded to BUCG in Situations (2) and (3) as set out in the Supplemental Agreement II to the Non-competition Agreement; and/or
- (ii) The price of the specialised services shall be the contractual price of the contract awarded to BUCG or, if applicable, the contractual price attributable to the remaining part of the awarded contract, after deducting the price of the part subcontracted to third parties and the above-mentioned price of the sub-contracting arrangements (on a no profit basis to BUCG).

Payment Arrangements

The parties shall pay the service fees to each other upon completion of the relevant services in accordance with the provisions of the individual service agreement to be entered into by the parties under the Integrated Services Framework Agreement proposed to be renewed.

Implementation Agreements

During the term of the Integrated Services Framework Agreement proposed to be renewed, members of the Group and BUCG, its subsidiaries or associates will enter into, from time to time and as necessary, individual service contract for each of the specific transactions contemplated under such framework agreement (including such individual service contract entered into during the term of the Existing Integrated Services Framework Agreement which has an expiring date within the term of the Integrated Services Framework Agreement proposed to be renewed), provided that any such individual service contract shall be within the ambit of, and shall not contravene the principles or any provisions as agreed by the parties in, the Integrated Services Framework Agreement proposed to be renewed.

LETTER FROM THE BOARD

2. Proposed Annual Caps for the Three Years Ending 31 December 2028

2.1 *Historical annual caps and historical transaction amounts for the three years ending 31 December 2025*

Set out below is the historical annual caps in respect of the mutual provision of integrated services between the Group and BUCG, its subsidiaries and/or associates under the Integrated Services Framework Agreement for the three years ended 31 December 2025:

	Historical annual caps for the year ending 31 December		
	2023 (RMB million)	2024 (RMB million)	2025 (RMB million)
Revenue generated by the Group from providing integrated services to BUCG, its subsidiaries and/or associates	730	803	883.3
Expenditure incurred by the Group for provision of integrated services by BUCG, its subsidiaries and/or associates	910	1,001	1,101.1

Set out below is the historical transaction amounts and the utilisation rate of the historical annual caps in respect of the mutual provision of integrated services between the Group and BUCG, its subsidiaries and/or associates under the Integrated Services Framework Agreement for the preceding two years ended 31 December 2024 and the six months ended 30 June 2025:

	Approximate historical transaction amounts for the financial year/six-month period ended		
	31 December 2023 (RMB million)	31 December 2024 (RMB million)	30 June 2025 (RMB million)
Revenue generated by the Group from providing integrated services to BUCG, its subsidiaries and/or associates	288	207	78
Utilisation rate (%)	39.45	25.78	8.83
Expenditure incurred by the Group for provision of integrated services by BUCG, its subsidiaries and/or associates	76	419	29
Utilisation rate (%)	8.35	41.86	2.63

Note: The low utilization rates of annual caps for the two financial years ended 31 December 2024 and six months ended 30 June 2025 under the Integrated Services Framework Agreement are attributed to adjustments in national infrastructure construction policies, which resulted in certain expected projects failing to obtain approval from government for implementation as planned and a few of the bids submitted not being awarded. The proposed annual caps under the Integrated Services Framework Agreement for the three financial years ending 31 December 2028 are based on projects currently obtained and expected to be obtained through tender and the aggregation of revenue to be generated therefrom. The year-on-year increase in the proposed annual cap increases progressively for the three financial years ending 31 December 2028 is in line with the anticipated year-on-year growth in the number of projects and the expected progress of project implementation, which includes engineering projects such as the renovation of existing facilities that the Group anticipates undertaking in line with its strategic development direction, such as urban renewal. Accordingly, the Company believes that the low utilization rates of annual caps for previous years have an insignificant impact on the determination of proposed annual caps for the three financial years ending 31 December 2028.

LETTER FROM THE BOARD

2.2 Proposed annual caps for the three years ending 31 December 2028

The Company estimates the proposed annual caps for the continuing connected transactions contemplated between the Group and BUCG, its subsidiaries and/or associates under the Integrated Services Framework Agreement proposed to be renewed for the three years ending 31 December 2028 as follows:

	Proposed annual caps for the year ending		
	31 December	31 December	31 December
	2026	2027	2028
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Revenue to be generated by the Group from providing integrated services to BUCG, its subsidiaries and/or associates	680	720	760
Expenditure to be incurred by the Group for provision of integrated services by BUCG, its subsidiaries and/or associates	590	620	660

2.3 Basis of determination of the proposed annual caps

2.3.1 Revenue

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

- (a) **Design, survey and consultancy services to be provided by the Group to BUCG, its subsidiaries and/or associates:** The design, survey and consultancy segment has been the traditional and core business of the Group. The Group expects to continue to work closely with BUCG in the areas of urban development and construction design consultation both domestically and internationally, in the circumstances specified in the Supplemental Agreement II to the Non-competition Agreement. For the three financial years ending 31 December 2028, revenue from the provision of such services to BUCG is expected to be approximately RMB190 million, RMB200 million and RMB210 million, respectively.

LETTER FROM THE BOARD

- (b) **Construction contracting services to be provided by the Group to BUCG, its subsidiaries and/or associates:** As the Group is committed to deeply cultivating the project market, based on existing ongoing projects and future tracked projects, for the three financial years ending 31 December 2028, revenue from the provision of such services to BUCG is expected to be approximately RMB490 million, RMB520 million and RMB550 million, respectively.

2.3.2 *Expenditure*

When estimating the annual caps for the expenditure to be incurred by the Group for the provision of integrated services by BUCG, its subsidiaries and/or associates to the Group under the Integrated Services Framework Agreement proposed to be renewed for the next three years, the Company has made reference to the historical transaction figures as listed above. The key factor considered is **the expenditures to be incurred for potential projects which the Company may obtain in the next three years**: The Company has taken into account upcoming potential projects which are already publicly known and which the Company would bid for and may obtain in the near future. For these projects, BUCG, its subsidiaries and/or associates will continue to provide integrated services to the Group and annual expenditures would be incurred for the provisions of such services. For the three financial years ending 31 December 2028, the estimated expenditures for integrated services to be provided by BUCG, its subsidiaries and associates to the Group are expected to be approximately RMB590 million, RMB620 million and RMB660 million, respectively.

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

In the ordinary and usual course of business, BUCG, its subsidiaries and/or associates require the integrated services including services relating to construction design, survey and consultancy, project sub-contracting and/or specialised services from the Group from time to time. On the other hand, the Group also requires the integrated services including engineering construction related services and training services from BUCG, its subsidiaries and/or associates from time to time. Due to the historical and future long-term cooperation relationship between the Group and BUCG, its subsidiaries and/or associates, the renewal of the Integrated Services Framework Agreement with BUCG will standardize the mutual provision of above services between the Group and BUCG, clarify the content and operating methods of business cooperation between both parties, set out the transaction principles and pricing principles in relation to the connected transactions, standardize the operating process and specify rights and obligations of both parties.

LETTER FROM THE BOARD

The integration of design, survey and consultancy business and construction contracting business enables the Group to provide comprehensive business solutions covering all major stages in the value chain of the urban rail transit engineering. In view of BUCG's rich resources and experience and relevant arrangement in the Non-competition Agreement, the renewal of the Integrated Services Framework Agreement may provide the Group with earlier access to market information regarding potential business opportunities, thereby enhancing its chances of winning bids, expand the sources of revenue and consolidate and enhance the market position of the Group in the urban rail transit industry. It is anticipated that such transactions will create synergy from combining the resources and expertise of BUCG, its subsidiaries and/or associates in the provision of relevant services, and enable the Group to enhance its competitiveness.

The Directors (including the independent non-executive Directors, after considering the view on the Integrated Services Framework Agreement proposed to be renewed and the proposed annual caps for the continuing connected transactions thereunder as set out in the circular after considering the advice from the independent financial adviser) are of the view that the Integrated Services Framework Agreement proposed to be renewed and the continuing connected transactions contemplated thereunder are in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms and conditions therein as well as the proposed annual caps for the continuing connected transactions, for both revenue and expenditure, contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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 existing and proposed renewed 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 the Hong Kong Stock Exchange in respect of connected transactions and continuing connected transactions and with reference to actual situation of the Company, which implements strict regulation from aspects of identification of connected transactions, procedure of review and approval, report, supervision and management and related information disclosure.

LETTER FROM THE BOARD

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

LETTER FROM THE BOARD

5. Hong Kong Listing Rules Implications

BUCG directly and indirectly holds an aggregate of 42.34% interest in the Company and is the controlling shareholder of the Company, therefore constituting a connected person under Chapter 14A of the Hong Kong Listing Rules as at the Latest Practicable Date. Accordingly, the transactions contemplated under the Integrated Services Framework Agreement to be renewed between the Group and BUCG constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio in respect of the proposed annual caps for the integrated services to be provided by the Group to BUCG, its subsidiaries and/or associates under the Integrated Services Framework Agreement is higher than 5%, such continuing connected transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio in respect of the proposed annual caps for the integrated services to be provided by BUCG, its subsidiaries and/or associates to the Group under the Integrated Services Framework Agreement is higher than 5%, such continuing connected transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Mr. Pei Hongwei, Mr. Li Guoqing and Ms. Shi Huaxin, being employed by BUCG, are deemed to have material interest in the above-mentioned continuing connected transactions contemplated between the Group and BUCG, its subsidiaries and/or associates and thus have abstained from voting on the relevant resolutions at the Board meeting. Save as mentioned above, none of the other Directors has a material interest in such transactions or is required to abstain from voting on the relevant Board resolutions.

6. General Information

Information on the Company

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

Information on BUCG

BUCG is a wholly state-owned enterprise under the Beijing Municipal People's Government established as a limited liability company, which is principally engaged in the construction contracting, real estate development and design and consultation businesses, and its ultimate beneficial owner is the Beijing Municipal People's Government.

LETTER FROM THE BOARD

III. PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

Reference is made to the announcement of the Company dated 1 December 2025 in relation to the proposed appointment of independent non-executive Director. A resolution was passed at the meeting of the Board held on 1 December 2025 to propose the appointment of Mr. Tian Aicheng as an independent non-executive Director of the Company.

Set out below are the biographical details of Mr. Tian Aicheng:

Mr. Tian Aicheng (田挨成), aged 53, is currently a senior partner of Beijing Fengshi Law Firm (北京市逢時律師事務所) and a member of the Jiusan Society. Mr. Tian worked at the Beijing Municipal Economic Commission from July 1994 to January 1998, and served as a full-time legal counsel for China Information Trust and Investment Corporation from February 1998 to July 1999. From March 1998 to September 1999, he worked as a part-time lawyer at Beijing Jinggong Law Firm (北京市京工律師事務所). Since October 1999, he has successively served as a lawyer and senior partner at Beijing Fengshi Law Firm. Mr. Tian is mainly specialized in company law, investment and financing, mergers and acquisitions, contract law, labor law, finance, commercial arbitration, and intellectual property, with his industry experiences spanning engineering construction, property management, stage machinery, public transportation, real estate, pipeline transportation, natural gas, and mineral resources. Currently, he is the principal legal counsel for dozens of enterprises, including China Geo-Engineering Corporation, PipeChina Group Beijing Pipeline Co., Ltd., Beijing Public Transport Holdings, Ltd. (北京市公共交通控股(集團)有限公司), Zhejiang Dafeng Industry Co., Ltd., Beijing Longdinghua Investment Group Co., Ltd. (北京龍鼎華投資集團有限公司), Beijing Hengxing Property Management Group Co., Ltd. (北京恒興物業管理集團有限公司), and China National Geology Materials Corporation (中國地質物資有限公司). He co-authored the “Social Security Law” (which won the National Excellent Books Award, published by China Renmin University Press) and “Chinese and Foreign Corporate Legal Counsel Systems”. Mr. Tian obtained a bachelor’s degree in law from the Law School of Renmin University of China in 1994, obtained the lawyer qualification in 1994, and the enterprise legal counsel qualification and the Beijing public office lawyer practicing certificate in 1995. In 2001, Mr. Tian obtained a master’s degree in civil and commercial law from the Institute of Law, the Chinese Academy of Social Sciences.

Mr. Tian Aicheng has not held any directorships in listed companies in the past three years, nor has he held any positions in the Company and its subsidiaries. Mr. Tian Aicheng does not have any relationship with any Directors, senior management or substantial or controlling Shareholders of the Company, nor does he have any other interest in the Shares or underlying 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 approval of the appointment of Mr. Tian Aicheng as an independent non-executive Director by the Shareholders at the EGM, the Company will enter into a service contract with Mr. Tian Aicheng in accordance with the applicable laws and regulations of China. The term of office of Mr. Tian Aicheng will commence from the date of approval of his

LETTER FROM THE BOARD

appointment by the Shareholders at the general meeting of the Company until the expiry of the term of the current session of the Board. Mr. Tian Aicheng will be entitled to an annual Director's fee of HK\$150,000 before tax (the individual income tax will be withheld and paid by the Company). The amount was determined by the Board with reference to his duties and responsibilities to the Company, the Company's policy for independent non-executive Director's fee and current market conditions.

Save as disclosed above, there is no other information in relation to the appointment of Mr. Tian Aicheng that needs to be disclosed pursuant to Rules 13.51(2)(h) to (v) of Hong Kong Listing Rules, nor are there any matters that need to be brought to the attention of the Shareholders.

As at the Latest Practicable Date, Mr. Tian Aicheng has confirmed that (i) he meets the independence criteria set out in Rules 3.13(1) to (8) of the Hong Kong Listing Rules; (ii) he has no past or present financial or other interests in the business of the Company or any of its subsidiaries and has no connection with any core connected persons (as defined in the Hong Kong Listing Rules) of the Company; and (iii) there are no other factors that may affect his independence at the time of his proposed appointment.

Mr. Tian Aicheng has abundant experiences in the legal field. As an independent non-executive Director, he will help the Company maintain the diversity of the Board and bring rich professional knowledge and experiences to the Board. When nominating the candidate for independent non-executive Director, the nomination committee of the Board and the Board have considered the benefits that Mr. Tian Aicheng can bring to the Board from various respects, including but not limited to gender, age, culture, educational background, professional experience, skills and knowledge.

IV. EGM

The EGM will be held at Conference Room, 5 Fuchengmen North Street, Xicheng District, Beijing, the PRC at 2:30 p.m. on Tuesday, 23 December 2025, to consider and approve the resolutions in relation to the continuing connected transactions with BUCG and the proposed appointment of independent non-executive Director. Notice convening the EGM is set out on pages 57 to 58 in this circular.

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

LETTER FROM THE BOARD

In order to determine the list of Shareholders who will be entitled to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 18 December 2025 to Tuesday, 23 December 2025, 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 EGM, 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 address of the Company (for Domestic Shareholders), for registration not later than 4:30 p.m. on Wednesday, 17 December 2025. Shareholders whose names appear on the register of members of the Company on Tuesday, 23 December 2025 will be entitled to attend and vote at the EGM.

V. VOTES BY WAY OF POLL

According to the Hong Kong Listing Rules and the Articles of Association, the resolutions set out in the notice of the EGM will be voted on by way of poll. The poll results will be posted on the website of the Company at www.bjucd.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk upon the conclusion of the EGM.

In accordance with the Hong Kong Listing Rules, BUCG, its subsidiaries and/or associates are required to abstain from voting on the resolution in respect of the renewal of continuing connected transactions at the EGM. As at the Latest Practicable Date, BUCG held 571,031,118 Domestic Shares in the Company, representing an aggregate of 42.34% of the total issued Shares of the Company.

To the best of the Directors' knowledge, having made all reasonable enquiries, save for BUCG, no other Shareholder has a material interest in the resolutions to be considered and approved at the EGM and is required to abstain from voting on the relevant resolutions to be proposed at the EGM.

LETTER FROM THE BOARD

VI. RECOMMENDATIONS

Your attention is drawn to: (a) the letter from the Independent Board Committee, which sets out its recommendations to the Independent Shareholders in respect of the terms of the Integrated Services Framework Agreement proposed to be renewed and the proposed annual caps for revenue and expenditure of the continuing connected transactions contemplated thereunder for the three years ending 31 December 2028, on page 27 to page 28 of this circular; (b) the letter from Merdeka, which sets out its opinions and recommendations to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Integrated Services Framework Agreement proposed to be renewed and the proposed annual caps for the revenue and expenditure of the continuing connected transactions contemplated thereunder for the three years ending 31 December 2028, on page 29 to page 50 of this circular; and (c) further information set out in the appendix to this circular.

The Directors (including independent non-executive Directors) are of the view that the resolution in relation to the continuing connected transactions with BUCG and the resolution in relation to the proposed appointment of independent non-executive Director are in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the above resolutions. The view of the Independent Board Committee in respect of the terms of the Integrated Services Framework Agreement proposed to be renewed and the proposed annual caps for the revenue and expenditure of the continuing connected transactions contemplated thereunder for the three years ending 31 December 2028 are set out in the section headed “Letter from the Independent Board Committee” in this circular.

Yours faithfully,

By order of the Board

Beijing Urban Construction Design & Development Group Co., Limited

Pei Hongwei

Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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

Beijing Urban Construction Design & Development Group Co., Limited
北京城建设计发展集团股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1599)

Independent non-executive Directors:

Wang Guofeng

Xia Peng

Frank Chan Fan

Zha Xiaodong

3 December 2025

To the Independent Shareholders:

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the circular of the Company dated 3 December 2025 (the “**Circular**”) of which this letter forms part. Terms defined in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider and advise Independent Shareholders on the fairness and reasonableness of the terms of the Integrated Services Framework Agreement proposed to be renewed and the proposed annual caps for the revenue and expenditure of the continuing connected transactions contemplated thereunder for the three years ending 31 December 2028 so far as the Independent Shareholders are concerned, whether it is entered on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

Merdeka has been appointed as the Independent Financial Adviser by the Board to advise and recommend the Independent Board Committee and Independent Shareholders on the fairness and reasonableness of the terms of the Integrated Services Framework Agreement proposed to be renewed and proposed annual caps for the revenue and expenditure of the continuing connected transactions contemplated thereunder for the three years ending 31 December 2028. Details of its advice, together with the principal factors taken into consideration in arriving at such, are set out in letter from Merdeka on pages 29 to 50 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Your attention is also drawn to the letter from the Board set out on pages 5 to 26 of the Circular and the additional information set out in the appendix to the Circular.

Having taken into account (i) the terms of the Integrated Services Framework Agreement proposed to be renewed and proposed annual caps of the revenue and expenditure of the continuing connected transactions contemplated thereunder for the three years ending 31 December 2028; and (ii) the advice and recommendation of Merdeka and the principal factors and reasons considered by it, we consider the Integrated Services Framework Agreement proposed to be renewed is in the ordinary and usual course of business of the Group after arm's length negotiation between all parties and on normal commercial terms, and the terms and conditions therein as well as the proposed annual caps for the continuing connected transactions, for both revenue and expenditure, contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are on normal commercial terms, and in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the EGM to approve the terms of the Integrated Services Framework Agreement proposed to be renewed and proposed annual caps for the revenue and expenditure of the continuing connected transactions contemplated thereunder for the three years ending 31 December 2028.

Yours faithfully,

For and on behalf of the Independent Board Committee

Wang Guofeng

Xia Peng

Frank Chan Fan

Zha Xiaodong

Independent Non-executive Directors

LETTER FROM MERDEKA

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 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

3 December 2025

*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 renewal of the continuing connected transactions (the “**Continuing Connected Transactions**”) contemplated under the Existing Integrated Services Framework Agreement including the annual caps proposed to be renewed under the Integrated Services Framework Agreement for the three years ending 31 December 2028 (the “**Proposed Annual Caps**”). Details of the Continuing Connected Transactions (including the Proposed Annual Caps) are set out in the letter from the Board (the “**Board Letter**”) contained in the circular of Beijing Urban Construction Design & Development Group Co., Limited (the “**Company**”) to the Shareholders dated 3 December 2025 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

As the terms of the Existing Integrated Services Framework Agreement as well as the existing annual caps (the “**Existing Annual Caps**”) will expire on 31 December 2025, subject to the approval by the Independent Shareholders at the EGM to be convened, the Company has, on 24 October 2025, renewed the Existing Integrated Services Framework Agreement and the Existing Annual Caps through the Integrated Services Framework Agreement along with the Proposed Annual Caps, with BUCG for a further term of three years commencing from 1 January 2026 and ending on 31 December 2028 for the Continuing Connected Transactions contemplated thereunder. Details of the Integrated Services Framework Agreement are set out in the section headed “II. RENEWAL OF CONTINUING CONNECTED TRANSACTIONS: INTEGRATED SERVICES FRAMEWORK AGREEMENT” in the Board Letter.

LETTER FROM MERDEKA

Hong Kong Listing Rules Implications

BUCG directly and indirectly holds an aggregate of 42.34% interest in the Company and is the controlling shareholder of the Company, therefore constituting a connected person under Chapter 14A of the Hong Kong Listing Rules as at the Latest Practicable Date. Accordingly, the Integrated Services Framework Agreement entered into between the Group and BUCG and the transactions contemplated under such agreements constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio in respect of the proposed annual caps for the integrated services to be provided by the Group to BUCG, its subsidiaries and/or associates (“**BUCG Group**”) under the Integrated Services Framework Agreement (the “**Proposed Revenue Annual Caps**”) is higher than 5%, such continuing connected transactions are subject to the reporting, announcement, annual review and Independent Shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio in respect of the proposed annual caps for the integrated services to be provided by BUCG Group to the Group under the Integrated Services Framework Agreement (the “**Proposed Expense Annual Caps**”) is higher than 5%, such continuing connected transactions are subject to the reporting, announcement, annual review and Independent Shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Wang Guofeng, Mr. Xia Peng, Mr. Frank Chan Fan and Mr. Zha Xiaodong, has been established to advise the Independent Shareholders in respect of the Continuing Connected Transactions and the Proposed Annual Caps.

We, Merdeka Corporate Finance Limited, 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.

LETTER FROM MERDEKA

OUR INDEPENDENCE

In the last two years from the date of our appointment, we acted as the independent financial adviser to the then independent board committee of the Company and issued opinion letter relating to continuing connected transactions regarding the provision of construction survey, design, and consultancy services as well as construction contracting services by the Group to Beijing Infrastructure Investment Co., Ltd, its subsidiaries and/or its associates, details of which have been set out in the circular of the Company dated 22 February 2024. The past engagement was limited to providing advisory services to the then independent board committee pursuant to the Listing Rules. Under the past engagement, we received normal professional fees from the Company. Notwithstanding the past engagement, as at the Latest Practicable Date, we were not aware of any relationship or interests between Merdeka on one hand and the Group, BUCG Group and their respective associates on the other hand that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser in relation to the Continuing Connected Transactions, no arrangements existed whereby we had received or would receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information provided by the Group and its advisers; (iii) the opinions expressed by and the representations of the Company (the “**Representatives**”) and the management of the Company (the “**Management**”); and (iv) our review of the relevant public information. We have relied upon the statements, information and representations made or referred to in the Circular, as well as those provided by the Company and its advisers, the Directors, the Management and the Representatives, for which they are solely and wholly responsible, and consider them to have been true at the time they were made and to remain true as at the Latest Practicable Date. We have also relied on the Directors’ statements of belief, opinion and intention as set out in the Circular, and consider that such statements 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 EGM.

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.

LETTER FROM MERDEKA

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, the Management and the Representatives.

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 on the parties to the Integrated Services Framework Agreement

a. Information on the Company and the Group

As set out in the Board Letter, the Company is principally engaged in the design, survey and consultancy business for urban rail transit engineering, industrial and civil construction and municipal engineering, as well as the construction contracting business for urban rail transit engineering.

The information below sets out the summary financial information of the Group (i) for the six months ended 30 June 2025 (“**HY2025**”) and 2024 (“**HY2024**”) as extracted from the interim report of the Company for the six months ended 30 June 2025 (the “**2025 Interim Report**”); and (ii) for the financial year ended 31 December 2023 (“**FY2023**”) and 2024 (“**FY2024**”) as extracted from the annual report of the Company for the year ended 31 December 2024 (the “**2024 Annual Report**”).

LETTER FROM MERDEKA

Consolidated statement of profit or loss

	For the six months ended		For the year ended	
	30 June		31 December	
	2025	2024	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(audited)	(audited)
Total operating income	3,586,318	4,178,988	8,657,832	10,361,699
– Design, survey and consultancy	1,993,527	2,017,527	4,382,894	4,866,559
– Construction contracting	1,592,791	2,161,461	4,274,938	5,495,140
Total operating costs	3,247,912	3,724,628	(7,098,486)	(8,475,238)
Operating profit	294,180	423,094	1,559,346	1,886,461
Total profit	291,830	431,112	633,675	1,017,802
Net profit	239,388	370,785	533,467	910,348

Consolidated statement of financial position

	As at		
	30 June	31 December	31 December
	2025	2024	2023
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Audited)
TOTAL ASSETS	23,646,798	24,541,925	24,849,539
Current assets:	12,549,527	13,230,996	13,404,794
Non-current assets:	11,097,270	11,310,928	11,444,745
TOTAL LIABILITIES	15,609,231	16,608,520	17,220,924
Current liabilities:	10,125,366	11,061,007	11,997,939
Non-current liabilities:	5,483,864	5,547,513	5,222,985
Total equity attributable to the owners (or shareholders' equity)	8,037,567	7,933,404	7,628,615

HY2024 and HY2025

The Group generates its revenue from the design, survey and consultancy business segment as well as the construction contracting business segment where the Group provides services for project construction. For HY2025, the Group achieved a revenue of approximately RMB3,586 million, representing a decrease of approximately RMB593 million or 14.19% as compared to the revenue of approximately RMB4,179 million for HY2024. The decrease was mainly due to the reduced commencement volume for construction projects.

LETTER FROM MERDEKA

For HY2025, the gross profit of the Group was approximately RMB693 million, representing a decrease of approximately RMB122 million or 14.97% as compared to approximately RMB815 million for HY2024, while the consolidated gross margin was approximately 19.32%, representing a slight decrease as compared to approximately 19.51% for HY2024.

The Group's net profit for HY2025 was approximately RMB239 million, representing a decrease of approximately RMB132 million or 35.58% as compared to net profit of approximately RMB371 million for HY2024.

The total assets of the Group amounted to approximately RMB23,646.8 million as at 30 June 2025, representing a slight decrease of approximately 3.6% as compared to approximately RMB24,541.9 million as at 31 December 2024. The total liabilities of the Group amounted to approximately RMB15,609.2 million as at 30 June 2025, representing a slight decrease of approximately 6.0% as compared to approximately RMB16,608.5 million as at 31 December 2024. The net assets of the Group amounted to approximately RMB8,037.6 million as at 30 June 2025, representing an increase of approximately 1.3% as compared to approximately RMB7,933.4 million as at 31 December 2024.

FY2023 and FY2024

For FY2024, the Group recorded a revenue of approximately RMB8,658 million, representing a decrease of approximately RMB1,704 million or 16.44% compared to approximately RMB10,362 million for FY2023.

For FY2024, revenue of the design, survey and consultancy business segment of the Group amounted to approximately RMB4,383 million, representing a decrease of approximately RMB484 million or 9.94% compared to RMB4,867 million for FY2023, mainly due to the slow implementation of existing contracts. Among which, the revenue of the urban rail transit construction segment amounted to approximately RMB3,124 million, representing a decrease of approximately RMB385 million or 10.97% compared to the approximately RMB3,509 million for FY2023. Revenue from the industrial and civil construction and municipal engineering was approximately RMB1,259 million, representing a decrease of approximately RMB99 million or 7.29% compared to RMB1,358 million for FY2023.

For FY2024, the Group's revenue from the construction contracting business segment was approximately RMB4,275 million, representing a decrease of approximately RMB1,220 million or 22.20% compared to approximately RMB5,495 million for FY2023, mainly due to the reduction in the number of project construction works.

For FY2024, the profit of the Group for the year was RMB533 million, representing a decrease of approximately RMB377 million or 41.43% compared to approximately RMB910 million for FY2023.

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The total assets of the Group amounted to approximately RMB24,542 million as at 31 December 2024, representing a slight decrease of approximately 1.2% as compared to approximately RMB24,850 million as at 31 December 2023. The total liabilities of the Group amounted to approximately RMB16,609 million as at 31 December 2025, representing a slight decrease of approximately 3.6% as compared to approximately RMB17,221 million as at 31 December 2023. The net assets of the Group amounted to approximately RMB7,933 million as at 31 December 2024, representing an increase of approximately 4% as compared to approximately RMB7,629 million as at 31 December 2023.

b. Information on BUCG

As stated in the Board Letter, BUCG is a wholly state-owned enterprise under the Beijing Municipal People's Government with limited liability, which is principally engaged in the construction contracting, real estate development and design and consultation businesses.

II. Reasons for and benefits of the renewal of the Integrated Services Framework Agreement

As mentioned in the Board Letter, in the ordinary and usual course of business, BUCG Group require the integrated services including services relating to construction design, survey and consultancy, project sub-contracting and/or specialised services from the Group from time to time. On the other hand, the Group also requires the integrated services including engineering construction related services and training services from BUCG Group from time to time. Due to the historical and future long-term cooperation relationship between the Group and BUCG Group, the renewal of the Integrated Services Framework Agreement with BUCG will standardize the mutual provision of above services between the Group and BUCG, clarify the content and operating methods of business cooperation between both parties, set out the transaction principles and pricing principles in relation to the connected transactions, standardize.

The integration of design, survey and consultancy business and construction contracting business enables the Group to provide comprehensive business solutions covering all major stages in the value chain of the urban rail transit engineering. In view of BUCG's rich resources and experience and relevant arrangement in the Non-competition Agreement, the renewal of the Integrated Services Framework Agreement may provide the Group with earlier access to market information regarding potential business opportunities, thereby enhancing its chances of winning bids, expanding the sources of revenue and consolidating and enhancing the market position of the Group in the urban rail transit industry. It is anticipated that such transactions will create synergy from combining the resources and expertise of BUCG Group in the provision of relevant services, and enable the Group to enhance its competitiveness.

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Taking into account (i) the principal business and operations of the Group; (ii) the long-standing and stable relationship with the BUCG Group which supports consistent business cooperation; (iii) the flexibility afforded by the Integrated Services Framework Agreement, which provides the Group with an option, but not an obligation, to procure integrated services only when pricing is competitive; (iv) that the Listco Group Sales (as defined below) provide a stable customer base and recurring income while the Listco Group Purchases (as defined below) secure a reliable supply of integrated services to the Group; and (v) the commercial reasons and benefits of entering into the Integrated Services Framework Agreement as mentioned above, we are of the view that the renewal of the Integrated Services Framework Agreement is conducted in the ordinary and usual course of business of the Group, on normal commercial terms, and is in the interests of the Company and the Independent Shareholders as a whole.

III. Industry overview

As the integrated services under the Integrated Services Framework Agreement are principally related to urban rail transit related business, 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), by the end of 2024, 58 mainland cities had launched 361 urban rail transit (“URRT”) lines with a total operating length of 12,160.8 kilometers, including 9,306.1 kilometers of subways (approximately 76.5% of total length) and 2,854.69 kilometers of other systems (approximately 23.5% of total length). The net mileage increase during the year was 936.2 kilometers, and 28 cities operated four or more lines with at least three transfer stations. At the same time, 44 cities had 5,833.0 kilometers of URRT lines under construction, backed by feasibility approvals totaling approximately RMB4,497.9 billion. Annual construction investment reached RMB474.9 billion, while 42 cities were advancing network construction plans covering 5,531.6 kilometers, with approved investments of approximately RMB3,970.7 billion.

In August 2024, the Central Committee of the Communist Party of China (“CCCPC”) and the State Council issued the Opinions on Accelerating the Comprehensive Green Transformation of Economic and Social Development (《關於加快經濟社會發展全面綠色轉型的意見》) (the “**August 2024 Opinions**”), which aims to promote a green, low-carbon, and high-quality development model by transforming industrial and energy structures, transportation, and urban-rural construction, while encouraging resource conservation, green consumption, and technological innovation. In December 2024, the General Office of the CCCPC and the General Office of the State Council released the Opinions on Promoting the Construction of New Urban Infrastructure to Build Resilient Cities (《關於推進新型城市基礎設施建設打造韌性城市的意見》) (the “**December 2024 Opinions**”), which set targets for 2027 and 2030 to advance new urban infrastructure, enhance safety resilience, and establish high-level resilient cities that are safer, smarter, and more efficient.

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Furthermore, according to the Opinions on Continuously Promoting Urban Renewal Initiatives (《關於持續推進城市更新行動的意見》) (the “**May 2025 Opinions**”) issued by the State Council of the PRC in May 2025, the PRC government has set out a national strategy to shift the focus of urban development from large-scale new construction to the comprehensive renewal and revitalisation of existing urban areas. The policy aims to promote high-quality and sustainable urban development by improving urban infrastructure, upgrading old residential communities, redeveloping inefficient land and industrial facilities, enhancing ecological environments, and preserving historical and cultural assets.

The August 2024 Opinions are expected to expand the Group’s opportunities in urban rail design and contracting, while the December 2024 Opinions, and the May 2025 Opinions are anticipated to create significant opportunities in resilient city infrastructure and smart municipal development. It is expected that the continuous upgrading and improvement in China’s urban rail transit network will provide the Group with steady design and contracting opportunities.

Given (i) the significant level of planned public investment in urban rail transit infrastructure in the PRC; and (ii) the favourable national policies aimed at promoting green development, resilient cities and smart infrastructure, the Group is expected to benefit from ample opportunities in design, engineering and contracting services in the coming years. As such, it is expected that the Group is likely to secure additional urban rail transit construction projects in the PRC to support its long-term business growth.

IV. The Integrated Services Framework Agreement

a. Principal terms of the Integrated Services Framework Agreement

The principal terms of Integrated Services Framework Agreement are summarized as follows; please refer to the Board Letter for further details.

Parties : The Company

BUCG

Term : For a term of three years from 1 January 2026 to 31 December 2028

Principal Terms and Conditions

Pursuant to the Integrated Services Framework Agreement proposed to be renewed, including but not limited to (i) the integrated services to be provided by BUCG Group include but are not limited to engineering construction related services (the “**Listco Group Purchases**”); and (ii) the provision by the Group to BUCG Group of construction survey, design and consultancy services, as well as project sub-contracting and/or specialised services (the “**Listco Group Sales**”).

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Pricing principles for the Listco Group Purchases

Pursuant to the Integrated Services Framework Agreement, the service providers of the Listco Group Purchases shall be selected through a public bidding process conducted in accordance with the provisions of the Law of the People's Republic of China on Tenders and Bids* (《中華人民共和國招標投標法》) (the “**Law on Tenders and Bids**”). In the event that BUCG Group is awarded the bid, BUCG Group will provide the relevant services to the Group. The service prices shall be determined with reference to government guidance prices and market factors, and in any event shall not be less favourable than the terms offered by independent third parties for the same or similar services.

The government guidance prices refer to the price determined for a certain type of service or services according to the laws, regulations, decisions and orders formulated by the Chinese central government, provincial governments, local governments, industry associations or other competent authorities, which within a certain range, can be determined by both parties to the transaction (factors taken into consideration when determining prices by both parties including but not limited to material cost, scale and technological difficulties of projects).

In addition to government guidance prices, the Company will refer to market prices based on specific project differences such as project scale, technical difficulty, construction period, and labour costs. (“Market price” refers to the prices collected by the Company through public channels such as the China government procurement services information platform of China government procurement website (<http://www.ccgp.gov.cn>), the China Tender and Procurement website (www.zbytb.com), and the China Procurement and Tender website (<http://www.chinabidding.com.cn/>) for (1) the prevailing bid price of an independent third party that provides similar 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 the prices offered by at least two independent third parties for the same or similar services under the same conditions; or (2) if (1) is not applicable, the then prevailing bid price of an independent third party providing similar services under normal commercial terms in the ordinary and usual course of business in the PRC, with reference to the prices offered by at least two independent third parties for the same or similar services under the same conditions.)

Please refer to the Board Letter for more details.

Pricing principles for the Listco Group Sales

Pursuant to the Integrated Services Framework Agreement, the prices of the Listco Group Sales shall be determined either through a bidding process or agreement.

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As understood from the Board Letter, for projects subject to bidding, the Group's marketing department will first assess the project costs and pricing and prepare a bidding plan for approval by the relevant department heads. Upon approval, the Group will submit the bid documents to the project owner, who, in accordance with relevant PRC bidding regulations, will appoint independent professionals to evaluate the bidders and their proposals and determine the successful bidder based on factors such as bidder qualifications, quotation terms and overall pricing.

For projects adopting agreed prices, pricing shall be determined on a "reasonable costs plus reasonable profits" basis with reference to prevailing market prices, and in any event shall not be more favourable than the terms offered to independent third parties for similar services. Reasonable costs include labour, equipment, materials, taxes and related expenses calculated in accordance with national accounting standards, while reasonable profits are determined with reference to market practices. The Group will estimate costs and pricing with reference to relevant government and industry guidelines, details of which are mentioned in the Board Letter.

In order to ensure fairness and compliance with Listing Rules requirements, the Group will also take into account project scale, technical complexity, construction period, labour cost and other factors, and determine market price benchmarks by making reference to successful bidding prices of independent third parties or publicly available procurement data sources.

In respect of subcontracting or professional services provided under the Supplemental Agreement II to the Non-competition Agreement, relevant prices will be based on the awarded contract prices or remaining contract values on a non-profitable basis for BUCG.

Please refer to the Board Letter for more details.

b. Our analysis of the pricing principles

The Listco Group Purchases

In assessing the pricing principles for the Listco Group Purchases, we have obtained and reviewed: (a) a total of 6 connected contracts, being the three largest connected contracts contemplated under the Existing Agreement and entered into between the Group and BUCG Group for each of the two years ended 31 December 2024 and the six months ended 30 June 2025 (the "**Review Period**"), together with the relevant supporting documents (the "**Connected Purchases Contracts**"); and (b) a total of 9 independent contracts, being the Group's three largest independent contracts for comparable services provided by independent third parties during the same periods, together with the relevant supporting documents (the "**Independent Purchases Contracts**", together with the Connected Purchases Contracts as the "**Sample Purchases Contracts**").

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As advised by the Management, there were no connected contracts in relation to the Listco Group Purchases entered into between the Group and the BUCG Group for the six months ended 30 June 2025, as the pricing terms for similar services offered by the independent third parties were more competitive. As the Sample Purchases Contracts represent the largest three contracts (in terms of contract sum) entered into between the Group and connected persons or independent third parties during the relevant year or period, we consider the Sample Purchases Contracts to be fair and representative.

Based on our review of the Sample Purchases Contracts, we noted that the pricing terms under both the Connected Purchases Contracts and the Independent Purchases Contracts were determined primarily with reference to state or local government guidance prices or through a tendering process. We then obtained and reviewed the relevant bidding documents and discussed the selection procedures with the Management. We understood that, for the projects located in Beijing, the Company conducted tendering directly via its tendering platform and invited potential service providers to submit tender documents accordingly. For the projects outside Beijing, the Company selected and engaged an independent professional bidding organization, which is principally engaged in, among other things, tendering agency services for various types of engineering projects and projects involving central government investment, after considering various factors, including the bidding organization's scale, track record, market reputation and credit history. The bidding organization, on behalf of the Group, conducted a tender and invited potential service providers to submit tender documents. These tender documents were prepared in accordance with the bidding document standard issued by the Beijing Municipal Commission of Housing and Urban-Rural Development Department, and the service prices were determined with reference to government guidance prices and adjusted for project-specific factors such as scale, technical requirements, construction period, labour costs, and prevailing market conditions.

For the projects located in Beijing, the Group evaluated service providers based on the tender submissions and qualifications and scored the tender documents in accordance with the evaluation criteria commonly adopted in the market for similar services. For the projects located outside Beijing, the bidding organization arranged for external experts to evaluate and score the project, with the Company having certain representatives participating in the process.

The Group has also adopted a series of internal control policies to ensure the service price quoted by BUCG Group is fair and reasonable and not less favourable than those offered by independent third parties. We have obtained and reviewed the bidding notices and tendering documents relating to the Sample Purchases Contracts and noted that the evaluation criteria to assess the Independent Purchases Contracts and Connected Purchases Contracts are the same. Based on our further review on the internal control measures on the both the Independent Purchases Contracts and Connected Purchases Contracts, details of which are set out in the section headed "V. Internal control measures" below, we noted that the internal control policies adopted by the Group for the Independent Purchases Contracts and Connected Purchases Contracts are the same.

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In this regard, we consider the service prices quoted by BUCG Group were not less favorable than the service prices quoted by the independent services providers. Based on the aforesaid, we consider that the pricing standards and the principal terms of the Listco Group Purchases to be fair and reasonable.

The Listco Group Sales

As referred to the Board Letter, the prices of the Listco Group Sales shall be determined either through a bidding process or agreement. The services under the Listco Group Sales to be provided by the Group mainly consist of (i) project contracting related services; and (ii) project consultancy services.

Based on our discussion with the Management, we noted that the preparation of tendering documents by the Company for the Listco Group Sales follows the relevant provisions of the Law on Tenders and Bids and its implementing rules. In practice, when the Company intends to bid for a particular project, the marketing department will first conduct a preliminary assessment of the project, including but not limited to estimated construction costs, required resources, and project schedule. Based on this assessment, a project proposal and pricing plan will be prepared and submitted to the relevant department heads and management for approval. Upon internal approval, tendering documents will be prepared by the Company in accordance with the tender invitation documents issued by the project owner and the relevant provisions of the Law on Tenders and Bids. In the event that the prices of the Listco Group Sales are determined through the agreement between the parties, the service prices will primarily be determined with reference to the government guidance price, which represents the pricing ranges or levels stipulated by relevant PRC authorities for certain services (the Guidelines on Charging for Preliminary Consulting Services for Urban Rail Transit* (《城市軌道交通前期諮詢工作收費指導意見》) issued by China Association of Metros (中國城市軌道交通協會) and Project Cost Information* (《工程造價信息》). To ensure the service fee is fair and reasonable, the Company will further refer to the market prices collected from public procurement platforms, including the China Government Procurement Services Information Platform of China Government Procurement Website* (中國政府採購網中國政府購買服務信息平台, <http://www.ccgp.gov.cn>), the China Tender and Procurement Website* (中國招標與採購網, www.zbytb.com) and the China Procurement and Tender Website* (中國採購與招標網, <http://www.chinabidding.com.cn>).

In order to assess the pricing principles of the Listco Group Sales, we have obtained and reviewed: (a) a total of 8 sample connected contracts relating to project contracting services, comprising the three largest connected contracts contemplated under the Existing Agreement and entered into between the Group and BUCG Group during the Review Period, together with 8 comparable independent contracts entered into with independent third parties during the same period (collectively, “**Sample Contracting Sales Contracts**”), and as advised by the Management, there were only 2 connected contracts in relation to project contracting services under the Listco Group Sales entered into between the Group and the BUCG Group and 2 independent contracts for similar

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services for the six months ended 30 June 2025, respectively; and (b) a total of 9 sample connected contracts relating to project consultancy services, being the three largest connected contracts contemplated under the Existing Agreement and entered into between the Group and BUCG Group during the Review Period, together with 9 comparable independent contracts entered into with independent third parties during the same period (collectively, “**Sample Consultancy Sales Contracts**”). As the Sample Contracting Sales Contracts and the Sample Consultancy Sales Contracts (collectively, the “**Sample Sales Contracts**”) represent the largest three contracts (in terms of contract sum) with connected persons and independent third parties during the relevant periods, we consider them to be fair and representative and appropriate for our analysis.

Based on our review of the obtained 17 connected sample contracts (the “**Connected Sample Sales Contracts**”) and the 17 independent sample contracts (the “**Independent Sample Sales Contracts**”) and our discussion with the Management, we noted that the service fees under both sample contracts were primarily determined through a tender preparation process. Based on our discussion with the Management, we understood that the tendering documents for the Connected Sample Sales Contracts and the Independent Sample Sales Contracts were prepared with reference to the government guidance prices, after taking into account: (a) prevailing market prices of similar services successfully tendered by independent service providers obtained from public sources; (b) reasonable profit margins for similar services based on historical audited financial information; and (c) estimated actual costs of relevant projects with reference to the government guidance prices as mentioned above. As confirmed by the Management, the preparation process of the tendering documents for the Connected Sample Sales Contracts is consistent with the Independent Sample Sales Contracts. As such, we consider the pricing standards for the services provided by the Group to BUCG Group were not less favorable than the pricing standards for the services provided by the Group to the independent customers. Based on the aforesaid, we consider the pricing standards and the principal terms of the Listco Group Sales to be fair and reasonable.

Our view

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

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c. The Proposed Annual Caps and the basis of determination

The following table sets out (i) historical transaction amounts in respect of the mutual provision of integrated services between the Group and BUCG Group for the preceding two years ended 31 December 2024 and the six months ended 30 June 2025; and (ii) the Proposed Annual Caps of the Listco Group Purchases (i.e. the Proposed Revenue Annual Caps) and the Listco Group Sales (i.e. the Proposed Sales Annual Caps) for each of the three years ending 31 December 2028:

	Historical transaction amounts			Proposed Annual Caps		
	For the year ended		For the six months ended	For the year ending 31 December		
	31 December		30 June	2026	2027	2028
	2023	2024	2025			
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
The Listco Group						
Purchases	76	419	29	590	620	660
The Listco Group Sales	288	207	78	680	720	760

(i) Assessment on the basis of the Proposed Expense Annual Caps

As understood from the Board Letter, when estimating the annual caps for the expenditure to be incurred by the Group for the provision of integrated services by BUCG Group for the next three financial years, the Company has made reference to the historical transaction figures as set out above. In particular, the Company has taken into account the expected expenditures to be incurred for potential projects that the Group may secure in the next three years. These include upcoming projects that are already publicly announced and for which the Group intends to tender and may obtain in the near future. For such projects, BUCG Group is expected to continue to provide integrated services to the Group, and expenditures will be incurred accordingly. Based on this assessment, the estimated expenditures for the integrated services to be provided by BUCG Group to the Group for the three financial years ending 31 December 2028 are approximately RMB590 million, RMB620 million, and RMB660 million, respectively.

To assess the fairness of the determination basis for the Proposed Expense Annual Caps, we first compared the historical transaction amounts with the Existing Annual Caps for the financial years ended 31 December 2023 and 2024 and the financial year ending 31 December 2025, which were RMB910 million, RMB1,001 million and RMB1,101.1 million, respectively. The utilisation rates of the Existing Annual Caps for the Listco Group Purchases under the Existing Integrated Services Agreement were approximately 8.4% and 41.9% for the financial years ended 31 December 2023 and 2024, respectively. The historical transaction amount for HY2025 amounted to approximately RMB29 million, which, on an annualised basis, would be equivalent to approximately RMB58

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million, representing a utilisation rate of approximately 5.3% for the financial year ending 31 December 2025. As advised by the Management, the principal reason for the low utilisation of the Existing Annual Caps was that the Group was not awarded certain projects in the tender process or that certain potential projects did not ultimately materialise, as the adjustments in national infrastructure construction policies resulted in failures to obtain approval for such projects. Accordingly, no expenditure was incurred for such projects, resulting in a low utilisation rate.

We then obtained and reviewed a summary list of 23 existing and potential projects of the Group involving the BUCG Group (the “**Expense Caps Project List**”), which is less than the 43 projects used in determining the existing annual caps as disclosed in the Company’s circular dated 13 February 2023, with project sizes ranging from approximately RMB500,000 to approximately RMB8,337.8 million. According to the Management, the decrease in the number of projects, as compared with the basis for the previous annual caps, is primarily attributable to the railway market having become saturated and the industry’s shift toward upgrading and enhancing existing designs rather than undertaking new projects. The Expense Caps Project List comprised 14 existing projects as at the Latest Practicable Date and 9 potential projects that may be secured by the Group, and the Proposed Expense Annual Caps were determined with reference to projects that have already been publicly announced or are expected to be launched in the market in the near future.

Among these 23 projects, 16 projects are or will be located in Beijing, the Greater Bay Area and the Yangtze River Delta, while the remaining 7 projects are located in other provinces. Among these 7 projects, two major projects, to be situated in Shanxi Province and Guangxi Province, are anticipated to account for a substantial portion of the total expenditures for the three financial years ending 31 December 2028. Based on the Expense Caps Project List, we noted that the estimated contract sums of these major projects were prepared with reference to the proposed project plans provided or announced by the project owners, and were determined with reference to the government guidance prices, as mentioned above, together with other factors including (i) the overall scale and scope of work required; (ii) the technical complexity and specialised engineering solutions involved; (iii) the expected construction period and timetable constraints; (iv) the anticipated labour costs taking into account local labour market conditions; and (v) prevailing market conditions such as material price fluctuations, resource availability and regional market competition. In addition, the estimated contract sums were based on the principal assumption that the projects in the Expense Caps Project List will materialise. We consider this assumption to be fair and reasonable, as the Proposed Expense Annual Caps provide the Group with flexibility to engage the BUCG Group as service providers when their service prices are competitive.

According to the Management, based on the Directors’ communications with the management of the BUCG Group, the BUCG Group intends to continue providing integrated services to the Group in respect of both the existing projects and the potential projects should they be awarded to the Group over the next three financial years.

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Accordingly, the Proposed Expense Annual Caps reflect the anticipated service fees payable to the BUCG Group in respect of these projects.

Given the aforesaid, and having considered that (a) the supportive policies as mentioned in the “III. Industry overview” above this letter which illustrates central government’s policy direction toward upgrading municipal engineering works in the PRC in future; and (b) the Proposed Expense Annual Caps would provide the Group with flexibility to engage BUCG Group for the provision of integrated services only when the pricing is considered competitive as discussed above, we consider the Proposed Expense Annual Caps to be fair and reasonable.

(ii) Assessment on the basis of the Proposed Revenue Annual Caps

As further noted from the Board Letter, when estimating the Proposed Revenue Annual Caps for the next three years, the Company has mainly made reference to the historical transaction figures after taking into account the factors, among other things, (i) design, survey and consultancy services to be provided to BUCG Group; and (ii) construction contracting services to be provided to BUCG Group.

To assess the fairness of the determination basis for the Proposed Revenue Annual Caps, we first compared the historical transaction amounts with the Existing Annual Caps for the financial years ended 31 December 2023 and 2024 and for the financial year ending 31 December 2025, which were RMB730 million, RMB803 million and RMB883.3 million, respectively. The utilisation rates of the Existing Annual Caps for the Listco Group Sales under the Existing Integrated Services Agreement were approximately 39.5% and 25.8% for the financial years ended 31 December 2023 and 2024, respectively. The historical transaction amount for HY2025 amounted to approximately RMB78 million. On an annualised basis, this would be equivalent to approximately RMB156 million, representing a utilisation rate of approximately 17.7% for the financial year ending 31 December 2025.

We then obtained and reviewed a summary list of 189 existing and potential projects of the Group with BUCG Group (the “**Revenue Caps Project List**”), which consists of 161 existing projects as at the Latest Practicable Date and 28 potential projects to be obtained by the Group. We made enquiry of the basis for estimated transaction amounts of potential projects, and were advised that such amount represents the sum of the potential projects expected to be developed by BUCG Group in the next three years based on the Directors’ communication with BUCG’s managements. Please refer to our further analysis on each factor as follows:

Design, survey and consultancy services

As disclosed in the Board Letter, the design, survey and consultancy segment has been the traditional and core business of the Group. The Group expects to continue to work closely with BUCG in the areas of urban development and construction design

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consultation both domestically and internationally, in the circumstances specified in the Supplemental Agreement II to the Non-competition Agreement. For the three financial years ending 31 December 2028, revenue from the provision of such services to BUCG is expected to be approximately RMB190 million, RMB200 million and RMB210 million, respectively.

According to the Revenue Caps Project List, we noted that a total of 145 projects relate to design, survey and consultancy services, comprising 134 projects secured by the Group as at the Latest Practicable Date and 11 potential projects expected to be secured by the Group. Over the 145 projects, a total of 128 potential and existing projects are located in Beijing, the Greater Bay Area and the Yangtze River Delta, representing approximately 88.2% of all design, survey, and consultancy service projects. The aggregate estimated contract sums of the 128 projects account for over 70% of the estimated revenue expected to be generated from the provision of such services to BUCG for each of the three financial years ending 31 December 2028. We understand from the Management that the majority of these projects focus on upgrading municipal infrastructure and enhancing urban development quality, which is consistent with the prevailing national policy direction as discussed in the section headed “III. Industry Overview” above.

We have further discussed with the Management the basis for the estimated revenue from design, survey and consultancy services for the three years ending 31 December 2028 and were advised that the Group, by leveraging its leading position in the existing market and its established relationships with existing customers, as well as its access to a broad base of potential customers developed through the provision of design services, is well-positioned to capture business opportunities arising from the government’s city-renewal policies aimed at promoting high-quality urban development in China, while also expanding into overseas markets to broaden its revenue base further. The Group believes that such strategic initiatives will continue to drive future demand for its design, survey, and consultancy services.

Therefore, we consider the aforesaid estimated revenue projections in respect of the Group’s design, survey and consultancy services to be justifiable.

Construction contracting services

As disclosed in the Board Letter, as the Group is committed to deeply cultivating the project market, based on existing ongoing projects and future tracked projects, for the three financial years ending 31 December 2028, revenue from the provision of such services to BUCG is expected to be approximately RMB490 million, RMB520 million and RMB550 million, respectively.

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According to the Revenue Caps Project List, there are a total of 44 projects relating to construction contracting services, comprising 27 projects secured by the Group as at the Latest Practicable Date and 17 projects expected to be secured by the Group. Among these 44 projects, 23 are located in Beijing, with their aggregate contract sums accounting for not less than approximately 70.0% of the total revenue expected to be generated from the provision of such services for each of the three financial years ending 31 December 2028.

Based on these identified projects and the Group's established presence in the construction contracting sector, the Management believes that the construction contracting services business is well-positioned to benefit from the anticipated increase in market demand arising from the government's city-renewal policies aimed at promoting high-quality urban development in China. In particular, the Opinions on Promoting the Construction of New-type Urban Infrastructure and Building Resilient Cities* (《關於推進新型城市基礎設施建設打造韌性城市的意見》) issued jointly by the General Office of the CPC Central Committee and the General Office of the State Council in December 2024, highlights the central government's focus on advancing new-type urban infrastructure and promoting high-quality, sustainable city development. These policies are expected to support steady demand for the Group's construction and contracting services in Beijing in the coming years. Therefore, we consider the aforesaid estimated revenue projections in respect of the Group's construction contracting services to be justifiable.

Given the aforesaid, we consider the Proposed Revenue Annual Caps to be fair and reasonable.

Our view

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 above pricing policy in relation to the continuing connected transactions contemplated under the existing and proposed renewed 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 the Hong Kong Stock Exchange in respect of connected transactions and continuing connected transactions and with reference to actual situation of the Company, which implements strict regulation from aspects of identification of connected transactions, procedure of review and approval, report, supervision and management and related information disclosure.

LETTER FROM MERDEKA

To ensure the continuing connected transactions contemplated under the Integrated Services Framework Agreement between the Group and BUCG 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:

- (a). The Department of Board Secretary is responsible for collecting detailed data in respect of above-mentioned continuing connected transactions on a regular basis, including but not limited to pricing terms, payment arrangement and actual transaction amounts specified in individual service contracts under the Integrated Services Framework Agreement, the Legal and Audit Department and the Financial Department of the Company shall assist in reviewing and controlling specific terms, conditions and actual transaction amounts of such continuing connected transactions;
- (b). Senior management of the Company and its subsidiaries is responsible for supervising whether the transaction terms, pricing and other terms specified in individual service contracts are in compliance with the principles set out in the Integrated Services Framework Agreement, evaluating the fairness of the transaction terms and pricing terms, and reporting relevant information to the Board in time. Whether the price conformed with relevant pricing requirements if the service applies price prescribed by the government, government-guided price or price determined through tender process and whether such price conformed with range of the market price applicable to same type of services available in the market at that time if the pricing of the relevant service is based on the then market price of similar services;
- (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 Integrated Services Framework Agreement to ensure that individual service contracts under the 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 of the pricing terms and Proposed Annual Caps of such continuing connected transactions.

LETTER FROM MERDEKA

We have obtained and reviewed the above internal control measures of the Group, and discussed with the Management, who confirmed that the abovementioned policies would be consistently applied to all the Continuing Connected Transactions. In addition, based on our discussion with the Management, we understand that multiple levels of management and the relevant functional departments of the Group are involved in the review of individual service contracts to ensure compliance with the pricing policies under the Existing Integrated Services Framework Agreement and the requirements governing continuing connected transactions. As advised by the Management, the review process is initially conducted at the operational level, with the market department, legal and audit department, finance department and secretary department to the Board undertaking the first-level review of the contractual terms and supporting documents, followed by further review by senior management. The Board subsequently oversees and monitors the continuing connected transactions of the Company and the implementation of the relevant internal control procedures to ensure proper execution of the control system.

For our due diligence, we have obtained and reviewed the Group's internal records relating to the approval of tendering documents for the Sample Purchases Contracts and the Sample Sales Contracts (including both independent and connected contracts) and noted that the relevant procedures have been properly implemented and the procedures adopted for both independent and connected contracts are consistent. In addition, we have reviewed the statements issued by the independent non-executive Directors and the auditors of the Company in respect of the Group's previous continuing connected transactions under the Existing Agreement. We noted that the independent non-executive Directors had reviewed the continuing connected transactions and confirmed that such transactions had been entered into in the ordinary and usual course of business of the Group, were on normal commercial terms, and were fair and reasonable and in the interests of the Shareholders as a whole. We also noted that the auditors of the Company have reviewed continuing connected transactions and confirmed that (i) nothing has come to their attention that causes them to believe that the transactions have not been approved by the Board of Directors; (ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the pricing policies of the Group; (iii) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements; and (iv) nothing has come to their attention that causes them to believe that the amount of each of the transactions has exceeded its annual cap mentioned above.

Having considered the internal control measures implemented by the Group, we concur with the Directors' view that adequate internal control measures are in place to govern the Continuing Connected Transactions and ensure their terms are no less favorable to the Group than those offered by the independent third parties. With the implementation of the abovementioned internal control measures, we believe that the Continuing Connected Transactions will be conducted on normal commercial terms that are fair and reasonable and in the interests of the Company and Shareholders as a whole.

LETTER FROM MERDEKA

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 Integrated Services 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 EGM in this regard.

Yours Faithfully,

For and on behalf of

Merdeka Corporate Finance Limited

Wallace So

Managing Director

Mr. Wallace So is a licensed person registered with the Securities and Futures Commission of Hong Kong, a responsible officer of Merdeka Corporate Finance Limited to carry out type 6 (advising on corporate finance) regulated activity under the SFO and a licensed representative of Merdeka Investment Management Limited to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. Mr. Wallace So has over 13 years of experience in corporate finance industry.

* *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 Hong Kong 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 herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Securities Interest of Substantial Shareholders

At the Latest Practicable Date, so far as is known to the Directors, the following persons (other than Directors, Supervisors and chief executive of the Company) had an interest and short position in the shares and underlying shares of the Company which shall be entered in the register kept by the Company pursuant to Section 336 of the SFO:

Domestic Shares

Name of Shareholders	Capacity	Number of Domestic Shares	Nature of interest	Approximate percentage of the total issued Domestic Share capital	Approximate percentage of the total issued share capital
Beijing Urban Construction Group Co., Ltd. ¹	Beneficial owner	571,031,118	Long position	59.44%	42.34%
Beijing Infrastructure Investment Co., Ltd. ²	Beneficial owner	87,850,942	Long position	9.14%	6.51%
Beijing Chengtong Enterprise Management Center (General Partnership)	Beneficial owner	76,000,000 ³	Long position	7.91%	5.64%

Notes:

1. Beijing Urban Construction Group Co., Ltd. was incorporated by the Beijing government.
2. Beijing Infrastructure Investment Co., Ltd. (“**Beijing Investment Company**”) is a wholly state-owned corporation established and funded by State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality. A merger and restructuring was conducted between Beijing Investment Company and Beijing MTR Construction Administration Corporation (北京市轨道交通建设管理有限公司) on 4 August 2020, pursuant to which, Beijing Investment Company in aggregate holds directly or indirectly 199,998,412 shares of the Company (including 131,776,412 Domestic Shares and 68,222,000 H Shares of the Company, representing approximately 14.83% of the issued shares of the Company). For details, please refer to the announcement of the Company dated 10 August 2020.

3. Among which 18,270,000 Domestic Shares were issued for connected subscriptions. For details, please refer to the circular of the Company dated 7 December 2017 and the announcement of the Company dated 5 February 2018.

H Shares

Name of Shareholders	Capacity	Number of H Shares	Nature of interest	Approximate percentage of the total issued H Share capital	Approximate percentage of the total issued share capital
Amundi Asset Management	Investment manager	83,171,000	Long position	21.44%	6.17%
Amundi Ireland Ltd.	Investment manager	81,494,000	Long position	21.01%	6.04%
Beijing Infrastructure Investment Co., Ltd. ¹	Interest of controlled corporations	68,222,000	Long position	17.59%	5.06%
Beijing Infrastructure Investment (Hong Kong) Limited ¹	Beneficial owner	68,222,000	Long position	17.59%	5.06%
CRRC Group	Interest of controlled corporations ²	23,722,000	Long position	6.11%	1.76%

Notes:

- 1 Beijing Investment Company indirectly holds long position of 68,222,000 H Shares of the Company through its wholly owned subsidiary, Beijing Infrastructure Investment (Hong Kong) Limited.
- 2 CRRC Group (formerly known as CSR Group) is interested in 23,722,000 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.).

Saved as disclosed above, at the Latest Practicable Date, the Directors are not aware of any other persons (other than Directors, Supervisors or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of 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.

The Interests and Short Positions of Directors, Supervisors and Chief Executive in the Shares, Underlying Shares and Debentures

At the Latest Practicable Date, the interests and short positions of the Directors in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as 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 been taken under such provisions of the SFO) or were required to be entered in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules, were as follows:

Name	Title	Nature of interest	Class of Shares	Number of Shares (shares)	Approximate percentage of total issued H Share capital (%)	Approximate percentage of total issued Share capital (%)
Li Guoqing	Vice chairman and non-executive Director	Personal interest	H Shares	48,000	0.01	0.004

Note: Mr. Li Guoqing subscribed for 1,000,000 Domestic Shares under a key employee stock ownership scheme and Mr. Xia Xiujiang subscribed for 620,000 Domestic Shares under the employee stock ownership scheme on 29 December 2017. Mr. Xia Xiujiang increased his subscription to 1,000,000 Domestic Shares under the employee stock ownership scheme on 27 January 2025.

Save as disclosed above, at the Latest Practicable Date, none of the other Directors, Supervisors or 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) which were required to be (i) 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 been taken under such provisions of the SFO); or (ii) entered in the register required to be kept under Section 352 of the SFO; or (iii) otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules.

3. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, 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 2024, 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 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 disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Name of the Director/Supervisor	Position in the specific company
Pei Hongwei	the director, general manager, deputy secretary of Party committee of BUCG
Li Guoqing	the deputy chief engineer of BUCG
Shi Huaxin	the head of the capital operation department of BUCG
Peng Dongdong	the general manager of the contract management department of Beijing Infrastructure Investment Co., Ltd.
Li Fei	the senior investment manager of the investment development headquarters of Beijing Infrastructure Investment Co., Ltd.
Hu Shengjie	the head of the Department of Board Secretary of BUCG, the head of the Party Committee office
Nie Kun	the first chairman of the supervisory committee of BUCG

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there was no any material adverse change in the financial or trading position of the Group since 31 December 2024, 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 was engaged in any litigation or arbitration of material importance, and the Directors are not aware of any litigation or claim of material importance pending or threatened against the Company or any of the Company's subsidiaries.

9. EXPERT'S QUALIFICATION AND CONSENT

The following are the qualifications of the experts who have given advice and recommendations which are contained in this circular:

Name	Qualification
Merdeka Corporate Finance Limited	a licensed corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Merdeka has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter or report and references to its name and advice 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 which have been, after 31 December 2024, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to, or proposed to be acquired or disposed of by or leased to, any member of the Group; and
- (b) did not have any shareholding in any member of the Group or any right, whether legally enforceable or not, to subscribe for, or to nominate persons to subscribe for securities in any member of the Group.

11. GENERAL

- (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.
- (d) The English texts of this circular and the accompanying proxy form shall prevail over the Chinese texts in case of inconsistency.

12. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.bjucd.com) for the period from the date of this circular up to and including the date of the EGM (in aggregate not less than 14 days):

Integrated Services Framework Agreement

NOTICE OF THE 2025 SECOND EXTRAORDINARY GENERAL MEETING



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

Beijing Urban Construction Design & Development Group Co., Limited
北京城建设计发展集团股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1599)

NOTICE OF THE 2025 SECOND EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2025 Second Extraordinary General Meeting (the “EGM”) 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 Tuesday, 23 December 2025, to consider and, if thought fit, approve the following resolutions:

ORDINARY RESOLUTIONS

1. To consider and approve the continuing connected transactions with BUCG:

“**THAT**, the terms of the Integrated Services Framework Agreement to be renewed between the Company and BUCG and the proposed annual caps for the revenue and expenditure of the continuing connected transactions contemplated for the three years ending 31 December 2028 are hereby approved and confirmed; and the chairman or an 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 and take all such steps and actions as he/she may consider necessary or desirable for the purpose of giving effect to the renewed Integrated Services Framework Agreement with such changes as he/she may consider necessary, desirable or expedient.”

2. To consider and approve the appointment of Mr. Tian Aicheng as an independent non-executive Director of the Company

By order of the Board

Beijing Urban Construction Design & Development Group Co., Limited

Pei Hongwei

Chairman

Beijing, 3 December 2025

As at the date of this notice, the executive director of the Company is Xia Xiujiang; the non-executive directors of the Company are Pei Hongwei, Li Guoqing, Shi Huaxin, Peng Dongdong, Li Fei, Wang Tao and Tang Qimeng; and the independent non-executive directors of the Company are Wang Guofeng, Xia Peng, Frank Chan Fan and Zha Xiaodong.

NOTICE OF THE 2025 SECOND EXTRAORDINARY GENERAL MEETING

Notes:

1. The register of members of the Company will be closed from Thursday, 18 December 2025 to Tuesday, 23 December 2025, both days inclusive, during which period no transfer of shares will be registered. Holders of H Shares and domestic shares whose names appeared on the register of members of the Company as at Tuesday, 23 December 2025 shall be entitled to attend and vote at the EGM. Holders of H Shares of the Company who intend to attend and vote at the EGM must lodge all transfer documents accompanied by the relevant H Share certificates with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 17 December 2025 for registration.
2. A shareholder entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company but must attend the EGM in person to represent the relevant shareholder.
3. The instrument appointing a proxy must be in writing under the hand of a shareholder or his attorney duly authorised in writing. If the shareholder is a corporation, the instrument must be executed either under its common seal or under the hand of its director(s) or duly authorised attorney. If the instrument is signed by an attorney of the shareholder, the power of attorney authorising that attorney to sign, or other documents of authorisation, must be notarised.
4. In order to be valid, the proxy form together with the notarised power of attorney or other documents of authorisation (if any) must be deposited at the secretariat of the board of directors of the Company at 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 EGM (or any adjournment thereof) (as the case may be). Completion and return of a proxy form will not preclude a shareholder from attending and voting in person at the EGM (or any adjournment thereof). If no direction is given, the proxy will be entitled to vote or abstain as he or she thinks fit.
5. The EGM is estimated to last for about half a day. Shareholders or their proxies who attend the EGM (or any adjournment thereof) shall bear their own travelling and accommodation expenses. Shareholders or their proxies shall produce their identity documents when attending the EGM (or any adjournment thereof).