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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)

MAJOR AND CONNECTED TRANSACTION: ESTABLISHMENT OF A JOINT VENTURE COMPANY

The Board is pleased to announce that, on 12 May 2019, the Company entered into a Joint Venture Agreement with Beijing Jingtou Investment Co., Ltd. (北京京投投資有限公司) (“**Jingtou Investment Company**”) and Huangshan Railway Investment Co., Ltd. (黃山市鐵路投資有限公司) (“**Huangshan Railway Company**”) to jointly establish a Joint Venture Company to implement the Huangshan T1 Line Project.

According to the Joint Venture Agreement entered into, the registered capital of the Joint Venture Company amounted to RMB1 billion, among which, the Company, Jingtou Investment Company and Huangshan Railway Company will contribute RMB240 million, RMB240 million and RMB520 million and each of them will own 24%, 24% and 52% of the equity interest in the Joint Venture Company, respectively.

IMPLICATIONS OF THE LISTING RULES

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

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treat them as if they were one transaction if they were all entered into within a 12-month period or are otherwise related. Reference is made to the announcement of the Company dated 29 March 2019 and the circular of the Company dated 10 May 2019, in relation to, among others, the Joint Venture Agreement entered into among the Company, Beijing Investment Company and its subsidiaries. In such agreement and the agreement entered into this time, the counterparties of the Company are Beijing Investment Company or its subsidiaries, and the nature of these transactions is the same. Accordingly, such transactions shall be aggregated. As the highest percentage ratio applicable to such transactions upon aggregation is more than 5%, this transaction shall be subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, as the highest percentage ratio applicable to such transactions upon aggregation is more than 25% but less than 75%, which constitute a major transaction of the Company, this transaction shall be subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company expects to despatch a Shareholders' circular on 3 June 2019 for Shareholders' consideration of the transactions to be contemplated.

INTRODUCTION

The Board is pleased to announce that, on 12 May 2019, the Company entered into the Joint Venture Agreement with Jingtou Investment Company and Huangshan Railway Company to jointly establish a Joint Venture Company to implement the Huangshan T1 Line Project.

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THE JOINT VENTURE AGREEMENT ENTERED INTO

The principal terms of the Joint Venture Agreement entered into among the Company, Jingtou Investment Company and Huangshan Railway Company are summarised as follows:

1. Parties

The Company;

Jingtou Investment Company; and

Huangshan Railway Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Huangshan Railway Company and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

2. Scope of Business

The scope of business of the Joint Venture Company mainly includes: project applications, surveying and design, investment and financing, engineering construction, operation management, development of the land along the line and surrounding the stations, development of the vehicle section and parking lots, operation of the advertisement and naming right along the line, as well as construction of the industrial zone, tourism project development of the Huangshan T1 Line Project and other businesses as approved by the government. The final scope of business will be subject to the registration of the industrial and commercial authority.

3. Registered Capital

The registered capital of the Joint Venture Company amounted to RMB1 billion. The contribution will be made by installments based on development progress of Huangshan T1 Line project. The first installment of capital contribution of the Joint Venture Company amounts to RMB50 million, which will be used as the expense of the commencement of construction of Huangshan T1 Line Project at the early stage.

The capital contribution to be made by the Company, Jingtou Investment Company and Huangshan Railway Company under the Joint Venture Agreement have been determined after arm's length negotiations among each party, with reference to the proposed capital requirement of Huangshan T1 Line Project and the equity interest of each party in the Joint Venture Company. The capital contribution of the Company under the Joint Venture Agreement are from the self-raised funds and part of the self-owned fund.

4. Shareholding Structure

- (1) RMB240 million to be contributed in cash by the Company, holding 24% equity interest in the Joint Venture Company;
- (2) RMB240 million to be contributed in cash by the Jingtou Investment Company, holding 24% equity interest in the Joint Venture Company; and
- (3) RMB520 million to be contributed by way of capital injection in cash or with land use right as the consideration as determined after arm's length negotiation between each of the contract parties by Huangshan Railway Company, holding 52% equity interest in the Joint Venture Company.

5. Profit Distribution

The profit after tax of the Joint Venture Company after making up the losses and withdrawing the provident fund shall be distributed by the Company, Jingtou Investment Company and Huangshan Railway Company in proportion to their respective shareholding.

6. Structure of Organization

The board of directors of the Joint Venture Company consists of five members, of which three directors will be appointed by Huangshan Railway Company, while Jingtou Investment Company and the Company will appoint one director, respectively. The board of directors of the Joint Venture Company shall consist of one chairman, who shall be a director as appointed by Huangshan Railway Company. The term of office of a director is three years. A director may be re-elected upon the expiry of the term of office.

The board of supervisors of the Joint Venture Company consists of three supervisors, and the candidates for the employee supervisor will be recommended by Huangshan Railway Company, among which one employee supervisor will be elected by the employees of the Joint Venture Company through the employee representative meeting, the employee meeting or other forms of democratic election; while the remaining two supervisors will be appointed by Jingtou Investment Company and the Company, respectively. The board of supervisors of the Joint Venture Company shall consist of one chairman, which will be assumed by the employee supervisor. The directors and the management of the Joint Venture Company shall not concurrently take the position of supervisors. The term of office of a supervisor is three years and may be re-elected upon the expiry of the term of office.

7. Future Financing

Capital requirements beyond the registered capital will be principally financed from its shareholders by the Joint Venture Company by way of debt financing or financed by way of equity financing through capital increase and share expansion by consensus among the Company, Jingtou Investment Company and Huangshan Railway Company.

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

The country is promoting the ABO (Authorise-Build-Operate) investing and financing model in alignment with market development trends and with reference to local development needs. Signing the Joint Venture Agreement will (1) help the Company to have in-depth engagement in urban infrastructure construction in the capacity of both “owner” and “entrusted operator”, thus laying the foundation for expanding the Company’s market share; (2) boost the synergetic development of business segments of the Company, including planning, surveying, design, construction general contracting, industrialisation, operational management, by investments, therefore enhancing the comprehensive strength and improving the service quality; and (3) help the Company to realise the new goal “to develop the new field of urban railway market and to establish new standards for urban railway system” and to become the leader of tourism city railway construction.

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

INFORMATION REGARDING THE HUANGSHAN T1 LINE PROJECT

Huangshan T1 Line Project refers to the Phase I Project and relevant auxiliary resources development projects of Huangshan Urban Tourism Railway T1 Line implemented by the Joint Venture Company as authorized by Huangshan Municipal Government under ABO (Authorize-Build-Operate) model. Phase I Project of Huangshan Urban Tourism Railway T1 Line is a core railway line with Huangshan North Station as the transportation hub and gateway, and northbound to the south gate and east gate of Huangshan Scenic Area. The total length of Phase I Project of Huangshan Urban Tourism Railway T1 Line is approximately 50.6 km, with a total of 9 stations (from Huangshan North Station to Tanjiaqiao Station). The investment amount of the project is approximately RMB12 billion.

INFORMATION ON THE PARTIES

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

Jingtou Investment Company is a wholly-owned subsidiary of Beijing Investment Company, which is principally engaged in project investment and investment management.

The principal businesses of Huangshan Railway Company include railway project investment, real estate development and logistics services in Huangshan City; investment, development, construction and operational management of integrated transport projects including provincial railways, urban railways, rail transit, hub stations and supporting facilities, parking stations and logistic parks; development and construction of lands surrounding rail transit stations and lands allocated by the government; design, production, agency and release of advertisement across the country; other businesses approved by the government. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Huangshan Railway Company and its beneficial owners are third parties independent of the Group and its connected persons.

IMPLICATIONS OF THE LISTING RULES

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Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treat them as if they were one transaction if they were all entered into within a 12-month period or are otherwise related. Reference is made to the announcement of the Company dated 29 March 2019 and the circular of the Company dated 10 May 2019, in relation to, among others, the Joint Venture Agreement entered into among the Company, Beijing Investment Company and its subsidiaries. In such agreement and the agreement entered this time, the counterparties of the Company are Beijing Investment Company or its subsidiaries, and the nature of these transactions is the same. Accordingly, such transactions shall be aggregated. As the highest percentage ratio applicable to such transactions upon aggregation is more than 5%, this transaction shall be subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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As Mr. Guan Jifa serves as the deputy general manager of Beijing Investment Company and Mr. Ren Yuhang serves as the secretary to the board of directors and the general manager of the investment and development department of Beijing Investment Company, they are deemed to be materially interested in the Joint Venture Agreement, and therefore, they have abstained from voting on the relevant resolutions at the Board meeting. Save as mentioned above, none of the other Directors has material interests in the above agreement and thus is required to abstain from voting on the relevant resolutions at the Board meeting.

DEFINITIONS

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

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Joint Venture Agreement”	the joint venture agreement entered into among the Company, Jingtou Investment Company and Huangshan Railway Company for the establishment of the Joint Venture Company
“Joint Venture Company”	the project company of Huangshan T1 Line Project, a company with limited liability to be incorporated in the PRC by the Company, Jingtou Investment Company and Huangshan Railway Company pursuant to the Joint Venture Agreement entered into
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, shall exclude the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Huangshan T1 Line Project”	Phase I Project and relevant auxiliary resources development projects of Huangshan Urban Tourism Railway T1 Line implemented by the Joint Venture Company as authorized by Huangshan Municipal Government under ABO (Authorize-Build-Operate) model. Phase I Project of Huangshan Urban Tourism Railway T1 Line is a core railway line with Huangshan North Station as the transportation hub and gateway, and northbound to the south gate and east gate of Huangshan Scenic Area. The total length of Phase I Project of Huangshan Urban Tourism Railway T1 Line is approximately 50.6 km, with a total of 9 stations (from Huangshan North Station to Tanjiaqiao Station). The investment amount of the project is approximately RMB12 billion

“Shareholder(s)”	holders of the Shares of the Company
“Share(s)”	H share(s) and domestic share(s) of the Company
“subsidiary(ies)”	shall have the meaning ascribed to it under the Listing Rules
“Substantial Shareholder(s)”	shall have the meaning ascribed to it under the Listing Rules

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

Beijing, 12 May 2019

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