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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)

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

The Board is pleased to announce that, the Company, Chongqing Lufa Asset Operation and Management Co., Ltd. (重慶綠發資產經營管理有限公司), Jinlong Urban Construction Investment (Group) Co., Ltd. (金龍城市建設投資(集團)有限公司), Railway Group and BUCG entered into the Joint Venture Agreement on 7 April 2021 in relation to the establishment of the Joint Venture Company.

According to the Joint Venture Agreement, the total registered capital of the Joint Venture Company amounted to RMB100 million, among which, the Company, Chongqing Lufa Asset Operation and Management Co., Ltd., Jinlong Urban Construction Investment (Group) Co., Ltd., Railway Group and BUCG will contribute RMB30.60 million, RMB24.50 million, RMB24.50 million, RMB15.30 million and RMB5.10 million, respectively and each of them will own 30.6%, 24.5%, 24.5%, 15.30% and 5.10% of the equity interest in the Joint Venture Company, respectively.

As at the date of this announcement, BUCG is the controlling Shareholder of the Company and directly and indirectly holds an aggregate interest of 42.34% in the Company. Accordingly, BUCG is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules and the establishment of the Joint Venture Company under the Joint Venture Agreement will constitute a connected transaction of the Company.

As the highest applicable percentage ratio in respect of the establishment of the Joint Venture Company under the Joint Venture Agreement exceeds 0.1% but is less than 5%, such transaction is subject to the reporting, announcement and annual review requirements under Chapter 14A of the Hong Kong Listing Rules but is exempt from the independent Shareholders' approval requirement.

INTRODUCTION

On 10 February 2021, a consortium (the “Consortium”) comprising the Company, Railway Group and BUCG successfully won the bid for the PPP Project of Chongqing Suburban Railway Bishan-Tongliang Line (重慶市郊鐵路璧山至銅梁線工程PPP項目). According to the working requirements of the PPP project, the Consortium will establish a joint venture company through joint contribution with the government representatives, namely Chongqing Lufa Asset Operation and Management Co., Ltd. and Jinlong Urban Construction Investment (Group) Co., Ltd.

The Board is pleased to announce that, the Company, Chongqing Lufa Asset Operation and Management Co., Ltd., Jinlong Urban Construction Investment (Group) Co., Ltd., Railway Group and BUCG entered into the Joint Venture Agreement on 7 April 2021 in relation to the establishment of the Joint Venture Company.

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JOINT VENTURE AGREEMENT

On 7 April 2021, the Company, Chongqing Lufa Asset Operation and Management Co., Ltd., Jinlong Urban Construction Investment (Group) Co., Ltd., Railway Group and BUCG entered into the Joint Venture Agreement. The principal terms of the Joint Venture Agreement are summarised as follows:

1. Name of the Joint Venture Company

Chongqing Yuxi Express Railway Construction and Operation Co., Ltd. (重慶市渝西快線建設運營有限公司)

2. Registered Capital

RMB100,000,000

The capital contribution of the Company, Chongqing Lufa Asset Operation and Management Co., Ltd., Jinlong Urban Construction Investment (Group) Co., Ltd., Railway Group and BUCG under the Joint Venture Agreement shall be determined after arm’s length negotiations with reference to the expected working capital requirements of the Joint Venture Company. The capital contribution of the Company under the Joint Venture Agreement shall be financed by its own funds. The Joint Venture Company has not been established as at the date of this announcement.

3. Shareholding Structure

- (1) RMB30.60 million will be contributed in cash by the Company which will hold 30.6% equity interest in the Joint Venture Company;
- (2) RMB24.50 million will be contributed in cash by Chongqing Lufa Asset Operation and Management Co., Ltd. which will hold 24.5% equity interest in the Joint Venture Company;
- (3) RMB24.50 million will be contributed in cash by Jinlong Urban Construction Investment (Group) Co., Ltd. which will hold 24.5% equity interest in the Joint Venture Company;
- (4) RMB15.30 million will be contributed in cash by Railway Group which will hold 15.30% equity interest in the Joint Venture Company; and
- (5) RMB5.10 million will be contributed in cash by BUCG which will hold 5.10% equity interest in the Joint Venture Company.

4. Payment Arrangement

The parties agree to remit the full amount of their respective capital contributions to the account of the Joint Venture Company within ninety working days after the Joint Venture Company receives the business registration approval document and opens its own account.

5. Profit Distribution

The Joint Venture Company shall make appropriation to statutory reserve in accordance with the provisions of the Company Law of the People's Republic of China (the "Company Law") at a ratio of ten percent (10%) of its profits after tax, and when its balance reaches an amount equal to 50% of the registered capital, further appropriation need not be made.

Upon approval at the shareholders' meeting, the Joint Venture Company may distribute the net profit to the shareholders of the Joint Venture Company in accordance with relevant laws, among which Chongqing Lufa Asset Operation and Management Co., Ltd. and Jinlong Urban Construction Investment (Group) Co., Ltd. do not participate in the profit distribution of the Joint Venture Company, and the profit shall be distributed to other shareholders in proportion to their respective paid-in capital, except as otherwise agreed in the agreement.

Unless otherwise agreed, the Joint Venture Company shall satisfy the following prerequisites before distributing the profits:

- (a) The Joint Venture Company has settled the principal and interest of the loan due in the current year;
- (b) The Joint Venture Company has paid all taxes due and payable in accordance with the laws;

- (c) The loss of the Joint Venture Company for the previous year has been covered;
- (d) Appropriation has been made to the statutory reserve and discretionary reserve (if any) in accordance with the Company Law and the resolution of the shareholders' meeting.

If the shareholders' meeting or the board of directors violates the provisions in the preceding paragraph by distributing profits to shareholders before making up for losses and making appropriation to statutory reserve, the shareholders must return such profits distributed in violation of the provisions to the company.

The retained profits of the Joint Venture Company in previous years may be distributed together with the distributable profits of the current year.

6. Scope of Business

The scope of business of the Joint Venture Company mainly includes:

Investment and financing, design, construction, operation, maintenance, transfer and other businesses as approved by the municipal government (subject to final industrial and commercial registration).

7. Board of Directors

The board of directors of the Joint Venture Company consists of five members, including two directors jointly recommended by the Company, Railway Group and BUCG, one director recommended by Chongqing Lufa Asset Operation and Management Co., Ltd., one director recommended by Jinlong Urban Construction Investment (Group) Co., Ltd. and one employee-director. The board of directors shall be chaired by the director recommended by Jinlong Urban Construction Investment (Group) Co., Ltd.

8. Term of Operation

The Joint Venture Company shall operate for a term of 20 years. The parties may extend the term of operation by written agreement. If the parties agree to extend the term of operation, they shall, within 30 days from the date of the decision and the approval by the government representatives, apply for registration of the change with relevant authorities in accordance with relevant laws and regulations.

REASONS FOR AND BENEFITS OF ESTABLISHMENT OF THE JOINT VENTURE COMPANY

The PPP project undertaken by the Joint Venture Company may fully utilised the Company's comprehensive industrial advantages in survey and design, investment and financing, engineering construction, technology industrialisation, operation and management, TOD planning and development, etc., fully release internal production capacity and facilitate the high-quality construction of the project. In addition, through the investment, construction and operation of the Bishan-Tongliang Line, the Company may enter the urban railway market, accumulate performance in investment, construction and operation of suburban and urban railway, and continuously expand its business scale.

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, and the terms and conditions of the agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE PARTIES

Information on the Company

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

Information on Chongqing Lufa Asset Operation and Management Co., Ltd.

The principal businesses of Chongqing Lufa Asset Operation and Management Co., Ltd. include investment business, infrastructure construction, public facilities construction and import and export of goods or technology, etc. The ultimate beneficial owners of Chongqing Lufa Asset Operation and Management Co., Ltd. are Chongqing Bishan District Finance Bureau and China Agricultural Development Key Construction Fund Co., Ltd. Having made reasonable enquiries by the Company, the above ultimate beneficial owners are third parties independent of the Company.

Information on Jinlong Urban Construction Investment (Group) Co., Ltd.

The principal businesses of Jinlong Urban Construction Investment (Group) Co., Ltd. include asset operation and management, land development and improvement, and investment in agriculture, forestry, water conservancy, energy and urban and rural infrastructure projects, etc. The ultimate beneficial owners of Jinlong Urban Construction Investment (Group) Co., Ltd. are Chongqing Tongliang District State-owned Assets Operation and Management Center and China Agricultural Development Key Construction Fund Co., Ltd. Having made reasonable enquiries by the Company, the above ultimate beneficial owners are third parties independent of the Company.

Information on BUCG

BUCG is a wholly state-owned company with limited liability and its principal businesses include construction contracting, real estate development and design consultancy. The ultimate beneficial owner of BUCG is the Beijing Municipal People's Government.

Information on Railway Group

Railway Group is a state-owned enterprise group specialising in the investment and financing, development, construction, operation and management of local railway transportation projects in Chongqing. Its main businesses include urban public transportation, public railway transportation, railway rolling stock maintenance and various engineering and construction activities. The ultimate beneficial owners of Railway Group are Chongqing City Transportation Development & Investment (Group) Co., Ltd. and China Agricultural Development Key Construction Fund Co., Ltd. Having made reasonable enquiries by the Company, the above ultimate beneficial owners are third parties independent of the Company.

IMPLICATIONS OF THE HONG KONG LISTING RULES

As at the date of this announcement, BUCG is the controlling Shareholder of the Company and directly and indirectly holds an aggregate interest of 42.34% in the Company. Accordingly, BUCG is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules and the establishment of the Joint Venture Company under the Joint Venture Agreement will constitute a connected transaction of the Company.

As the highest applicable percentage ratio in respect of the establishment of the Joint Venture Company under the Joint Venture Agreement exceeds 0.1% but is less than 5%, such transaction is subject to the reporting, announcement and annual review requirements under Chapter 14A of the Hong Kong Listing Rules but is exempt from the independent Shareholders' approval requirement.

As Mr. Pei Hongwei is a director of BUCG, and Mr. Tang Shuchang and Ms. Wu Donghui are assistants to the general manager of BUCG, 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 Joint Venture Agreement and thus is required to abstain from voting on the relevant resolutions at the Board meeting.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of directors of the Company
“BUCG”	Beijing Urban Construction Group Co., Ltd. (北京城建集團有限公司), the controlling Shareholder of the Company holding 42.34% equity interest in the Company, and a wholly state-owned enterprise under the Beijing Municipal 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)
“connected person(s)”	shall have the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“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

“Joint Venture Agreement”	the joint venture agreement entered into among the Company, Chongqing Lufa Asset Operation and Management Co., Ltd., Jinlong Urban Construction Investment (Group) Co., Ltd., BUCG and Railway Group on 7 April 2021
“Joint Venture Company”	a joint venture company to be established in the PRC by the Company, Chongqing Lufa Asset Operation and Management Co., Ltd., Jinlong Urban Construction Investment (Group) Co., Ltd., BUCG and Railway Group under the Joint Venture Agreement and proposed to be named Chongqing Yuxi Express Railway Construction and Operation Co., Ltd. (重慶市渝西快線建設運營有限公司)
“percentage ratio”	the “percentage ratio” as defined in Rule 14A.06(30) of the Hong Kong Listing Rules
“PRC”	the People’s Republic of China
“Railway Group”	Chongqing Railway (Group) Co., Ltd. (重慶市鐵路(集團)有限公司)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of H shares and domestic shares of the Company
“%”	per cent

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

Beijing, 7 April 2021

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