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北京城建设计发展集团股份有限公司

BEIJING URBAN CONSTRUCTION DESIGN & DEVELOPMENT GROUP CO., LIMITED

Beijing Urban Construction Design & Development Group Co., Limited

北京城建设计发展集团股份有限公司

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

(Stock Code: 1599)

**(1) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION
RELATING TO THE CAPITAL INCREASE IN BUCZT AND
DEEMED DISPOSAL OF SHAREHOLDING INTERESTS OF BUCZT;**

(2) CONNECTED TRANSACTION

**(i) AMENDMENTS TO THE EXISTING NON-COMPETITION
AGREEMENT; AND**

**(ii) THE ENTERING INTO OF THE SUPPLEMENTAL AGREEMENT TO
THE INTEGRATED SERVICES FRAMEWORK AGREEMENT
RESULTING FROM THE AMENDMENTS TO THE EXISTING
NON-COMPETITION AGREEMENT**

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



Gram Capital Limited

嘉林資本有限公司

CAPITAL INCREASE AGREEMENT

The Board announces that on 10 November 2021 (after the trading hours of the Hong Kong Stock Exchange), the Company and BUCG, Chengke Yunchuang Enterprise Management, Fuzhou Metro Group, Jiaxing Hezheng Chengzhi, BUCIC and BUCZT entered into the Capital Increase Agreement, pursuant to which, BUCG, Chengke Yunchuang Enterprise Management, Fuzhou Metro Group and Jiaxing Hezheng Chengzhi agreed to subscribe for 27,883,000, 17,220,500, 15,680,000 and 5,460,000 shares of BUCZT at considerations of RMB142,203,300, RMB87,824,600, RMB79,968,000 and RMB27,846,000, respectively.

Implications of the Listing Rules

According to the Capital Increase Agreement, the shareholding of the Company in BUCZT will be reduced from 60% to approximately 30.83% upon the completion of the Capital Increase. Therefore, the Capital Increase will constitute a deemed disposal under Rule 14.29 of the Listing Rules.

As the highest applicable percentage ratio of the transactions contemplated under the Capital Increase Agreement exceeds 5% but is lower than 25%, the transactions contemplated under the Capital Increase Agreement will constitute a discloseable transaction of the Company, which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, BUCG held 42.34% of the issued shares of the Company and was the controlling shareholder and connected person of the Company under the Listing Rules. In accordance with the Chapter 14A of the Listing Rules, the Capital Increase Agreement entered into by the Company and BUCG and transactions contemplated thereunder will constitute a connected transaction, which is subject to reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

Mr. Pei Hongwei, Ms. Wu Donghui and Ms. Shi Huaxin, our Directors, are deemed to have material interests in the above-mentioned transactions. Therefore, such Directors have abstained from voting on the Board resolution approving the above-mentioned transactions in accordance with the requirements of the Articles of Association and the Listing Rules.

In accordance with the requirements of the Listing Rules, the Independent Board Committee comprising the independent non-executive Directors, namely Mr. Wang Guofeng, Mr. Ma Xufei, Mr. Sun Maozhu, Mr. Liang Qinghuai and Mr. Qin Guisheng has been established for the purpose of advising the Independent Shareholders in respect of, among others, the entering into of the Capital Increase Agreement and transactions contemplated thereunder.

The Independent Financial Adviser will be appointed to advise the Independent Board Committee and Independent Shareholders in respect of, among others, the entering into of the Capital Increase Agreement and transactions contemplated thereunder.

AMENDMENTS TO THE EXISTING NON-COMPETITION AGREEMENT

Reference is made to the Existing Non-competition Agreement, which is the non-competition agreement entered into by BUCG and the Company on 24 January 2014 as amended by the Supplemental Agreement I to the Non-competition Agreement signed by BUCG and the Company on 16 June 2014 and the Supplemental Agreement II to the Non-competition Agreement entered into by BUCG and the Company on 29 October 2015.

The Board announces that BUCG and the Company entered into the Supplemental Agreement III to the Non-competition Agreement on 10 November 2021.

Implications of the Listing Rules

As at the date of this announcement, BUCG held 42.34% of the issued shares of the Company and was the controlling shareholder and connected person of the Company under the Listing Rules. In accordance with Chapter 14A of the Listing Rules, amending the Existing Non-competition Agreement by entering into the Supplemental Agreement III to the Non-competition Agreement between the Company and BUCG constitutes a connected transaction of the Company and shall comply with the requirements of reporting, announcement and approval by the Independent Shareholders under the Listing Rules.

Mr. Pei Hongwei, Ms. Wu Donghui and Ms. Shi Huaxin, our Directors, are deemed to have material interests in the above-mentioned transaction. Therefore, such Directors have abstained from voting on the Board resolution approving the above-mentioned transaction in accordance with the requirements of the Articles of Association and the Listing Rules.

In accordance with the requirements of the Listing Rules, the Independent Board Committee comprising the independent non-executive Directors, namely Mr. Wang Guofeng, Mr. Ma Xufei, Mr. Sun Maozhu, Mr. Liang Qinghuai and Mr. Qin Guisheng, has been established for the purpose of advising the Independent Shareholders in respect of, among others, the amendments to the Existing Non-competition Agreement by entering into the Supplemental Agreement III to the Non-competition Agreement.

The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of, among others, the amendments to the Existing Non-competition Agreement by entering into the Supplemental Agreement III to the Non-competition Agreement.

ENTERING INTO OF THE SUPPLEMENTAL AGREEMENT TO THE INTEGRATED SERVICES FRAMEWORK AGREEMENT RESULTING FROM THE AMENDMENTS TO THE EXISTING NON-COMPETITION AGREEMENT

The Company and BUCG entered into the Integrated Services Framework Agreement on 8 November 2019, pursuant to which, BUCG, its subsidiaries and/or associates provide the Group with engineering construction related services, including but not limited to provision of labour, supply of raw materials, equipment leasing, proprietary technology support services and other services required by the Group to carry out its business.

The Board announces that the Company and BUCG entered into the Supplemental Agreement to the Integrated Services Framework Agreement on 10 November 2021.

Implications of the Listing Rules

As at the date of this announcement, BUCG held 42.34% of the issued shares of the Company and was the controlling shareholder and connected person of the Company under the Listing Rules. In accordance with Chapter 14A of the Listing Rules, as the highest percentage ratio (as defined in the Listing Rules) of the proposed annual cap for the provision of integrated services 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 and independent shareholders' approval requirements.

Mr. Pei Hongwei, Ms. Wu Donghui and Ms. Shi Huaxin, our Directors, are deemed to have material interests in the above-mentioned transactions. Therefore, such Directors have abstained from voting on the Board resolution approving the above-mentioned transactions in accordance with the requirements of the Articles of Association and the Listing Rules.

In accordance with the requirements of the Listing Rules, the Independent Board Committee comprising the independent non-executive Directors, namely Mr. Wang Guofeng, Mr. Ma Xufei, Mr. Sun Maozhu, Mr. Liang Qinghuai and Mr. Qin Guisheng has been established for the purpose of advising the Independent Shareholders in respect of, among others, entering into the Supplemental Agreement to the Integrated Services Framework Agreement.

The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of, among others, entering into the Supplemental Agreement to the Integrated Services Framework Agreement.

EGM

An EGM will be convened for the Independent Shareholders to consider and, if appropriate, to approve the resolutions of: (1) the entering into of the Capital Increase Agreement and transactions contemplated thereunder; (2) the amendments to the Existing Non-competition Agreement; and (3) the entering into of the Supplemental Agreement to the Integrated Services Framework Agreement resulting from the amendments to the Existing Non-competition Agreement.

An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of (1) the entering into of the Capital Increase Agreement and transactions contemplated thereunder; (2) the amendments to the Existing Non-competition Agreement; and (3) the entering into of the Supplemental Agreement to the Integrated Services Framework Agreement resulting from the amendments to the Existing Non-competition Agreement. The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the above-mentioned matters.

As the controlling shareholder of the Company, BUCG is deemed to have material interests in (1) the entering into of the Capital Increase Agreement and transactions contemplated thereunder; (2) the amendments to the Existing Non-competition Agreement; and (3) the entering into of the Supplemental Agreement to the Integrated Services Framework Agreement resulting from the amendments to the Existing Non-competition Agreement. BUCG and its associates shall, therefore, abstain from voting on the resolutions in relation to (1) the entering into of the Capital Increase Agreement and transactions contemplated thereunder; (2) the amendments to the Existing Non-competition Agreement; and (3) the entering into of the Supplemental Agreement to the Integrated Services Framework Agreement resulting from the amendments to the Existing Non-competition Agreement at the EGM.

A circular containing, among others, (i) further information on the Capital Increase in BUCZT and deemed disposal of shareholding interests of BUCZT, including details of the Capital Increase Agreement; (ii) further information on the amendments to the Existing Non-competition Agreement, including details of Supplemental Agreement III to the Non-competition Agreement; (iii) details on the entering into of the Supplemental Agreement to the Integrated Services Framework Agreement resulting from the amendments to the Existing Non-competition Agreement; (iv) a letter from the Independent Board Committee, which sets out the recommendations of the Independent Board Committee to the Independent Shareholders in relation to (1) the entering into of the Capital Increase Agreement and transactions contemplated thereunder; (2) the amendments to the Existing Non-competition Agreement; and (3) the entering into of the Supplemental Agreement to the Integrated Services Framework Agreement resulting from the amendments to the Existing Non-competition Agreement; (v) a letter from the Independent Financial Adviser, which sets out the opinions and recommendations of the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders in relation to (1) the entering into of the Capital Increase Agreement and transactions contemplated thereunder; (2) the amendments to the Existing Non-competition Agreement; and (3) the entering into of the Supplemental Agreement to the Integrated Services Framework Agreement resulting from the amendments to the Existing Non-competition Agreement; and (vi) a notice to convene the EGM, will be despatched to the Shareholders. The circular is expected to be dispatched to the Shareholders on or before 3 December 2021 because it will take more time to compile the relevant information contained in it.

I. CAPITAL INCREASE AGREEMENT

The Board announces that on 10 November 2021 (after the trading hours of the Hong Kong Stock Exchange), the Company and BUCG, Chengke Yunchuang Enterprise Management, Fuzhou Metro Group, Jiaxing Hezheng Chengzhi, BUCIC and BUCZT entered into the Capital Increase Agreement, pursuant to which, BUCG, Chengke Yunchuang Enterprise Management, Fuzhou Metro Group and Jiaxing Hezheng Chengzhi agreed to subscribe for 27,883,000, 17,220,500, 15,680,000 and 5,460,000 shares of BUCZT at considerations of RMB142,203,300, RMB87,824,600, RMB79,968,000 and RMB27,846,000, respectively.

The principal terms of the Capital Increase Agreement are summarized as follows:

(1) Date

10 November 2021

(2) Parties

- (i) BUCG;
- (ii) Chengke Yunchuang Enterprise Management;
- (iii) Fuzhou Metro Group;
- (iv) Jiaxing Hezheng Chengzhi;
- (v) the Company;
- (vi) BUCIC; and
- (vii) BUCZT

(3) Capital Increase

The registered capital of BUCZT will be increased from RMB70,000,000 to RMB136,243,500 upon the completion of the Capital Increase.

Pursuant to the Capital Increase Agreement, BUCG, Chengke Yunchuang Enterprise Management, Fuzhou Metro Group and Jiaxing Hezheng Chengzhi agreed to subscribe for 27,883,000, 17,220,500, 15,680,000 and 5,460,000 shares of BUCZT at considerations of RMB142,203,300, RMB87,824,600, RMB79,968,000 and RMB27,846,000, respectively.

The following table sets forth the shareholders of and their shareholding in BUCZT immediately before the Capital Increase and upon the completion of the Capital Increase:

Shareholders	Immediately before the Capital Increase		Upon the completion of the Capital Increase	
	Shareholding (‘0,000)	Percentage of shareholding (%)	Shareholding (‘0,000)	Percentage of shareholding (%)
BUCG	2,100	30.00	4,888.30	35.88
The Company	4,200	60.00	4,200.00	30.83
BUCIC	700	10.00	700.00	5.14
Chengke Yunchuang Enterprise Management	—	—	1,722.05	12.64
Fuzhou Metro Group	—	—	1,568.00	11.51
Jiaxing Hezheng Chengzhi	—	—	546.00	4.01
Total	7,000	100.00	13,624.35	100.00

Note: The aggregate of percentage figures in the above table may exceed 100% due to rounding of the percentage figures to two decimal places.

Upon the completion of the Capital Increase, BUCZT will cease to be a subsidiary of the Company and become an associate of the Company and therefore, its financial results upon the completion of the Capital Increase will not be consolidated in the financial statements of the Company.

(4) Basis of Consideration

BUCZT solicited through public listing on China Beijing Equity Exchange and identified Fuzhou Metro Group and Jiaxing Hezheng Chengzhi as investors of the Capital Increase in accordance to relevant regulations, and determined the price of the Capital Increase (i.e. RMB5.10 per Share, being the initial price of the public listing). The price of the Capital Increase of Chengke Yunchuang Enterprise Management and BUCG was determined with reference to the price of the Capital Increase of Fuzhou Metro Group and Jiaxing Hezheng Chengzhi. The price of the Capital Increase was determined based on the assessed value of net assets of BUCZT as of 31 May 2021, which has filed with the state-owned asset supervisory and management authorities, and shall not be lower than that assessed value.

(5) Conditions Precedent

The Capital Increase Agreement will come into force immediately upon obtaining approvals from the general meeting of the Company and BUCZT, respectively.

(6) Payment Terms

All funds for the Capital Increase shall be paid in cash. BUCG, Chengke Yunchuang Enterprise Management, Fuzhou Metro Group and Jiaxing Hezheng Chengzhi shall pay the funds for the Capital Increase to the bank account designated by BUCZT within one business day after the Capital Increase Agreement becomes effective.

(7) Use of Proceeds from the Capital Increase

The proceeds from the Capital Increase obtained by BUCZT will be used to supplement its working capital, repay short-term borrowings, and are proposed to be used for the research and development of cloud-based train automatic operation control system, limbic system and emergency management commanding system.

As at the date of this announcement, the Company expects that the proceeds from the Capital Increase will not be used for purposes other than those mentioned above.

(8) Profit and Loss during the Transitional Period

The profit and loss of BUCZT during the transitional period, a period commencing from the valuation base date (i.e. 31 May 2021) to the date of completing the change of registration with industry and commerce department for the Capital Increase, shall be shared by the new and old shareholders after the Capital Increase.

(9) Reasons for and Benefits of Entering into the Capital Increase Agreement

The Directors (excluding the independent non-executive Directors, whose view on relevant matter will be set out in the circular after considering the advice from the Independent Financial Adviser) are of the view that the major reasons for and benefits of entering into the Capital Increase Agreement are as follows: (i) the principal business of BUCZT is not the key direction of the Company's business development with lower proportion to the business revenue and smaller contribution to historical performance; (ii) as BUCZT has a large demand for financing, the Company optimizes resource allocation and focuses on the development of the principal business; and (iii) the Company retains its significant influence on BUCZT, maintains a cooperative relationship, and continues to enjoy investment returns.

On the basis set out above, the Directors (excluding the independent non-executive Directors, whose view on relevant matter will be set out in the circular after considering the advice from the Independent Financial Adviser) are of the view that the terms of the Capital Increase Agreement are fair and reasonable and are made on normal commercial terms, and the Capital Increase is in the interests of the Company and its Shareholders as a whole.

(10) Financial Impact of the Transactions Contemplated under the Capital Increase on the Group

The shareholding of the Company in BUCZT will be reduced from 60% to approximately 30.83% upon the completion of the Capital Increase. BUCZT will cease to be a subsidiary of the Company and become an associate of the Company and therefore, its financial results upon the completion of the Capital Increase will not be consolidated in the financial statements of the Company.

After deducting the expenses for the Capital Increase, it is expected that no gains or losses will be recorded by the Company from the Capital Increase.

(11) Implications of the Listing Rules

According to the Capital Increase Agreement, the shareholding of the Company in BUCZT will be reduced from 60% to approximately 30.83% upon the completion of the Capital Increase. Therefore, the Capital Increase will constitute a deemed disposal under Rule 14.29 of the Listing Rules.

As the highest applicable percentage ratio of the transactions contemplated under the Capital Increase Agreement exceeds 5% but is lower than 25%, the transactions contemplated under the Capital Increase Agreement will constitute a discloseable transaction of the Company, which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, BUCG held 42.34% of the issued shares of the Company and was the controlling shareholder and connected person of the Company under the Listing Rules. In accordance with the Chapter 14A of the Listing Rules, the Capital Increase Agreement entered into by the Company and BUCG and transactions contemplated thereunder will constitute a connected transaction, which is subject to reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

Mr. Pei Hongwei, Ms. Wu Donghui and Ms. Shi Huaxin, our Directors, are deemed to have material interests in the above-mentioned transactions. Therefore, such Directors have abstained from voting on the Board resolution approving the above-mentioned transactions in accordance with the requirements of the Articles of Association and the Listing Rules.

In accordance with the requirements of the Listing Rules, the Independent Board Committee comprising the independent non-executive Directors, namely Mr. Wang Guofeng, Mr. Ma Xufei, Mr. Sun Maozhu, Mr. Liang Qinghuai and Mr. Qin Guisheng has been established for the purpose of advising the Independent Shareholders in respect of, among others, the entering into of the Capital Increase Agreement and transactions contemplated thereunder.

The Independent Financial Adviser will be appointed to advise the Independent Board Committee and Independent Shareholders in respect of, among others, the entering into of the Capital Increase Agreement and transactions contemplated thereunder.

(12) Information about the Parties

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 with limited liability under the Beijing Municipal People's Government, which is principally engaged in the businesses of engineering contracting, real estate development, mechanical construction, equipment installation, construction machinery and equipment as well as vehicle leasing and property management. The ultimate actual controller of BUCG is the Beijing Municipal People's Government.

Information on BUCIC

BUCIC is principally engaged in the business of electrical and mechanical equipment installation, and has successively undertaken thousands of industrial, civil and rail transit installation projects at home and abroad. BUCIC is held as to 24% by BUCG and its accounts are consolidated into the accounts of BUCG. BUCIC is a non-wholly owned subsidiary of BUCG under the Listing Rules.

Information on Chengke Yunchuang Enterprise Management

Chengke Yunchuang Enterprise Management is an employee stock ownership platform company of BUCZT established by core employees of BUCZT for the purpose of the employee incentive programs of the BUCZT. As at the date of this announcement, Ms. Tian Hongjie served as the executive partner of Chengke Yunchuang Enterprise Management. The shares of limited partners of Chengke Yunchuang Enterprise Management are ultimately beneficially owned by the employees of BUCZT. The business scope of Chengke Yunchuang Enterprise Management is corporate management and corporate consulting.

Information on Fuzhou Metro Group

Fuzhou Metro Group is principally engaged in the investment, planning, construction, operation, management and development and utilization of space resources along the line and underground of Fuzhou rail transit projects. The ultimate actual controller of Fuzhou Metro Group is the State-owned Assets Supervision and Administration Commission of Fuzhou Municipal People's Government.

Information on Jiaxing Hezheng Chengzhi

Jiaxing Hezheng Chengzhi is principally engaged in equity investment and related consulting services. Jiaxing Hezheng Chengzhi is held as to 99.5025% and 0.4975% by Beijing Henglixinyuan Technology Investment Co. Limited (whose ultimate owner is Hong Kong Henglixinyuan Technology Investment Co. Limited) and Beijing Hezheng Asset Management Co., Ltd. (whose actual controller is Mr. Xu Ming).

Information on BUCZT

Immediately before the completion of the Capital Increase, BUCZT is a subsidiary of the Company. The registered capital of BUCZT was RMB70 million and its 60%, 30% and 10% of equity interests were held by the Company, BUCG and BUCIC, respectively.

The principal business of BUCZT is mainly centred on the urban rail transit cloud-based transportation automation system, which has a proprietary intellectual property right, to provide research and development, production and sales of products such as communication system, signal system, integrated monitoring system, automatic fare collection system, screen door system and other related products and provide integration services in the urban rail transit industry. The businesses span over different fields of rail transit such as subway, tramcar and municipal railway.

The shareholding of the Company in BUCZT will be reduced from 60% to approximately 30.83% upon the completion of the Capital Increase.

Set out below is the summary of the pro forma consolidated financial information of BUCZT and its subsidiaries for the two years ended 31 December 2019 and 31 December 2020:

	Year ended 31 December 2019 (RMB '0,000) (Unaudited)	Year ended 31 December 2020 (RMB '0,000) (Audited)
Turnover	54,152.26	55,297.44
Profit/(loss) before tax	(24.15)	3,531.62
Profit after tax	361.84	3,439.28

(13) EGM

The EGM will be convened by the Company to seek the approval from the Independent Shareholders in respect of, among others, the entering into of the Capital Increase Agreement and transactions contemplated thereunder.

II. AMENDMENTS TO THE EXISTING NON-COMPETITION AGREEMENT

(1) The Existing Non-competition Agreement

Reference is made to the Existing Non-competition Agreement, which is the non-competition agreement entered into by BUCG and the Company on 24 January 2014 as amended by the Supplemental Agreement I to the Non-competition Agreement signed by BUCG and the Company on 16 June 2014 and the Supplemental Agreement II to the Non-competition Agreement entered into by BUCG and the Company on 29 October 2015.

Pursuant to the Existing Non-competition Agreement, BUCG has undertaken that during the term thereof, among others, it will not and (i) will procure its subsidiaries and associates not to, and (ii) will procure its relevant investee companies, through the exercise of its voting rights in such companies, not to:

- (i) by itself or assist any other to engage or participate in any form, whether directly or indirectly, in any business that competes or will compete or is likely to compete with the core businesses of the Company; or
- (ii) hold any equity or interest in any competing business through any third party.

BUCG has further undertaken in the Existing Non-competition Agreement that during the term thereof, if BUCG becomes aware of any new business opportunities which are identical with or similar to the core businesses of the Company:

- (i) it will notify the Company in writing as soon as possible within three days after becoming aware of such new business opportunity and will provide the Company with all information and reasonable assistance, including procuring its subsidiaries and associates to provide the Company with the relevant information, for the Company to consider whether or not to take up or bid for such new business opportunity; and

- (ii) if the Company, having considered the relevant information, decides not to take up or bid for the new business opportunity (including any business related to planning, survey, design and/or consultancy), BUCG undertakes not to take up or participate in such new business opportunity in any manner (unless otherwise agreed in the agreement).

Pursuant to the Existing Non-competition Agreement, the core businesses of the Company include:

- (i) planning, survey, design and consultancy businesses, including but not limited to rail transit and transportation construction and planning, survey, design and consultancy business of municipal engineering and industrial and civil construction (excluding landscape business);
- (ii) Engineering-Procurement-Construction contracting, Procurement-Construction contracting, investments and operation of rail transit (including but not limited to subway, light rail, tram, city rapid rail transit, monorail and maglev) and its integrated and related projects; and
- (iii) rail transit related proprietary and jointly-owned patented technology transformation businesses (including technology transfer and commercialisation).

In addition, the Existing Non-competition Agreement requires that, if the Company is restricted from bidding for an engineering and construction project by reason of:

- situation (1): the project financing requirements of such project beyond the financing capabilities of the Company;
- situation (2): 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
- situation (3): 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,

the Company may in respect of:

- situation (1) above: the Company to bid for PPP or similar type of project jointly with BUCG or through a consortium formed by the Company, BUCG and other parties, if applicable, and finance such project jointly with BUCG or the Company jointly with BUCG and other parties; or
- situation (2) above: BUCG to bid for such project and then subcontract part or parts of the awarded project to the Company, subject to the provisions of the relevant bidding documents and in compliance with the relevant laws and regulations, on a no profit basis to BUCG; or

situation (3) above: the Company to form a consortium with BUCG to bid for such project or BUCG to bid for such project and then subcontract, on a no profit basis to BUCG, part or parts of the awarded project to the Company, subject to the provisions of the bidding documents and in compliance with the relevant laws and regulations or such other ways of cooperation as permitted by the project owner on a no profit basis to BUCG,

provided that in each of the above situations, the independent non-executive Directors of the Company have prior reviewed and approved such cooperation with BUCG.

(2) Backgrounds of the Amendments to the Existing Non-competition Agreement

BUCZT intends to implement Capital Increase, and BUCG will participate in the Capital Increase of BUCZT. Upon completion of the Capital Increase, BUCG will hold approximately 35.88% equity interests in BUCZT and is a controlling shareholder of BUCZT. The Company will hold approximately 30.83% equity interests in BUCZT and BUCZT will cease to be a subsidiary of the Company. Given that the core businesses of BUCZT, namely research and development, production, sales and integration services businesses of products related to the rail transit, is not the key development and investment direction of the Company, the Company and BUCG have agreed to revise the Existing Non-competition Agreement to further clarify the core businesses of the Company and after BUCZT ceases to be a subsidiary of the Company, it can continue to engage in research and development, production, sales and integration services businesses of products related to the rail transit without being restricted by the Existing Non-competition Agreement.

(3) The Supplemental Agreement III to the Non-competition Agreement

The Board announces that BUCG and the Company entered into the Supplemental Agreement III to the Non-competition Agreement on 10 November 2021. The supplemental agreement is conditional upon the approval of the Independent Shareholders at the EGM.

Compared with the Existing Non-competition Agreement, the Supplemental Agreement III to the Non-competition Agreement has revised as follows:

- I. A clause is added to Article 2.2 of the Existing Non-competition Agreement as Clause 2.2.4, and the other expressions remain unchanged:

“Excluding businesses that mainly centred on the urban rail transit cloud-based transportation automation system, to provide research and development, production, sales of products such as communication system, signal system, integrated monitoring system, automatic fare collection system, screen door system and other related products and integration services in the urban rail transit industry (the “Research and Development, Production, Sales and Integration Services Businesses of Products Related to the Rail Transit”).”

- II. The title of Article 3 of the Existing Non-competition Agreement is revised to “Article 3 Undertakings by the Parties” and the following content is added after Article 3.8 as Article 3.9:

“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.”

(4) Reasons for and Benefits of the Supplemental Agreement III to the Non-competition Agreement

Given that BUCZT intends to implement Capital Increase, and BUCG will participate in the Capital Increase of BUCZT. Upon completion of the Capital Increase, BUCG will become a direct controlling shareholder of BUCZT, and the Company will no longer own the controlling interest in BUCZT. Therefore, in order to avoid new competition after the change of the controlling shareholder of BUCZT, BUCG and the Company agreed to revise the Existing Non-competition Agreement and execute the Supplemental Agreement III to the Non-competition Agreement.

On the basis set out above, the Directors (excluding the independent non-executive Directors, whose view on the relevant matter will be set out in the circular after considering the advice from the Independent Financial Adviser) are of the view that the Supplemental Agreement III to the Non-competition Agreement and the terms thereof are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

(5) Implications of the Listing Rules

As at the date of this announcement, BUCG held 42.34% of the issued shares of the Company and was the controlling shareholder and connected person of the Company under the Listing Rules. In accordance with Chapter 14A of the Listing Rules, amending the Existing Non-competition Agreement by entering into the Supplemental Agreement III to the Non-competition Agreement between the Company and BUCG constitutes a connected transaction of the Company and shall comply with the requirements of reporting, announcement and approval by the Independent Shareholders under the Listing Rules.

Mr. Pei Hongwei, Ms. Wu Donghui and Ms. Shi Huaxin, our Directors, are deemed to have material interests in the above-mentioned transaction. Therefore, such Directors have abstained from voting on the Board resolution approving the above-mentioned transaction in accordance with the requirements of the Articles of Association and the Listing Rules.

In accordance with the requirements of the Listing Rules, the Independent Board Committee comprising the independent non-executive Directors, namely Mr. Wang Guofeng, Mr. Ma Xufei, Mr. Sun Maozhu, Mr. Liang Qinghuai and Mr. Qin Guisheng, has been established for the purpose of advising the Independent Shareholders in respect of, among others, the amendments to the Existing Non-competition Agreement by entering into the Supplemental Agreement III to the Non-competition Agreement.

The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of, among others, the amendments to the Existing Non-competition Agreement by entering into the Supplemental Agreement III to the Non-competition Agreement.

(6) Information about the Parties

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 with limited liability under the Beijing Municipal People's Government, which is principally engaged in the businesses of engineering contracting, real estate development, mechanical construction, equipment installation, construction machinery and equipment as well as vehicle leasing and property management. The ultimate actual controller of BUCG is the Beijing Municipal People's Government.

(7) EGM

The EGM will be convened by the Company to seek the approval from the Independent Shareholders in respect of, among others, the amendments to the Existing Non-competition Agreement by entering into the Supplemental Agreement III to the Non-competition Agreement.

III. ENTERING INTO OF THE SUPPLEMENTAL AGREEMENT TO THE INTEGRATED SERVICES FRAMEWORK AGREEMENT RESULTING FROM THE AMENDMENTS TO THE EXISTING NON-COMPETITION AGREEMENT

(1) Backgrounds of the Supplemental Agreement to the Integrated Services Framework Agreement

The Company and BUCG entered into the Integrated Services Framework Agreement on 8 November 2019, pursuant to which, BUCG, its subsidiaries and/or associates provide the Group with engineering construction related services, including but not limited to provision of labour, supply of raw materials, equipment leasing, proprietary technology support services and other services required by the Group to carry out its business.

The Group provides BUCG, its subsidiaries and/or associates with the (i) services relating to construction survey, design and consultancy, including but not limited to measurement, test, inspection of construction drawings; training services and other services required by the Company to carry out its business; and (ii) project sub-contracting and/or specialised services, including but not limited to project management and equipment leasing, pursuant to Situations (2) and (3) of the Supplemental Agreement II to the Non-competition Agreement.

Upon the Supplemental Agreement III to the Non-competition Agreement (details of which are set out in the section headed “Amendments to the Existing Non-competition Agreement” above) becoming effective, 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.

As such, the Company proposes to amend the Integrated Services Framework Agreement by entering into a supplemental agreement.

(2) Supplemental Agreement to the Integrated Services Framework Agreement

The Board announces that the Company and BUCG entered into the Supplemental Agreement to the Integrated Services Framework Agreement on 10 November 2021. The Supplemental Agreement is conditional upon the approval of the Independent Shareholders at the EGM.

Principal terms of the Integrated Services Framework Agreement (as amended) are summarized as follows (amendments are underlined as below):

Parties: BUCG
 The Company

Date: 10 November 2021

Principal terms to be amended:

1. Service Scope The scope of integrated services provided by BUCG, its subsidiaries and/or associates (except for the Company) to the Company including but not limited to: provide the Company with engineering construction related services, including but not limited to provision of labour, supply of raw materials, equipment leasing, proprietary technology support services and other services required by the Company to carry out its business; “Research and Development, Production, Sales and Integration Services of Products Related to the Rail Transit” provided by BUCZT, a company owned by BUCG to the company in accordance with the Supplemental Agreement III to the Non-competition Agreement.

(3) Reasons for and Benefits of the Supplemental Agreement to the Integrated Services Framework Agreement

The entering into of the Supplemental Agreement to the Integrated Services Framework Agreement is to further clarify the scope of continuing connected transactions relating to the Research and Development, Production, Sales and Integration Services Businesses of Products Related to the Rail Transit by amending the service scope of the services to be provided by BUCG to the Company under the existing Integrated Services Framework Agreement. The terms of the Supplemental Agreement to the Integrated Services Framework Agreement are in line with the co-operation arrangement between the Company and BUCG set out in the Supplemental Agreement III to the Non-competition Agreement. Any such continuing connected transactions will be reviewed annually by the independent non-executive Directors in accordance with the requirements of Rule 14A.55 of the Hong Kong Listing Rules and their confirmations, if confirmed, will be disclosed in the annual report of the Company. The auditors of the Company will also review annually and provide the auditors confirmation (if confirmed) to the Company on such continuing connected transactions in accordance with Rule 14A.56 of the Hong Kong Listing Rules.

On the basis set out above, the Directors (excluding the independent non-executive Directors, whose view on relevant matter will be set out in the circular after considering the advice from the Independent Financial Adviser) are of the view that the Supplemental Agreement to the Integrated Services Framework Agreement and the terms thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

(4) Implications of the Listing Rules

As at the date of this announcement, BUCG held 42.34% of the issued shares of the Company and was the controlling shareholder and connected person of the Company under the Listing Rules. In accordance with Chapter 14A of the Listing Rules, as the highest percentage ratio (as defined in the Listing Rules) of the proposed annual cap for the provision of integrated services 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 and independent shareholders' approval requirements.

Mr. Pei Hongwei, Ms. Wu Donghui and Ms. Shi Huaxin, our Directors, are deemed to have material interests in the above-mentioned transactions. Therefore, such Directors have abstained from voting on the Board resolution approving the above-mentioned transactions in accordance with the requirements of the Articles of Association and the Listing Rules.

In accordance with the requirements of the Listing Rules, the Independent Board Committee comprising the independent non-executive Directors, namely Mr. Wang Guofeng, Mr. Ma Xufei, Mr. Sun Maozhu, Mr. Liang Qinghuai and Mr. Qin Guisheng has been established for the purpose of advising the Independent Shareholders in respect of, among others, entering into the Supplemental Agreement to the Integrated Services Framework Agreement.

The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of, among others, entering into the Supplemental Agreement to the Integrated Services Framework Agreement.

(5) Information about the Parties

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 with limited liability under the Beijing Municipal People's Government, which is principally engaged in the businesses of engineering contracting, real estate development, mechanical construction, equipment installation, construction machinery and equipment as well as vehicle leasing and property management. The ultimate actual controller of BUCG is the Beijing Municipal People's Government.

(6) EGM

The EGM will be convened by the Company to seek the approval from the Independent Shareholders in respect of, among others, the entering into of the Supplemental Agreement to the Integrated Services Framework Agreement.

IV. EGM

An EGM will be convened for the Independent Shareholders to consider and, if appropriate, to approve the resolutions of: (1) the entering into of the Capital Increase Agreement and transactions contemplated thereunder; (2) the amendments to the Existing Non-competition Agreement; and (3) the entering into of the Supplemental Agreement to the Integrated Services Framework Agreement resulting from the amendments to the Existing Non-competition Agreement.

An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of (1) the entering into of the Capital Increase Agreement and transactions contemplated thereunder; (2) the amendments to the Existing Non-competition Agreement; and (3) the entering into of the Supplemental Agreement to the Integrated Services Framework Agreement resulting from the amendments to the Existing Non-competition Agreement. The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the above-mentioned matters.

As the controlling shareholder of the Company, BUCG is deemed to have material interests in (1) the entering into of the Capital Increase Agreement and transactions contemplated thereunder; (2) the amendments to the Existing Non-competition Agreement; and (3) the entering into of the Supplemental Agreement to the Integrated Services Framework Agreement resulting from the amendments to the Existing Non-competition Agreement. BUCG and its associates shall, therefore, abstain from voting on the resolutions in relation to (1) the entering into of the Capital Increase Agreement and transactions contemplated thereunder; (2) the amendments to the Existing Non-competition Agreement; and (3) the entering into of the Supplemental Agreement to the Integrated Services Framework Agreement resulting from the amendments to the Existing Non-competition Agreement at the EGM.

A circular containing, among others, (i) further information on the Capital Increase in BUCZT and deemed disposal of shareholding interests of BUCZT, including details of the Capital Increase Agreement; (ii) further information on the amendments to the Existing Non-competition Agreement, including details of Supplemental Agreement III to the Non-competition Agreement; (iii) details on the entering into of the Supplemental Agreement to the Integrated Services Framework Agreement resulting from the amendments to the Existing Non-competition Agreement; (iv) a letter from the Independent Board Committee, which sets out the recommendations of the Independent Board Committee to the Independent Shareholders in relation to (1) the entering into of the Capital Increase Agreement and transactions contemplated thereunder; (2) the amendments to the Existing Non-competition Agreement; and (3) the entering into of the Supplemental Agreement to the Integrated Services Framework Agreement resulting from the amendments to the Existing Non-competition Agreement; (v) a letter from the Independent Financial Adviser, which sets out the opinions and recommendations of the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders in relation to (1) the entering into of the Capital Increase Agreement and transactions contemplated thereunder; (2) the amendments to the Existing Non-competition Agreement; and (3) the entering into of the Supplemental Agreement to the Integrated Services Framework Agreement resulting from the amendments to the Existing Non-competition Agreement; and (vi) a notice to convene the EGM, will be despatched to the Shareholders. The circular is expected to be dispatched to the Shareholders on or before 3 December 2021 because it will take more time to compile the relevant information contained in it.

V. DEFINITIONS

In this announcement, 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 Listing Rules
“Existing Non-competition Agreement”	the non-competition agreement entered into by BUCG and the Company on 24 January 2014 (please refer to the prospectus of the Company dated 25 June 2014 for details) as amended by the Supplemental Agreement I to the Non-competition Agreement and the Supplemental Agreement II to the Non-competition Agreement
“Board” or “Board of Directors”	the board of directors of the Company
“Capital Increase”	the capital increase made by the Company, BUCG, Chengke Yunchuang Enterprise Management, Fuzhou Metro Group, Jiaxing Hezheng Chengzhi and BUCIC in BUCZT pursuant to the terms and conditions of the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement entered into by the Company and BUCG, Chengke Yunchuang Enterprise Management, Fuzhou Metro Group, Jiaxing Hezheng Chengzhi, BUCIC and BUCZT on 10 November 2021 in relation to BUCZT
“BUCIC”	Beijing Urban Construction Installation Group Co., Ltd. (北京城建安裝集團有限公司), a company established in the PRC with limited liability, which is held as to 24% by BUCG and the accounts of which are consolidated into the accounts of BUCG, and is therefore a non-wholly owned subsidiary of BUCG under the Listing Rules
“BUCG”	Beijing Urban Construction Group Co., Ltd. (北京城建集團有限責任公司), a company established in the PRC with limited liability and a controlling shareholder of the Company holding 42.34% equity interests in the Company and a wholly state-owned enterprise under the Beijing Municipal People’s Government

“BUCZT”	Beijing Urban Construction Zhikong Technology Co., Ltd. (北京城建智控科技股份有限公司), a joint stock company established in the PRC with limited liability and a subsidiary of the Company and it is owned as to 60%, 30% and 10% by the Company, BUCG and BUCIC as at the date of this announcement
“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 incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1599)
“Integrated Services Framework Agreement”	the integrated services framework agreement entered into by the Company and BUCG on 8 November 2019, the details of which are set out in the announcement issued on 8 November 2019 and the circular dispatched on 12 December 2019 of the Company
“Supplemental Agreement to the Integrated Services Framework Agreement”	the supplemental agreement to the Integrated Services Framework Agreement entered into by the Company and BUCG on 10 November 2021
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and which are currently not listed or traded on any stock exchange
“EGM”	2021 first extraordinary general meeting of the Company to consider and, if thought fit, approve the resolutions in relation to (1) the entering into of the Capital Increase Agreement and transactions contemplated thereunder; (2) the amendments to the Existing Non-competition Agreement; and (3) the entering into of the Supplemental Agreement to the Integrated Services Framework Agreement resulting from the amendments to the Existing Non-competition Agreement
“Chengke Yunchuang Enterprise Management”	Beijing Chengke Yunchuang Enterprise Management Partnership (Limited Partnership) (北京城科雲創企業管理合夥企業(有限合夥)), a limited partnership established in the PRC and an employee stock ownership platform company of BUCZT

“Fuzhou Metro Group”	Fuzhou Metro Group Co., Ltd.(福州地鐵集團有限公司), a company established in the PRC with limited liability and an Independent Third Party
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	the independent board committee comprising all independent non-executive Directors, namely Mr. Wang Guofeng, Mr. Ma Xufei, Mr. Sun Maozhu, Mr. Liang Qinghuai and Mr. Qin Guisheng, for the purpose of advising the Independent Shareholders in respect of (1) the entering into of the Capital Increase Agreement and transactions contemplated thereunder; (2) the amendments to the Existing Non-competition Agreement; and (3) the entering into of the Supplemental Agreement to the Integrated Services Framework Agreement resulting from the amendments to the Existing Non-competition Agreement
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of (1) the entering into of the Capital Increase Agreement and transactions contemplated thereunder; (2) the amendments to the Existing Non-competition Agreement; and (3) the entering into of the Supplemental Agreement to the Integrated Services Framework Agreement resulting from the amendments to the Existing Non-competition Agreement
“Independent Shareholders”	Shareholders other than those required by the Listing Rules to abstain from voting on the resolutions at the EGM in relation to (1) the entering into of the Capital Increase Agreement and transactions contemplated thereunder; (2) the amendments to the Existing Non-competition Agreement; and (3) the entering into of the Supplemental Agreement to the Integrated Services Framework Agreement resulting from the amendments to the Existing Non-competition Agreement

“Independent Third Party(ies)”	any person who and whose ultimate beneficial owner are independent of and not connected to the directors, chief executives and major shareholders of the Company and any of its subsidiaries or their respective associates, and is not a connected person of the Company
“Jiaxing Hezheng Chengzhi”	Jiaxing Hezheng Chengzhi Equity Investment Partnership (Limited Partnership) (嘉興和正城智股權投資合夥企業(有限合夥)), a limited partnership established in the PRC and an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Supplemental Agreement I to the Non-competition Agreement”	the supplemental agreement entered into by BUCG and the Company on 16 June 2014 to amend the Existing Non-competition Agreement entered into by BUCG and the Company on 24 January 2014, the details of which are set out in the prospectus of the Company dated 25 June 2014
“Supplemental Agreement II to the Non-competition Agreement”	the second supplemental agreement entered into by BUCG and the Company on 29 October 2015 to amend the Existing Non-competition Agreement, which was entered into by BUCG and the Company on 24 January 2014 and amended by the Supplemental Agreement I to the Non-competition Agreement entered into on 16 June 2014, the details of which are set out in the announcement issued on 29 October 2015 and the circular dispatched on 10 December 2015 of the Company
“Supplemental Agreement III to the Non-competition Agreement”	the third supplemental agreement entered into by BUCG and the Company on 10 November 2021 to amend the Existing Non-competition Agreement, which was entered into by BUCG and the Company on 24 January 2014 and amended by the Supplemental Agreement I to the Non-competition Agreement entered into on 16 June 2014 and the Supplemental Agreement II to the Non-competition Agreement entered into on 29 October 2015
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“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 Listing Rules

By order of the Board

Beijing Urban Construction Design & Development Group Co., Limited

Pei Hongwei

Chairman

Beijing, 10 November 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, Wu Donghui, Shi Huaxin, 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.