



北京城建设计发展集团股份有限公司

BEIJING URBAN CONSTRUCTION DESIGN & DEVELOPMENT GROUP CO., LIMITED

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

Interim Report

2015



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# Definitions

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

“Articles of Association”	the Articles of Association of Beijing Urban Construction Design & Development Group Co., Limited
“Board” or “Board of Directors”	the board of directors of the Company
“Board of Supervisors”	the board of supervisors of the Company
“Company”	Beijing Urban Construction Design & Development Group Co., Limited
“Corporate Governance Code”	the corporate governance code section contained in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Hong Kong 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 Renminbi and are unlisted shares which are currently not listed or traded on any stock exchange
“Group”, “us” or “we”	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 subscribed for and traded in Hong Kong dollars and listed on the Hong Kong Stock Exchange

## Definitions



“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Securities and Futures Ordinance”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Supervisor(s)”	supervisor(s) of the Company
“%”	per cent.

# Financial Summary

For the six-month period ended 30 June 2015, the Group achieved a revenue of RMB1,581 million, while the net profit for the reporting period amounted to RMB156 million.

The Group is mainly engaged in two segments, including design, survey and consultancy as well as construction contracting business.

The following table sets out the Group's revenue of each business segment generated and their percentage of the revenue for the periods indicated:

	For the six-month period ended 30 June				
	2015		2014		
	RMB'000 (Unaudited)	% of revenue	RMB'000 (Unaudited)	% of revenue	% of change
Design, survey and consultancy	<b>855,304</b>	<b>54.10</b>	899,098	58.40	(4.87)
Construction contracting	<b>725,775</b>	<b>45.90</b>	640,490	41.60	13.32
<b>Total</b>	<b>1,581,079</b>	<b>100.00</b>	1,539,588	100.00	2.70

For the six-month period ended 30 June 2015, the Group's revenue was RMB1,581 million, representing an increase of 2.7% or approximately RMB85 million compared with the corresponding period of last year, which was mainly attributable to the smooth progress of the projects on hand in the construction contracting segment.

# Corporate Information

Registered name	Chinese: 北京城建設發展集團股份有限公司 English: Beijing Urban Construction Design & Development Group Co., Limited
Listing place of H Shares:	The Stock Exchange of Hong Kong Limited
Type of stock:	H Share
Stock name:	UCD
Stock code:	1599
H Share Registrar:	Computershare Hong Kong Investor Services Limited
Registered office:	5 Fuchengmen North Street, Xicheng District, Beijing, PRC
Principal place of business in Hong Kong:	18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong
Legal representative:	Ms. Wang Liping
Secretary of the Board:	Mr. Xuan Wenchang
Joint company secretaries:	Mr. Xuan Wenchang Ms. Kwong Yin Ping Yvonne ( <i>a member of the Hong Kong Institute of Chartered Secretaries</i> )
Website:	<a href="http://www.bjucd.com">www.bjucd.com</a>
Auditors:	Ernst & Young
Legal advisors:	as to Hong Kong laws: Linklaters as to PRC laws: Haiwen & Partners

# Management Discussion and Analysis

## SUMMARY

In the first half of 2015, the Group further promoted its business development, thereby further consolidating and raising its market position and capital strength, leading to further enhancement in its comprehensive strengths.

For the six-month period ended 30 June 2015, the Group's revenue amounted to RMB1,581 million, representing a slight increase compared to that of the corresponding period of last year. The Group's net profit amounted to RMB156 million, representing a slight decrease compared to that of the corresponding period of last year.

## Market environment

In 2015, China's domestic and foreign economic environment remains intricate. The global economic recovery is tortuous and slow, and with the Chinese economy in a critical structural adjustment and transformation stage, the fundamentals for economic recovery have yet to be further consolidated. The Gross Domestic Products (GDP) for the first half of the year grew 7.0% year-on-year in terms of comparative prices, with a relatively large downward pressure on the domestic economy. With the Chinese government taking the initiatives to adapt and lead the economy to the "new normal", steadfastly insisting on reformation and innovation, as well as structural adjustments and transformation and by proactively innovating measures on macro-controls, the domestic economy has achieved a slow but stable and improving trend. On the whole, the fundamental development factors of the Chinese economy have not changed.

As urbanization in China accelerates, various cities have to face serious traffic congestions caused by high concentration of urban population and the ever increasing numbers of private vehicles. The strategy of the Chinese government is to insist on the priority development of public transportation in order to solve problems caused by traffic congestions and integrated urban development. Urban rail transit, as an energy saving and environment-friendly mode of transportation, and because of its mass transit capacities and high speed, is an effective solution to ease traffic congestion problems and will continue to be an industry strongly promoted by the Chinese government for a substantial period of time in the future. For the past year, the National Development and Reform Commission has successively approved the construction plans or adjustment plans of urban rail transit in cities including Zhengzhou, Nantong, Nanning, Hohhot, Nanjing, Chengdu, Nanchang, Wuhan and Changchun.



Meanwhile, under the influence of the Chinese “new normal” economy, the market development of urban rail transit has to face certain adjustments in the short run, mainly in terms of adjustments to be made to the investment entities of urban rail transit projects. To further regulate debt management of local governments and promote market transformation of financing platform companies, in September 2014, the Chinese government promulgated “*The Opinions on Issues Concerning the Enhancement of Debt Management of the Local Governments*” (《關於加強地方政府性債務管理的意見》) to vigorously implement the Public-Private-Partnership (PPP) capital cooperation model and various Chinese government departments and markets are significantly exploring and advancing the PPP model in 2015. Affected by the changes in the mode of investment, industries which are mainly directed by governmental investments, including urban rail transit projects, are experiencing temporary adjustments by stages in their construction development within short term.



## FINANCIAL REVIEW

### Summary of Operating Results

	For the six-month period ended 30 June	
	2015 (RMB'000) (Unaudited)	2014 (RMB'000) (Unaudited)
Revenue	<b>1,581,079</b>	1,539,588
Cost of sales	<b>(1,267,546)</b>	(1,189,439)
Gross profit	<b>313,533</b>	350,149
Other income and gains	<b>35,912</b>	13,625
Selling and distribution expenses	<b>(27,016)</b>	(26,452)
Administrative expenses	<b>(118,352)</b>	(120,217)
Other expenses	<b>(9,530)</b>	(11,933)
Finance costs	<b>(5,679)</b>	–
Share of losses of joint ventures	<b>(635)</b>	(542)
Share of profits of associates	<b>882</b>	546
Profit before tax	<b>189,115</b>	205,176
Income tax expense	<b>(33,340)</b>	(33,523)
Profit for the period	<b>155,775</b>	171,653

## Revenue

The Group generates its revenue from the design, survey and consultancy segment as well as the construction contracting segment where the Group provides services for infrastructure construction (especially urban rail transit).

For the six-month period ended 30 June 2015, the Group achieved a revenue of RMB1,581 million, representing an increase of RMB41 million or 2.7% as compared to RMB1,540 million for the corresponding period of last year. Such increase was mainly attributable to the smooth progress of the projects on hand in the construction contracting segment, which recorded an increase of RMB85 million as compared to that of the corresponding period of 2014.

Set out below is revenue from each business segment:

Business segments	For the six-month period ended 30 June	
	2015 (RMB'000) (Unaudited)	2014 (RMB'000) (Unaudited)
Design, survey and consultancy	<b>855,304</b>	899,098
Of which:		
(i) urban rail transit construction	<b>694,068</b>	719,220
(ii) industrial and civil construction and municipal engineering	<b>161,236</b>	179,878
Construction contracting	<b>725,775</b>	640,490
Total	<b>1,581,079</b>	1,539,588

## **Design, survey and consultancy segment**

The design, survey and consultancy segment includes design, survey and consultancy services for urban rail transit construction as well as industrial and civil construction and municipal engineering. In 2015, against the backdrop of macro-economic transformation and adjustment faced by the Chinese economy, an obvious downtrend of economy and changes in the mode of government investments, the Group, by fully leveraging on its technical strengths in the industry and by optimizing its traditional and core business, enhanced its core competitiveness and actively expanded the market, thereby basically maintained a steady development of the business segment notwithstanding the changes of the external market environment.

For the six-month period ended 30 June 2015, the Group's revenue from the design, survey and consultancy segment amounted to RMB855 million, representing a decrease of RMB44 million or 4.9% as compared to RMB899 million for the corresponding period of 2014. Among that, revenue from the urban rail transit construction business achieved RMB694 million, representing a decrease of RMB25 million as compared to RMB719 million for the corresponding period of 2014; and revenue from the industrial and civil construction and municipal engineering business amounted to RMB161 million, representing a decrease of RMB19 million as compared to RMB180 million for the corresponding period of 2014.

## **Construction contracting segment**

The Group's construction contracting segment focuses on the services for urban rail transit construction projects and related infrastructure construction projects. The construction contracting projects undertaken by the Group covered major cities of China, including Beijing, Guangzhou, Qingdao, Urumqi and Dalian.

For the six-month period ended 30 June 2015, the Group's revenue from the construction contracting segment was RMB726 million, representing an increase of RMB86 million or 13.4% as compared to RMB640 million for the corresponding period of last year. Such an increase was mainly attributable to the adherence to the development strategies to expand urban rail transit construction contracting business and the adoption of the principle of controllable risks, as well as the smooth progress of the projects on hand.

## Cost of sales

For the six-month period ended 30 June 2015, the cost of sales incurred by the Group was RMB1,268 million, representing an increase of RMB79 million or 6.6% as compared to RMB1,189 million for the corresponding period of last year. This was mainly attributable to the fact that faced with changes in the market conditions, the Group further opened up the market in other cities, which led to a relative increase in costs.

For the six-month period ended 30 June 2015, cost of sales of the Group's design, survey and consultancy segment decreased to RMB579 million for the current period from RMB592 million for the corresponding period of last year, representing a decrease of 2.2%. Among that, the cost of sales of the urban rail transit construction business of the Group's design, survey and consultancy segment decreased to RMB451 million for the current period from RMB460 million for the corresponding period of last year, representing a decrease of 2.0%. The cost of sales of industrial and civil construction and municipal engineering business of the design, survey and consultancy segment decreased to RMB128 million for the current period from RMB132 million for the corresponding period of last year, representing a decrease of 3.0%.

For the six-month period ended 30 June 2015, the cost of sales of the Group's construction contracting segment increased to RMB689 million for the current period from RMB598 million for the corresponding period of last year, representing an increase of 15.2%, which was mainly due to the commencement of construction of certain projects with higher total costs in the second half of 2014, resulting in an increase of costs compared with the corresponding period of last year.

## Gross profit and gross margin

For the six-month period ended 30 June 2015, the gross profit of the Group was RMB314 million, representing a decrease of RMB36 million or 10.29% as compared to RMB350 million for the corresponding period of last year, while the consolidated gross margin decreased from 22.7% to 19.8%. The decrease in gross profit and gross margin was mainly due to the fact that the percentage of total operating revenue attributable to the design, survey and consultancy segment (with a higher gross profit) decreased from 58.4% for the corresponding period of last year to 54.1% for the current period. The gross profit of design, survey and consultancy segment decreased from RMB308 million for the corresponding period of last year to RMB276 million for the current period, representing a decrease of RMB32 million or 10.4% as compared to that of the corresponding period of last year. The gross margin of design, survey and consultancy segment decreased from 34.2% for the corresponding period of last year to 32.3% for the current period, which is mainly due to the business development of the Group and the increase in the number of projects in other cities, which have a relatively higher cost than those in Beijing. The gross profit of the construction contracting segment decreased from RMB42 million for the corresponding period of last year to RMB37 million for the current period. The gross margin of the construction contracting segment decreased from 6.6% for the corresponding period of last year to 5.1% for the current period.

## Other income and gains

For the six-month period ended 30 June 2015, other income and gains of the Group were RMB35.91 million, representing an increase of RMB22.28 million, as compared to RMB13.63 million for the corresponding period of last year, primarily attributable to the significant increase in interest income and investment gains due to the increase in deposits and the purchase of related financial products by the listing proceeds. The wealth management returns and interest income were RMB27.18 million in the first half of 2015.

## Selling and distribution expenses

For the six-month period ended 30 June 2015, selling and distribution expenses of the Group were RMB27.02 million, representing an increase of RMB0.57 million or 2.2% as compared to RMB26.45 million for the corresponding period of last year. The increase in selling and distribution expenses was mainly due to the fact that faced with changes in the market conditions, the Group further invested in opening up the market, which led to an increase in related cost.

### **Administrative expenses**

For the six-month period ended 30 June 2015, administrative expenses of the Group were RMB118.35 million, representing a decrease of RMB1.87 million or 1.6% as compared to RMB120.22 million for the corresponding period of last year, which was mainly due to the fact that the Group adopted meticulous and precise calculations and strengthened cost control.

### **Other expenses**

For the six-month period ended 30 June 2015, other expenses of the Group were RMB9.53 million, representing a decrease of RMB2.40 million or 20.1% as compared to RMB11.93 million for the corresponding period of last year. The decrease in other expenses was mainly due to a decrease in the provisions for bad debts relating to trade receivables and other receivables for the period.

### **Finance costs**

For the six-month period ended 30 June 2015, financial costs of the Group were RMB5.68 million, which was due to the discounting of the Group's new long-term receivables for the current period.

### **Income tax expense**

For the six-month period ended 30 June 2015, the income tax expense of the Group was RMB33.34 million, representing a slight decrease as compared to the corresponding period of last year.

## Net Profit

For the six-month period ended 30 June 2015, the net profit of the Group was RMB156 million, representing a decrease of RMB16 million or 9.3% as compared to RMB172 million for the corresponding period of last year.

## Cash flows

The table below sets forth the cash flows of the Group for the periods indicated:

	For the six-month period ended 30 June	
	2015 (RMB'000) (Unaudited)	2014 (RMB'000) (Unaudited)
Net cash outflows from operating activities	<b>(680,277)</b>	(130,295)
Net cash inflows/(outflows) from investing activities	<b>1,012,024</b>	(14,457)
Net cash inflows/(outflows) from financing activities	<b>28,500</b>	(79,141)
Net increase/(decrease) in cash and cash equivalents	<b>360,247</b>	(223,893)

The net cash outflows from operating activities amounted to RMB680 million for the six-month period ended 30 June 2015, representing an increase of RMB550 million as compared to that of the corresponding period of 2014, which was mainly due to the investment of RMB200 million at the early stage of the newly undertaken the Outer Ring North Road PPP project in Anqing City as well as an increase of RMB200 million in the historical settlement for engineering projects. Net cash inflows from investing activities was RMB1,012 million, which was mainly due to the cash inflows from the redemption of financial products and time deposits due. The net cash inflows from financing activities was RMB29 million, which was mainly due to the cash flows resulting from the capital contributions by non-controlling shareholders of the new subsidiaries of the Company in the current period.



## Pledge of assets, contingencies and capital commitments

For the six-month period ended 30 June 2015, the Group had no pledge of assets.

As at 30 June 2015, the Group did not have any outstanding mortgages, charges, debentures, loan capital, bank loans or overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, acceptance credits or guarantees or other material contingent liabilities.

As at 30 June 2015 and 31 December 2014, the capital commitments of the Group were as follows:

	<b>As at 30 June 2015 (RMB'000) (Unaudited)</b>	As at 31 December 2014 (RMB'000) (Audited)
Contracted, but not provided for:		
Property, plant and equipment	<b>46,550</b>	70,106
Authorised, but not contracted for:		
Equity Investment	<b>6,000</b>	–

## Capital structure and financial resources

The capital structure of the Company comprises Domestic Shares and H Shares. The Group does not have any borrowings and all the working capital is self-owned funds.

### Gearing ratio<sup>(1)</sup>

As at 30 June 2015, the Group had no interest-bearing borrowings, therefore its gearing ratio was 0.0%.

Note:

- (1) Gearing ratio represents total interest-bearing borrowings as at the reporting date divided by total equity as at the same reporting date.

### **Exchange rate risk**

The business operations of the Group are mainly located in China with most of its transactions settled in RMB. The assets and liabilities of the Group that involve the exchange rate risk and the transactions arising from operations are mainly related to U.S. dollars and Hong Kong dollars. The Directors believe that the exchange rate risk may or will not have a material adverse impact on the financial position of the Group.

### **Employees**

As at 30 June 2015, the Group had approximately 3,903 employees. For the six-month period ended 30 June 2015, the total employee costs of the Group were RMB452 million, representing a decrease of RMB5 million as compared to RMB457 million for the corresponding period of last year.

The Directors of the Company fully understand the importance of maintaining good relationship with employees. The Group has therefore implemented financial incentives and other human resource strategies. The remuneration payable by the Group to employees included basic salaries, bonuses and allowances.

### **Events after the balance sheet date**

The Group did not have any significant events after the balance sheet date.

### **Profit distributions and interim dividends**

The Group will not make any profit distributions for the interim period nor pay any interim dividends.

## BUSINESS PROSPECTS

Although urban rail transit construction in China has achieved notable development in recent years, and the Chinese economy has entered the “new normal” development period, China is still lagging far behind the developed countries in terms of the rail transit density. Notably, urban rail transit in China is still at a relatively low level, leaving extensive rooms for further development. The accelerated urbanization in China, coupled with the further stepped-up integration of Beijing-Tianjin-Hebei areas and the promotion of regional rail transit among cities, will provide opportunities for business developments of the Group.

The Chinese government is actively promoting the market transformation of financing platform companies and by vigorously promoting the PPP model, the investment entities of rail transit are increasingly diversified and marketised, which will have a profound impact on market competition. With an integrated service capabilities comprising traditional designs, project contracting and a financing platform from the listing, the Group is facing a very good opportunity for further development. In May 2015, the Group successfully won the bid for the PPP construction project of Outer Ring North Road in Anqing City. The project is the first batch of PPP projects launched in China, which will have demonstration effects for the Company and serves to provide the Company an edge in seizing the PPP market in areas of urban rail transit and relevant infrastructure.

In face of the favorable development opportunities, the Group will continue to deepen and promote its client oriented operating principles. By fully utilizing its own solid technical strengths, and led by its design business and through investments, the Group will strengthen its design and consultancy business and general contracting business and extend into new businesses such as PPP projects. The Group will also strengthen the functional constructions of its headquarters, optimize its business unit management system, and build up its ERP management platform. In addition, the Group will enhance its operation and control systems, speed up the use of equity incentive mechanism, reform its remuneration distribution system, with a view to raising the overall strength and the level of shareholders’ returns and to become a leading comprehensive urban construction services provider in the industry with international influence.

## Other Information

### **DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' INTERESTS IN SHARES**

As at 30 June 2015, none of the Directors, chief executive of the Company and Supervisors held any interests or short positions in the shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance), which were required to be notified to the Company and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance or the Model Code, or required to be recorded in the register as required to be kept under Section 352 of the Securities and Futures Ordinance.

During the reporting period, none of the Directors, chief executive of the Company and Supervisors (including their spouses or children under the age of 18) were authorized by the Company any rights to subscribe for the shares or debentures of the Company or any associated corporations.

### **CHANGES IN BOARD AND BOARD OF SUPERVISORS**

Mr. Xu Jianyun resigned as a non-executive Director on 10 February 2015 due to change of job assignments. Save for that, there was no other change in members of the Board and the Board of Supervisors during the reporting period.

As at the date of this report, members of the Board include:

Mr. Wang Hanjun (*executive Director*)

Mr. Li Guoqing (*executive Director*)

Ms. Wang Liping (*Chairman and non-executive Director*)

Mr. Chen Daihua (*non-executive Director*)

Mr. Wang Hao (*non-executive Director*)

Mr. Zhang Jie (*non-executive Director*)

Mr. Su Bin (*non-executive Director*)  
Mr. Kong Lingbin (*non-executive Director*)  
Mr. Tang Shuchang (*non-executive Director*)  
Mr. Zhang Fengchao (*independent non-executive Director*)  
Mr. Wang Dexing (*independent non-executive Director*)  
Mr. Yim Fung (*independent non-executive Director*)  
Mr. Sun Maozhu (*independent non-executive Director*)  
Mr. Liang Qinghuai (*independent non-executive Director*)

As at the date of this report, members of the Board of Supervisors include:

Mr. Yao Guanghong (*chairman of the Board of Supervisors*)  
Ms. Nie Kun (*Supervisor*)  
Mr. Li Wenhong (*Supervisor*)  
Mr. Chen Rui (*Supervisor*)  
Mr. Ren Chong (*Supervisor*)  
Ms. Mi Jianzhou (*employee representative Supervisor*)  
Mr. Zhang Wei (*employee representative Supervisor*)  
Mr. Wang Jingang (*employee representative Supervisor*)  
Mr. Wang Wenjiang (*employee representative Supervisor*)  
Mr. Zhang Junming (*independent Supervisor*)  
Mr. Zuo Chuanchang (*independent Supervisor*)

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

The Company has adopted the Model Code as its code for securities transactions by its Directors and Supervisors. Having made specific enquiries with all of the Directors and Supervisors, all of them have confirmed that they had complied with the abovementioned code during the reporting period.

## DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SECURITIES AND FUTURES ORDINANCE

As at 30 June 2015, to the knowledge of the Company, the following persons had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company and the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance or, directly or indirectly, were interested in 5% or more of the nominal value of any class of share capital of the Company:

### Domestic Shares

Name of shareholder	Capacity	Number of Domestic Shares	Nature of interests	Approximate percentage of issued Domestic Share capital	Approximate percentage of total issued share capital
Beijing Urban Construction Group Co., Ltd. <sup>1</sup>	Beneficial owner	571,031,118	Long position	64.54%	44.87%
Beijing Infrastructure Investment Co., Ltd. <sup>2</sup>	Beneficial owner	87,850,942	Long position	9.93%	6.90%
Beijing Jinguofa Equity Investment Fund (Limited Partnership) <sup>3</sup>	Beneficial owner	46,000,000	Long position	5.20%	3.61%
Tianjin Jun Rui Qi Equity Investment Partnership (LLP) <sup>4</sup>	Beneficial owner	46,000,000	Long position	5.20%	3.61%

Notes:

1. Beijing Urban Construction Group Co., Ltd., incorporated by the Beijing Municipal Government, is the sole substantial shareholder of the Company (within the meaning of the Hong Kong Listing Rules).
2. Beijing Infrastructure Investment Co., Ltd. is a wholly state-owned enterprise established and funded by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.

3. The general partner of Beijing Jingguofa Equity Investment Fund (Limited Partnership) is Beijing Jingguofa Investment Management Co., Ltd. The 100% equity interest in Beijing Jingguofa Investment Management Co., Ltd. is held by Baoding Taihangheyi Cement Co., Ltd. In addition, Beijing State-owned Capital Operation and Management Center is a limited partner holding 64.99% interest in Beijing Jingguofa Equity Investment Fund (Limited Partnership). Each of the above entities was deemed to have interests in the same number of shares as Beijing Jingguofa Equity Investment Fund (Limited Partnership).
4. The general partner of Tianjin Jun Rui Qi Equity Investment Partnership (LLP) is Beijing Bodao Investment Advisory Center (Limited Partnership), while the general partner of Beijing Bodao Investment Advisory Center (Limited Partnership) is Beijing Legend Capital Co., Ltd. Beijing Junqijiarui Enterprise Management Co., Ltd. holds 45.00% equity interest in Beijing Legend Capital Co., Ltd. Each of the above entities was deemed to have interests in the same number of shares as Tianjin Jun Rui Qi Equity Investment Partnership (LLP).

## H Shares

Name of shareholder	Capacity	Number of H Shares	Nature of interests	Approximate percentage of issued H Share capital	Total issued share capital
Beijing Capital Group Ltd.	Interest of controlled corporations <sup>1</sup>	84,333,000	Long position	21.74%	6.63%
Beijing Enterprises Group Company Limited	Interest of controlled corporations <sup>2</sup>	28,111,000	Long position	7.25%	2.21%
CSR Group	Interest of controlled corporations <sup>3</sup>	26,222,000	Long position	6.76%	2.06%
Rays Capital Partners Limited <sup>4</sup>	Investment Manager	19,691,000	Long position	5.08%	1.55%
FMR LLC	Interest of controlled corporations <sup>5</sup>	19,421,000	Long position	5.01%	1.53%



Notes:

1. Beijing Capital Group Ltd. held interests in 56,222,000 H Shares through a number of its controlled corporations, including Beijing Capital Land Ltd. and Capital Queen Limited, and also held interests in 28,111,000 H Shares through its controlled corporations, Beijing Capital Co., Ltd. and Beijing Capital (Hong Kong) Limited.
2. Beijing Enterprises Group Company Limited held interests in 28,111,000 H Shares through its controlled corporation, Beijing Enterprises Group (BVI) Company Limited.
3. CSR Group held interests in 26,222,000 H Shares through its controlled corporations, CSR Corporation Limited (now known as CRRC Corporation Limited) and CSR (Hong Kong) Co. Ltd.
4. Each of Ruan David Ching-chi and Yip Yok Tak Amy held 50% of equity interest in Rays Capital Partners Limited. Each of the above individuals was deemed to have interests in the same number of shares as Rays Capital Partners Limited.
5. FMR LLC held interests in 14,644,000 H Shares, 2,404,000 H Shares and 2,373,000 H Shares, through a number of its controlled corporations, including FIDELITY MANAGEMENT & RESEARCH (HONG KONG) LIMITED, PYRAMIS GLOBAL ADVISORS TRUST COMPANY and PYRAMIS GLOBAL ADVISORS, LLC, respectively.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the reporting period, the Company and its subsidiaries did not purchase, sell or redeem any share of the Company.

## CORPORATE GOVERNANCE

During the reporting period, the Company followed the relevant requirements under the Corporate Governance Code and established a sound corporate governance system operated and run in accordance with corporate governance documents, continuously enhanced and improved the corporate governance level of the Company. Currently, the corporate governance documents of the Company mainly include: the Articles of Association, the Rules of Procedure for the General Meeting, the Rules of Procedure for the Board, the Rules of Procedure for the Board of Supervisors, the Terms of Reference of the Audit Committee, the Terms of Reference of the Nomination Committee, the Terms of Reference of the Remuneration Committee, the Terms of Reference of the Overseas Risk Control Committee, the Administrative Measures on Connected Transactions and the Administrative Measures on Information Disclosure. The Board has adopted the Model Code as its rules for securities transactions by the Directors. So far as the Board is aware, during the reporting period, the Company had complied with the requirements of the code provisions under the Corporate Governance Code and published the documents and information required to be disclosed on the websites of the Company and the Hong Kong Stock Exchange.

## USE OF PROCEEDS

As at 30 June 2015, the Company utilized an aggregate of RMB280.18 million of the proceeds, among which RMB43.97 million was used to supplement the invested funds for design, survey and consultancy projects and construction contracting projects in relation to urban rail transit business, RMB147.33 million was used to enhance, through self-development, cooperation or acquisition, the design and technology research capabilities in relation to the urban rail transit business and facilitate commercialisation of the technologies, RMB21.07 million was used to improve the construction capabilities in relation to urban rail transit business, RMB0.87 million was used to build the information systems, RMB66.94 million was used to supplement the working capital. The remaining balance is placed at the banks as deposits.

## **MATERIAL LITIGATION AND ARBITRATION**

During the reporting period, the Group was not engaged in any litigation or arbitration that would have a material effect on its operating activities.

## **REVIEW OF INTERIM RESULTS**

Ernst & Young, the auditors of the Company, and the Audit Committee of the Company have reviewed the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2015.



# Report on Review of Interim Condensed Consolidated Financial Statements



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## To the shareholders of Beijing Urban Construction Design & Development Group Co., Limited

*(Incorporated in the People's Republic of China as a joint stock limited company with limited liability)*

### INTRODUCTION

We have reviewed the accompanying interim condensed consolidated statement of financial position of Beijing Urban Construction Design & Development Group Co., Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2015 and the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") require the preparation of a report on interim condensed consolidated financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board.

The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

### **Ernst & Young**

Certified Public Accountants

Hong Kong

27 August 2015

# Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six-month period ended 30 June 2015

	Notes	Six-month period ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
REVENUE	4	<b>1,581,079</b>	1,539,588
Cost of sales	6	<b>(1,267,546)</b>	(1,189,439)
Gross profit		<b>313,533</b>	350,149
Other income and gains	4	<b>35,912</b>	13,625
Selling and distribution expenses		<b>(27,016)</b>	(26,452)
Administrative expenses		<b>(118,352)</b>	(120,217)
Other expenses		<b>(9,530)</b>	(11,933)
Finance costs	5	<b>(5,679)</b>	–
Share of profits and losses of:			
Joint ventures		<b>(635)</b>	(542)
Associates		<b>882</b>	546
PROFIT BEFORE TAX	6	<b>189,115</b>	205,176
Income tax expense	7	<b>(33,340)</b>	(33,523)
PROFIT FOR THE PERIOD		<b>155,775</b>	171,653
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plans, net of tax		<b>(10)</b>	(4,640)

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the six-month period ended 30 June 2015

	Notes	Six-month period ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		<b>155,765</b>	167,013
Profit attributable to:			
Owners of the parent		<b>156,452</b>	171,411
Non-controlling interests		<b>(677)</b>	242
		<b>155,775</b>	171,653
Total comprehensive income attributable to:			
Owners of the parent		<b>156,442</b>	166,771
Non-controlling interests		<b>(677)</b>	242
		<b>155,765</b>	167,013
Earnings per share attributable to ordinary equity holders of the parent:			
Basic and diluted (expressed in RMB per share)	9	<b>0.12</b>	0.19



# Interim Condensed Consolidated Statement of Financial Position

30 June 2015

	Notes	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	<b>312,952</b>	275,069
Prepaid land lease payments		<b>33,537</b>	33,356
Intangible assets		<b>9,053</b>	9,713
Investments in joint ventures		<b>968</b>	1,603
Investments in associates		<b>11,412</b>	10,530
Available-for-sale investments	12	<b>3,650</b>	3,650
Deferred tax assets		<b>78,460</b>	62,857
Trade receivables	13	<b>34,557</b>	32,028
Prepayments, deposits and other receivables	14	<b>235,409</b>	49,061
<b>Total non-current assets</b>		<b>719,998</b>	477,867
<b>CURRENT ASSETS</b>			
Prepaid land lease payments		<b>721</b>	710
Inventories		<b>35,034</b>	29,278
Trade and bills receivables	13	<b>1,429,114</b>	1,676,978
Prepayments, deposits and other receivables	14	<b>214,893</b>	199,927
Amounts due from contract customers	11	<b>1,822,165</b>	1,447,129
Available-for-sale investments	12	<b>360,000</b>	910,000
Pledged deposits	15	<b>22,128</b>	24,985
Cash and cash equivalents	15	<b>1,829,387</b>	1,944,687
<b>Total current assets</b>		<b>5,713,442</b>	6,233,694

	Notes	<b>30 June 2015 RMB'000 (Unaudited)</b>	31 December 2014 RMB'000 (Audited)
<b>CURRENT LIABILITIES</b>			
Trade payables	16	<b>1,269,430</b>	1,438,483
Amounts due to contract customers	11	<b>763,339</b>	965,774
Other payables, advances from customers and accruals	17	<b>1,517,436</b>	1,402,445
Provisions for supplementary retirement benefits		<b>5,140</b>	5,140
Tax payable		<b>60,568</b>	173,987
Total current liabilities		<b>3,615,913</b>	3,985,829
<b>NET CURRENT ASSETS</b>			
		<b>2,097,529</b>	2,247,865
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>2,817,527</b>	2,725,732
<b>NON-CURRENT LIABILITIES</b>			
Provisions for supplementary retirement benefits		<b>70,930</b>	71,320
Other payables and accruals	17	<b>33,438</b>	31,722
Total non-current liabilities		<b>104,368</b>	103,042
Net assets		<b>2,713,159</b>	2,622,690

	Notes	<b>30 June 2015 RMB'000 (Unaudited)</b>	31 December 2014 RMB'000 (Audited)
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		<b>1,272,670</b>	1,272,670
Reserves		<b>1,389,931</b>	1,233,489
Proposed final dividend	8	–	93,796
		<b>2,662,601</b>	2,599,955
<b>Non-controlling interests</b>			
		<b>50,558</b>	22,735
Total equity		<b>2,713,159</b>	2,622,690

Director Wang Hanjun

Director Li Guoqing

# Interim Condensed Consolidated Statement of Changes In Equity

For the six-month period ended 30 June 2015

	Attributable to owners of the parent								
	Share capital RMB'000 (Unaudited)	Capital reserve* RMB'000 (Unaudited)	Special reserve* RMB'000 (Unaudited)	Statutory		Proposed	Total RMB'000 (Unaudited)	Non-controlling interests RMB'000 (Unaudited)	Total equity RMB'000 (Unaudited)
				surplus	Retained	final			
				reserve*	profits*	dividend			
At 1 January 2015	1,272,670	537,586	-	83,573	612,330	93,796	2,599,955	22,735	2,622,690
Profit for the period	-	-	-	-	156,452	-	156,452	(677)	155,775
Other comprehensive income/(loss) for the period:									
Re-measurement losses on defined benefit plans, net of tax	-	(10)	-	-	-	-	(10)	-	(10)
Total comprehensive income/(loss) for the period	-	(10)	-	-	156,452	-	156,442	(677)	155,765
Capital contributions from non-controlling shareholders	-	-	-	-	-	-	-	31,500	31,500
Capital reductions from non-controlling shareholders	-	-	-	-	-	-	-	(3,000)	(3,000)
Proposed final 2014 dividend	-	-	-	-	-	(93,796)	(93,796)	-	(93,796)
Appropriation to statutory surplus reserve	-	-	-	14,667	(14,667)	-	-	-	-
Transfer to special reserve (note (i))	-	-	15,771	-	(15,771)	-	-	-	-
Utilisation of special reserve (note (i))	-	-	(15,771)	-	15,771	-	-	-	-
At 30 June 2015	1,272,670	537,576	-	98,240	754,115	-	2,662,601	50,558	2,713,159

Interim Condensed Consolidated Statement of Changes In Equity  
For the six-month period ended 30 June 2015

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital reserve*	Special reserve*	Statutory surplus reserve*	Retained profits*	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2014	920,000	189,053	-	51,675	388,207	1,548,935	9,632	1,558,567
Profit for the period	-	-	-	-	171,411	171,411	242	171,653
Other comprehensive income/(loss) for the period:								
Re-measurement losses on defined benefit plans, net of tax	-	(4,640)	-	-	-	(4,640)	-	(4,640)
Total comprehensive income/(loss) for the period	-	(4,640)	-	-	171,411	166,771	242	167,013
Appropriation to statutory surplus reserve	-	-	-	15,576	(15,576)	-	-	-
Transfer to special reserve (note (ii))	-	-	10,661	-	(10,661)	-	-	-
Utilisation of special reserve (note (ii))	-	-	(10,661)	-	10,661	-	-	-
At 30 June 2014	920,000	184,413	-	67,251	544,042	1,715,706	9,874	1,725,580

\* These reserve accounts comprise the consolidated reserves of RMB1,389,931,000 (Unaudited) (30 June 2014: RMB795,706,000 (Unaudited)) in the interim condensed consolidated statement of financial position as at 30 June 2015.

Interim Condensed Consolidated Statement of Changes In Equity  
For the six-month period ended 30 June 2015

Note:

- (i) In preparation of the interim condensed consolidated financial statements, the Group has appropriated certain amount of retained profits to a special reserve fund for each of the six-month periods ended 30 June 2014 and 2015 respectively for safety production expense purposes as required by directives issued by the relevant People's Republic of China ("PRC") government authorities. The Group charged the safety production expense to profit or loss when such expense was incurred, and at the same time an equal amount of such special reserve fund was utilised and transferred back to retained profits until such special reserve was fully utilised.

# Interim Condensed Consolidated Statement of Cash Flows

For the six-month period ended 30 June 2015

		Six-month period ended 30 June	
Notes		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>189,115</b>	205,176
Adjustments for:			
	Interest income	6 <b>(13,286)</b>	(8,534)
	Depreciation of items of property, plant and equipment	6 <b>11,945</b>	9,838
	Impairment of trade receivables	6 <b>1,980</b>	7,299
	Provision for foreseeable losses on contracts	6 <b>6,718</b>	3,935
	Gains from available-for-sale investments	6 <b>(13,895)</b>	–
	Others	<b>1,325</b>	515
		<b>183,902</b>	218,229
Increase in amounts due from/(to) contract customers		<b>(584,189)</b>	(119,949)
Decrease in trade and bills receivables		<b>235,668</b>	21,105
Increase in prepayments, deposits and other receivables		<b>(200,779)</b>	(31,908)
Decrease in trade payables		<b>(169,053)</b>	(37,649)
Increase/(decrease) in other payables, advances from customer and accruals		<b>10,117</b>	(164,133)
Others		<b>(6,206)</b>	(7,520)
Cash used in operations		<b>(530,540)</b>	(121,825)
Interest received		<b>12,625</b>	7,141
Income tax paid		<b>(162,362)</b>	(15,611)



	Notes	Six-month period ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
<b>Net cash flows used in operating activities</b>		<b>(680,277)</b>	(130,295)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of available-for-sale investments		<b>(2,800,000)</b>	–
Proceeds from disposal of available-for-sale investments		<b>3,363,895</b>	–
Decrease in non-pledged time deposits with original maturity of more than three months		<b>475,122</b>	3,860
Others		<b>(26,993)</b>	(18,317)
<b>Net cash flows from/(used in) investing activities</b>		<b>1,012,024</b>	(14,457)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid to shareholders		–	(75,068)
Capital contributions from non-controlling shareholders		<b>31,500</b>	–
Others		<b>(3,000)</b>	(4,073)
<b>Net cash flows from/(used in) financing activities</b>		<b>28,500</b>	(79,141)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>360,247</b>	(223,893)
Cash and cash equivalents at beginning of period		<b>1,469,365</b>	1,486,145
Effect of exchange rate changes on cash and cash equivalents		<b>(425)</b>	(1,493)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	15	<b>1,829,187</b>	1,260,759

# Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

## 1. CORPORATE INFORMATION

Beijing Urban Construction Design & Development Group Co., Limited (the “Company”) began its operations in 1958 in the PRC as a state-owned professional survey and design institute founded specifically for the survey and design of Beijing Subway Line 1. Subsequent to a series of reorganisations, the Company was then converted into a joint stock company with limited liability and renamed as Beijing Urban Construction Design & Development Group Co., Limited (北京城建設計發展集團股份有限公司) on 28 October 2013.

The Company’s H shares were issued and listed on the Main Board of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) in July 2014.

The registered office address of the Company is 5 Fuchengmen North Street, Xicheng District, Beijing, the PRC.

During the period, the Company and its subsidiaries (collectively referred to as the “Group”) were involved in the following principal activities:

- Design, survey and consultancy services for urban rail transit and urban rail transit related industrial and civil construction and municipal engineering projects
- Construction contracting services for urban rail transit

In the opinion of the directors of the Company (the “Directors”), the Company’s holding company and the ultimate holding company is Beijing Urban Construction Group Co., Ltd. (北京城建集團有限責任公司, “BUCG”), which is wholly owned by the State-owned Assets Supervision and Administration Commission (“SASAC”) of the People’s Government of Beijing Municipality of the PRC.

## 2. BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES

### 2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* and the disclosure requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange ("Listing Rules").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014.

The interim condensed consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand, except when otherwise indicated.

### 2.2 Impact of amended International Financial Reporting Standards

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except for the adoption of the revised International Financial Reporting Standards ("IFRSs") that are effective from 1 January 2015.

## 2. BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES (Continued)

### 2.2 Impact of amended International Financial Reporting Standards (Continued)

The nature and the impact of each new standard or amendment is described below:

#### **Amendments to IAS 19 Defined Benefit Plans: Employee Contributions**

Amendments to IAS 19 require an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are effective for annual periods beginning on or after 1 July 2014. These amendments are not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

#### **Annual Improvements 2010-2012 Cycle**

These improvements are effective for annual periods beginning on or after 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

## 2. BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES (Continued)

### 2.2 Impact of amended International Financial Reporting Standards (Continued)

#### Annual Improvements 2010-2012 Cycle (Continued)

##### *IFRS 8 Operating Segments*

The amendment is applied retrospectively and clarifies that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar';
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

##### *IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets*

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

## 2. BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES (Continued)

### 2.2 Impact of amended International Financial Reporting Standards (Continued)

#### Annual Improvements 2010-2012 Cycle (Continued)

##### *IAS 24 Related Party Disclosures*

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

#### Annual Improvements 2011-2013 Cycle

These improvements are effective for annual periods beginning on or after 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

##### *IFRS 3 Business Combinations*

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

The Group does not have any joint arrangement, and thus this amendment is not relevant for the Group and its subsidiaries.

## 2. BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES (Continued)

### 2.2 Impact of amended International Financial Reporting Standards (Continued)

#### Annual Improvements 2011-2013 Cycle (Continued)

##### *IFRS 13 Fair Value Measurement*

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

##### *IAS 40 Investment Property*

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group.



## 2. BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES (Continued)

### 2.3 Issued but not yet effective IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the interim condensed consolidated financial statements:

IFRS 9	<i>Financial Instruments<sup>2</sup></i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>1</sup></i>
Amendments to IFRS 10, IFRS 12 and IAS 28	<i>Investment Entities: Applying the Consolidation Exception<sup>1</sup></i>
Amendments to IFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations<sup>1</sup></i>
IFRS 14	<i>Regulatory Deferral Accounts<sup>3</sup></i>
IFRS 15	<i>Revenue from Contracts with Customers<sup>2</sup></i>
Amendments to IAS 1	<i>Disclosure Initiative<sup>1</sup></i>
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation<sup>1</sup></i>
Amendments to IAS 16 and IAS 41	<i>Agriculture: Bearer Plants<sup>1</sup></i>
Amendments to IAS 27	<i>Equity Method in Separate Financial Statements<sup>1</sup></i>
Annual Improvements 2012-2014 Cycle	<i>Amendments to a number of IFRSs<sup>1</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

## 2. BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES (Continued)

### 2.3 Issued but not yet effective IFRSs (Continued)

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application.

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has two reportable operating segments as follows:

- (a) Design, survey and consultancy – this segment engages in the provision of services on designing, surveying and mapping, monitoring and consulting services in the engineering of urban rail transit, municipal management and construction; and
- (b) Construction contracting – this segment engages in the provision of services relating to urban rail transit construction contracting.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that unallocated interest income and other gains are excluded from such measurement.

Segment assets exclude deferred tax assets, unallocated cash and cash equivalents, unallocated pledged deposits and financial products included in available-for-sale investments (current portion) as these assets are managed on a group basis.

### 3. OPERATING SEGMENT INFORMATION (Continued)

Segment liabilities exclude tax payable and dividends payable to shareholders as they are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

#### Six-month period ended 30 June 2015

	Design, survey and consultancy RMB'000 (Unaudited)	Construction contracting RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Segment revenue:</b>				
Sales to external customers	855,304	725,775	-	1,581,079
<b>Total revenue</b>	<b>855,304</b>	<b>725,775</b>	<b>-</b>	<b>1,581,079</b>
<b>Segment results</b>	<b>146,620</b>	<b>20,497</b>	<b>496</b>	<b>167,613</b>
Finance costs	(1)	(5,678)	-	(5,679)
Interest income	219	1,012	-	1,231
<b>Profit of segments for the period</b>	<b>146,838</b>	<b>15,831</b>	<b>496</b>	<b>163,165</b>
Income tax expense				(33,340)
Unallocated interest income				12,055
Unallocated gains on disposal of available-for-sale investments				13,895
<b>Profit for the period</b>				<b>155,775</b>

### 3. OPERATING SEGMENT INFORMATION (Continued)

Six-month period ended 30 June 2015 (Continued)

	Design, survey and consultancy RMB'000 (Unaudited)	Construction contracting RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Segment assets</b>	<b>3,020,185</b>	<b>1,563,982</b>	<b>(74,636)</b>	<b>4,509,531</b>
Corporate and other unallocated assets				<b>1,923,909</b>
<b>Total assets</b>				<b>6,433,440</b>
<b>Segment liabilities</b>	<b>2,377,602</b>	<b>1,258,644</b>	<b>(70,513)</b>	<b>3,565,733</b>
Corporate and other unallocated liabilities				<b>154,548</b>
<b>Total liabilities</b>				<b>3,720,281</b>

### 3. OPERATING SEGMENT INFORMATION (Continued)

Six-month period ended 30 June 2015 (Continued)

	Design, survey and consultancy RMB'000 (Unaudited)	Construction contracting RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Other segment information:</b>				
Share of profits and losses of:				
Joint ventures	(635)	-	-	(635)
Associates	882	-	-	882
Depreciation	9,525	2,420	-	11,945
Amortisation	1,809	-	-	1,809
Provision for/reversal of provision for				
- foreseeable losses on contracts	3,965	2,753	-	6,718
- impairment on trade receivables, deposits and other receivables	5,070	(2,333)	-	2,737
Investments in joint ventures	968	-	-	968
Investments in associates	11,412	-	-	11,412
Capital expenditure*	6,716	44,105	-	50,821

### 3. OPERATING SEGMENT INFORMATION (Continued)

#### Six-month period ended 30 June 2014

	Design, survey and consultancy RMB'000 (Unaudited)	Construction contracting RMB'000 (Unaudited)	Elimination RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Segment revenue:</b>				
Sales to external customers	899,098	640,490	-	1,539,588
Intersegment sales	872	-	(872)	-
<b>Total revenue</b>	<b>899,970</b>	<b>640,490</b>	<b>(872)</b>	<b>1,539,588</b>
<b>Segment results</b>	<b>178,621</b>	<b>18,686</b>	<b>(665)</b>	<b>196,642</b>
Interest income				8,534
Income tax expense				(33,523)
<b>Profit for the period</b>				<b>171,653</b>

### 3. OPERATING SEGMENT INFORMATION (Continued)

#### Six-month period ended 30 June 2014 (Continued)

	Design, survey and consultancy RMB'000 (Unaudited)	Construction contracting RMB'000 (Unaudited)	Elimination RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
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**Other segment  
information:**

Share of profits and losses of:

Joint ventures	(542)	-	-	(542)
Associates	546	-	-	546
Depreciation	9,213	625	-	9,838
Amortisation	1,317	-	-	1,317
Provision for				
- foreseeable losses on contracts	3,887	48	-	3,935
- impairment on trade receivables, deposits and other receivables	7,641	266	-	7,907
Capital expenditure*	9,692	229	-	9,921

\* Capital expenditure mainly consists of additions to property, plant and equipment and intangible assets.



#### 4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents: (1) the invoiced values of services rendered, and (2) appropriate proportion of contract revenue of construction contracting.

An analysis of the Group's revenue, other income and gains is as follows:

	Six-month period ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
<b>Revenue</b>		
Design, survey and consultancy	<b>855,304</b>	899,098
Construction contracting	<b>725,775</b>	640,490
	<b>1,581,079</b>	1,539,588
<b>Other income and gains</b>		
Interest income	<b>13,286</b>	8,534
Gains on disposal of available-for-sale investments	<b>13,895</b>	–
Government grants	<b>1,000</b>	3,120
Others*	<b>7,731</b>	1,971
	<b>35,912</b>	13,625

\* Others mainly represented foreign exchange gains, gain on disposal of a joint venture and other miscellaneous gains.

## 5. FINANCE COSTS

	Six-month period ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Other finance costs	<b>5,679</b>	–

## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six-month period ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Cost of design, survey and consultancy	<b>578,600</b>	591,548
Cost of construction contracting	<b>688,946</b>	597,891
Total cost of sales	<b>1,267,546</b>	1,189,439
Depreciation of items of property, plant and equipment	<b>11,945</b>	9,838
Amortisation of prepaid land lease payments	<b>359</b>	355
Amortisation of intangible assets	<b>1,450</b>	962
Total depreciation and amortisation	<b>13,754</b>	11,155

## 6. PROFIT BEFORE TAX (Continued)

	Six-month period ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Impairment of trade receivables	<b>1,980</b>	7,299
Impairment of deposits and other receivables	<b>757</b>	608
Total impairment losses, net	<b>2,737</b>	7,907
Provision for foreseeable losses on contracts	<b>6,718</b>	3,935
Minimum lease payments under operating leases of land and buildings	<b>20,595</b>	13,844
Auditors' remuneration	<b>750</b>	1,098
Employee benefit expenses (including directors' and supervisors' remuneration):		
Wages, salaries and allowances	<b>354,337</b>	364,873
Retirement benefit costs		
– Defined contribution retirement schemes	<b>33,645</b>	30,278
– Defined benefit retirement schemes	<b>1,640</b>	1,760

## 6. PROFIT BEFORE TAX (Continued)

	Six-month period ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Total retirement benefit costs	<b>35,285</b>	32,038
Welfare and other expenses	<b>62,316</b>	60,355
Total employee benefit expenses	<b>451,938</b>	457,266
Government grants	<b>(1,000)</b>	(3,120)
Interest income	<b>(13,286)</b>	(8,534)
Gains on disposal of available-for-sale investments	<b>(13,895)</b>	–
Loss on disposal of items of property, plant and equipment, net	<b>74</b>	90
Gain on disposal of a joint venture	<b>–</b>	(48)
Foreign exchange differences, net	<b>(6,755)</b>	(1,448)

## 7. INCOME TAX EXPENSE

The Company and one subsidiary of the Company have been identified as “high and new technology enterprises” and were entitled to a preferential income tax at a rate of 15% for the years ended 31 December 2013, 2014 and 2015 in accordance with the PRC Corporate Income Tax Law. Another subsidiary of the Company has also been identified as a “high new technology enterprise” in 2014 and was entitled to a preferential income tax at a rate of 15% for the years ended 31 December 2014, 2015 and 2016. Other entities within the Group in Mainland China were subject to corporate income tax at a statutory rate of 25%.

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits in Hong Kong during the six-month periods ended 30 June 2015 and 2014.

	Six-month period ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Current income tax – Mainland China	48,943	35,983
Deferred income tax	(15,603)	(2,460)
Tax charge for the period	<b>33,340</b>	33,523

## 7. INCOME TAX EXPENSE (Continued)

A reconciliation of the income tax expense applicable to profit before tax at the statutory income tax rate to the income tax expense at the Group's effective income tax rate for the six-month periods ended 30 June 2015 and 2014 is as follows:

	Six-month period ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Profit before tax	<b>189,115</b>	205,176
Income tax charge at the statutory income tax rate	<b>47,279</b>	51,294
Effect of preferential income tax rates for some entities	<b>(20,706)</b>	(20,330)
Tax effect of share of profits and losses of joint ventures and associates	<b>(61)</b>	(1)
Expenses not deductible for tax purposes	<b>4,819</b>	2,560
Tax losses not recognised	<b>2,009</b>	–
Tax charge for the period at the effective rate	<b>33,340</b>	33,523

## 8. DIVIDENDS

The dividends for the six-month periods ended 30 June 2015 and 2014 are set out below:

	Six-month period ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Declared final dividend – RMB0.0737 (2014: Nil) per ordinary share	<b>93,796</b>	–

At the annual general meeting held on 8 June 2015, the Company's shareholders approved the payment of the final dividend for the year ended 31 December 2014 of RMB0.0737 per share which amounted to RMB93,796,000.

The directors did not recommend the payment of an interim dividend for the six-month period ended 30 June 2015 (six-month period ended 30 June 2014: Nil).



## 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the six-month periods ended 30 June 2015 and 2014.

	Six-month period ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
<b>Earnings:</b>		
Profit for the period attributable to ordinary equity holders of the parent	<b>156,452</b>	171,411

	Six-month period ended 30 June	
	2015 '000 (Unaudited)	2014 '000 (Unaudited)
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	<b>1,272,670</b>	920,000

The Group had no potential dilutive ordinary shares in issue during these periods.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 June 2015, the Group acquired property, plant and equipment with an aggregate cost amounting to approximately RMB50,031,000 (Unaudited) (six-month period ended 30 June 2014: RMB9,301,000 (Unaudited)).

In addition, during the same period, property, plant and equipment with an aggregate net carrying value of approximately RMB202,000 (Unaudited) (six-month period ended 30 June 2014: RMB149,000 (Unaudited)) were disposed of, which resulted in a net loss on disposal of approximately RMB74,000 (Unaudited) (six-month period ended 30 June 2014: RMB90,000 (Unaudited)).

## 11. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

### Construction contracts

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Amount due from contract customers	<b>536,375</b>	303,633
Amount due to contract customers	<b>(8,696)</b>	(53,761)
	<b>527,679</b>	249,872

## 11. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

(Continued)

### Construction contracts (Continued)

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Contract costs incurred plus recognised profits less recognised losses to date	<b>15,646,373</b>	14,901,699
Less: Progress billings received and receivable	<b>(15,118,694)</b>	(14,651,827)
	<b>527,679</b>	249,872

### Contracts for services

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Amount due from contract customers	<b>1,285,790</b>	1,143,496
Amount due to contract customers	<b>(754,643)</b>	(912,013)
	<b>531,147</b>	231,483

## 11. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

(Continued)

**Contracts for services** (Continued)

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Contract costs incurred plus recognised profits less recognised losses to date	<b>10,119,141</b>	9,270,129
Less: Progress billings received and receivable	<b>(9,587,994)</b>	(9,038,646)
	<b>531,147</b>	231,483

## 12. AVAILABLE-FOR-SALE INVESTMENTS

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Unlisted equity investments, at cost	<b>3,650</b>	3,650
Other financial assets	<b>360,000</b>	910,000
	<b>363,650</b>	913,650
Portion classified as non-current assets	<b>(3,650)</b>	(3,650)
	<b>360,000</b>	910,000

### 13. TRADE AND BILLS RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

	Note	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Trade receivables		<b>1,624,667</b>	1,861,508
Provision for impairment		<b>(160,996)</b>	(159,016)
Trade receivables, net		<b>1,463,671</b>	1,702,492
Bills receivable		-	6,514
Portion classified as non-current assets	(i)	<b>(34,557)</b>	(32,028)
Current portion		<b>1,429,114</b>	1,676,978

- (i) The non-current portion of trade receivables mainly represents the amounts of retentions held by customers as at the reporting date.

### 13. TRADE AND BILLS RECEIVABLES (Continued)

As at the reporting date, the amounts of retentions held by customers for contract works included in trade receivables are as follows:

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Amounts of retentions in trade receivables	<b>45,969</b>	53,656

An aging analysis of the trade and bills receivables, based on the billing date and net of provision, as at the reporting date is as follows:

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Within 3 months	<b>333,958</b>	650,741
3 to 6 months	<b>88,198</b>	235,303
6 months to 1 year	<b>427,484</b>	168,596
1 to 2 years	<b>443,136</b>	483,448
2 to 3 years	<b>93,604</b>	93,043
3 to 4 years	<b>59,160</b>	52,932
4 to 5 years	<b>16,298</b>	16,839
Over 5 years	<b>1,833</b>	1,590
	<b>1,463,671</b>	1,702,492

### 13. TRADE AND BILLS RECEIVABLES (Continued)

The movements in provision for impairment of trade receivables are as follows:

	<b>Six-month period ended 30 June 2015 RMB'000 (Unaudited)</b>	Year ended 31 December 2014 RMB'000 (Audited)
At beginning of the period	<b>159,016</b>	140,378
Impairment losses recognised	<b>15,804</b>	20,116
Impairment losses reversed	<b>(13,824)</b>	–
Amounts written off as uncollectible	<b>–</b>	(1,478)
At end of the period	<b>160,996</b>	159,016

Included in the above provision for impairment of trade receivables are provisions for individually impaired trade receivables of RMB52,885,000 (Unaudited) (31 December 2014: RMB65,780,000) with an aggregate carrying amount before provision of RMB533,058,000 (Unaudited) as at 30 June 2015 (31 December 2014: RMB471,205,000).

The individually impaired trade receivables relate to customers that were in default in principal payments or were in financial difficulties and only a portion of the receivables is expected to be recovered.



### 13. TRADE AND BILLS RECEIVABLES (Continued)

An aging analysis of the trade receivables, that are neither individually nor collectively considered to be impaired, is as follows:

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Neither past due nor impaired	<b>422,156</b>	886,044

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

The amounts due from BUCG, Beneficial Shareholders (note (ii)) and their affiliates, fellow subsidiaries and associates of BUCG included in the trade receivables are as follows:

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
BUCG	<b>5,671</b>	7,783
Beneficial Shareholders and their affiliates	<b>640,712</b>	874,138
Fellow subsidiaries	<b>2,081</b>	784
Associates of BUCG	<b>–</b>	9
	<b>648,464</b>	882,714

Note:

- (ii) Pursuant to the capital injection agreement in May 2013, seven strategic investors contributed cash of RMB703 million into the Company. From then on, these strategic investors became the beneficial shareholders (the "Beneficial Shareholders") of the Company.

The above amounts are unsecured, non-interest-bearing and repayable on similar credit terms to those offered to other major customers of the Group.

## 14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Deposits and other receivables		<b>353,194</b>	133,623
Provision for impairment of deposits and other receivables		<b>(10,487)</b>	(9,730)
		<b>342,707</b>	123,893
Prepayments to suppliers		<b>91,689</b>	116,238
Interest receivables		<b>1,358</b>	696
Dividend receivables		<b>67</b>	67
Prepayment of rental expense		<b>14,481</b>	8,094
		<b>450,302</b>	248,988
Portion classified as non-current assets	(i)	<b>(235,409)</b>	(49,061)
Current portion		<b>214,893</b>	199,927

Note:

- (i) The non-current portion of deposits and other receivables mainly represents performance guarantee amounts held by customers as at the reporting date.

## 14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

The movements in provision for impairment of deposits and other receivables are as follows:

	<b>Six-month period ended 30 June 2015 RMB'000 (Unaudited)</b>	Year ended 31 December 2014 RMB'000 (Audited)
At beginning of the period	<b>9,730</b>	13,812
Impairment losses recognised	<b>1,697</b>	1,556
Impairment losses reversed	<b>(940)</b>	(2,034)
Amounts written off as uncollectible	<b>–</b>	(3,604)
At end of the period	<b>10,487</b>	9,730

Included in the above provision for impairment of other receivables are provisions for individually impaired other receivables of RMB5,563,000 (Unaudited) (31 December 2014: RMB5,563,000) with an aggregate carrying amount before provision of RMB5,757,000 (Unaudited) as at 30 June 2015 (31 December 2014: RMB5,797,000).

An aging analysis of the deposits and other receivables, that are neither individually nor collectively considered to be impaired, is as follows:

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Neither past due nor impaired	<b>301,251</b>	98,281

## 14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

The amounts due from BUCG, fellow subsidiaries and other related parties included in the prepayments, deposits and other receivables are as follows:

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
BUCG	<b>2,762</b>	2,762
Fellow subsidiaries	<b>1,232</b>	896
A joint venture	<b>1,447</b>	–
Associates	<b>21,920</b>	17,804
Associates of BUCG	<b>–</b>	853
A Beneficial Shareholder	<b>8,512</b>	550
	<b>35,873</b>	22,865

The above amounts are unsecured, non-interest-bearing and have no fixed terms of settlement.

## 15. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Cash and bank balances	<b>1,268,385</b>	1,200,970
Time deposits	<b>583,130</b>	768,702
	<b>1,851,515</b>	1,969,672
Less: Pledged bank balances for bidding guarantees and performance guarantees	<b>(22,128)</b>	(24,985)
Cash and cash equivalents in the consolidated statement of financial position	<b>1,829,387</b>	1,944,687
Less: Non-pledged time deposits with original maturity of more than three months when acquired	<b>(200)</b>	(475,322)
Cash and cash equivalents in the consolidated statement of cash flows	<b>1,829,187</b>	1,469,365
Cash and bank balances and time deposits denominated in:		
– RMB	<b>1,518,241</b>	1,159,132
– Other currencies	<b>333,274</b>	810,540
	<b>1,851,515</b>	1,969,672

## 16. TRADE PAYABLES

An aging analysis of the trade payables, as at the reporting date, based on the invoice date, is as follows:

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Within 6 months	<b>561,764</b>	653,271
6 months to 1 year	<b>270,422</b>	209,034
1 to 2 years	<b>183,332</b>	301,637
2 to 3 years	<b>100,217</b>	111,651
Over 3 years	<b>153,695</b>	162,890
	<b>1,269,430</b>	1,438,483

The amounts due to fellow subsidiaries, a joint venture, associates and associates of BUCG included in the trade payables are as follows:

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Fellow subsidiaries	<b>56,452</b>	90,793
A joint venture	<b>725</b>	932
Associates	<b>2,242</b>	1,868
Associates of BUCG	<b>85,907</b>	136,874
	<b>145,326</b>	230,467

Trade payables are non-interest-bearing and are normally settled within six to nine months.

## 17. OTHER PAYABLES, ADVANCES FROM CUSTOMERS AND ACCRUALS

	Note	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Advances from customers		<b>909,404</b>	874,452
Accrued salaries, wages and benefits		<b>248,181</b>	262,112
Other taxes payable		<b>101,357</b>	107,958
Retention payables		<b>92,586</b>	93,572
Dividends payable to shareholders		<b>93,796</b>	–
Dividends payable to non-controlling shareholders		<b>185</b>	185
Other payables		<b>105,365</b>	95,888
		<b>1,550,874</b>	1,434,167
Portion classified as non-current liabilities	(i)	<b>(33,438)</b>	(31,722)
Current portion		<b>1,517,436</b>	1,402,445

Note:

- (i) The non-current portion mainly represents the performance guaranteed amounts from subcontractors and suppliers of the Group as at the reporting date.

## 17. OTHER PAYABLES, ADVANCES FROM CUSTOMERS AND ACCRUALS (Continued)

The amounts due to BUCG, Beneficial Shareholders and their affiliates, fellow subsidiaries and other related parties, included in other payables, advances from customers and accruals are as follows:

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
BUCG	<b>4,467</b>	8,524
Beneficial Shareholders and their affiliates	<b>262,127</b>	256,318
Fellow subsidiaries	<b>4,006</b>	8,341
An associate	<b>6,370</b>	5,946
Associates of BUCG	<b>9,284</b>	9,662
	<b>286,254</b>	288,791

The above amounts are unsecured, non-interest-bearing and have no fixed terms of settlement.



## 18. OPERATING LEASE ARRANGEMENTS

### As lessee

As at the reporting date, the Group had the following total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Within one year	<b>35,909</b>	31,731
In the second to fifth years, inclusive	<b>85,329</b>	87,480
After five years	<b>17,493</b>	28,810
	<b>138,731</b>	148,021

## 19. COMMITMENTS

The Group had the following capital commitments as at the reporting date:

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
Contracted, but not provided for: Property, plant and equipment	<b>46,550</b>	70,106
Authorised, but not contracted for: Equity investments	<b>6,000</b>	-

## 20. RELATED PARTY TRANSACTIONS

- (a) The Group had the following material transactions with related parties for the six-month periods ended 30 June 2015 and 2014:

	Six-month period ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
<b>Design, survey and consultancy services provided to:</b>		
BUCG	7,084	5,077
Fellow subsidiaries	3,756	2,777
Associates of BUCG	–	1,600
Beneficial Shareholders and their affiliates	111,310	163,566
	<b>122,150</b>	<b>173,020</b>
<b>Construction contracting services provided to:</b>		
Beneficial Shareholders and their affiliates	340,393	353,214
<b>Construction contracting services provided by:</b>		
Fellow subsidiaries	4,251	11,637
Associates of BUCG	49,162	51,412
	<b>53,413</b>	<b>63,049</b>

## 20. RELATED PARTY TRANSACTIONS (Continued)

- (a) The Group had the following material transactions with related parties for the six-month periods ended 30 June 2015 and 2014: (Continued)

	Six-month period ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
<b>Design, survey and consultancy services provided by:</b>		
Associates	<b>7,543</b>	16,881
<b>Rental expenses and property management fees paid or payable to:</b>		
BUCG	<b>1,082</b>	1,306
Fellow subsidiaries	<b>5,728</b>	5,720
	<b>6,810</b>	7,026

The above related party transactions were conducted in accordance with the terms mutually agreed between the parties.

BUCG guaranteed certain of the Group's letters of guarantee for bidding, performance and prepayment for projects undertaken and the outstanding balance of such letters of guarantee as at 30 June 2015 was RMB192 million (Unaudited) (31 December 2014: RMB241 million).

## 20. RELATED PARTY TRANSACTIONS (Continued)

- (a) The Group had the following material transactions with related parties for the six-month periods ended 30 June 2015 and 2014: (Continued)

In addition, BUCG issued certain letters of guarantee for bidding, performance and prepayment to customers in respect of its operation of urban rail transit construction contracting. As at 30 June 2015, the balance of the relevant letters of guarantee was RMB754 million (Unaudited) (31 December 2014: RMB823 million). Pursuant to a group reorganisation of urban rail transit construction contracting and consultancy services of BUCG and its subsidiaries in preparation for the initial listing of the Company's shares on the Main Board of the Hong Kong Stock Exchange, which was completed on 31 December 2012, BUCG transferred the operation related to urban rail transit construction contracting services to the Company. The title of such outstanding letters of guarantee is in the process of being transferred from BUCG to the Company.

The Group is indirectly controlled by the PRC government and operates in an economic environment predominated by entities directly or indirectly owned or controlled by the government through its agencies, affiliates or other organisations (collectively "State-owned Enterprises" ("SOEs")). During the six-month periods ended 30 June 2015 and 2014, the Group entered into extensive transactions with other SOEs, such as bank deposits, rendering and receiving of design, survey and consultancy services and construction contracting services, and purchase of inventories and machinery. In the opinion of the directors of the Company, the transactions with SOEs are activities conducted in the ordinary course of business, and the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those SOEs are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for rendered services and such pricing policies do not depend on whether or not the customers are SOEs.

## 20. RELATED PARTY TRANSACTIONS (Continued)

### (b) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 13, 14, 16 and 17.

### (c) Compensation of key management personnel of the Group

	Six-month period ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Short term employee benefits	3,207	4,194
Pension scheme	363	321
	<b>3,570</b>	4,515

### (d) Commitments with related parties

As at the reporting date, the Group entered into several construction contracts and service contracts with related parties. The material commitments are as follows:

Pursuant to certain construction contracts signed by the Company and a Beneficial Shareholder, the Company is engaged to build certain subways and the estimated value in the backlog as at 30 June 2015 was RMB1,376 million (Unaudited) (31 December 2014: RMB1,669 million).

Pursuant to certain design service contracts signed by the Company and certain Beneficial Shareholders and their affiliates, the Company is engaged to design certain subways and the backlog as at 30 June 2015 was RMB1,089 million (Unaudited) (31 December 2014: RMB1,065 million).

## 21. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	<b>As at 30 June 2015 RMB'000 (Unaudited)</b>	As at 31 December 2014 RMB'000 (Audited)
<b>Financial assets</b>		
Available-for-sale financial investments:		
Available-for-sale investments	<b>363,650</b>	913,650
Loans and receivables:		
Trade and bills receivables	<b>1,463,671</b>	1,709,006
Financial assets included in prepayments, deposits and other receivables	<b>344,132</b>	124,656
Pledged deposits	<b>22,128</b>	24,985
Cash and cash equivalents	<b>1,829,387</b>	1,944,687
	<b>4,022,968</b>	4,716,984
<b>Financial liabilities</b>		
Financial liabilities at amortised cost:		
Trade payables	<b>1,269,430</b>	1,438,483
Financial liabilities included in other payables, advances from customers and accruals	<b>291,932</b>	189,645
	<b>1,561,362</b>	1,628,128

## 22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values as at the end of the reporting period, are as follows:

	Carrying amount		Fair value	
	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
<b>Financial assets</b>				
Available-for-sale financial investments:				
Available-for-sale investments	<b>363,650</b>	913,650	<b>363,879</b>	916,055

## 22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, the current portion of trade and bills receivables, trade payables, the current portion of financial assets included in prepayments, deposits and other receivables and the current portion of financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief accountant. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief accountant. The valuation process and results are discussed with the senior management twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The fair values of the non-current portion of trade and bills receivables, the non-current portion of financial assets included in prepayments, deposits and other receivables and the non-current portion of financial liabilities included in other payables and accruals have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.



## 22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

### Fair value hierarchy:

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

### Assets measured at fair value:

30 June 2015

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Trade and bills receivables, non-current portion	-	-	34,557	34,557
Financial assets included in prepayments, deposits and other receivables, non-current portion	-	-	214,983	214,983
	-	-	249,540	249,540

## 22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

### Assets measured at fair value: (Continued)

31 December 2014

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Trade and bills receivables, non-current portion	-	-	32,028	32,028
Financial assets included in prepayments, deposits and other receivables, non-current portion	-	-	20,206	20,206
	-	-	52,234	52,234

## 22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

### Assets for which fair values are disclosed:

**30 June 2015**

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Available-for-sale investments	-	<b>363,879</b>	-	<b>363,879</b>

**31 December 2014**

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Available-for-sale investments	-	916,055	-	916,055

## 22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

### Liabilities measured at fair value:

30 June 2015

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Financial liabilities included in other payables, advances from customers and accruals, non-current portion	-	-	33,438	33,438

31 December 2014

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Financial liabilities included in other payables, advances from customers and accruals, non-current portion	-	-	31,722	31,722

### **23. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 27 August 2015.

