



北京城建设计发展集团股份有限公司

BEIJING URBAN CONSTRUCTION DESIGN & DEVELOPMENT GROUP CO., LIMITED

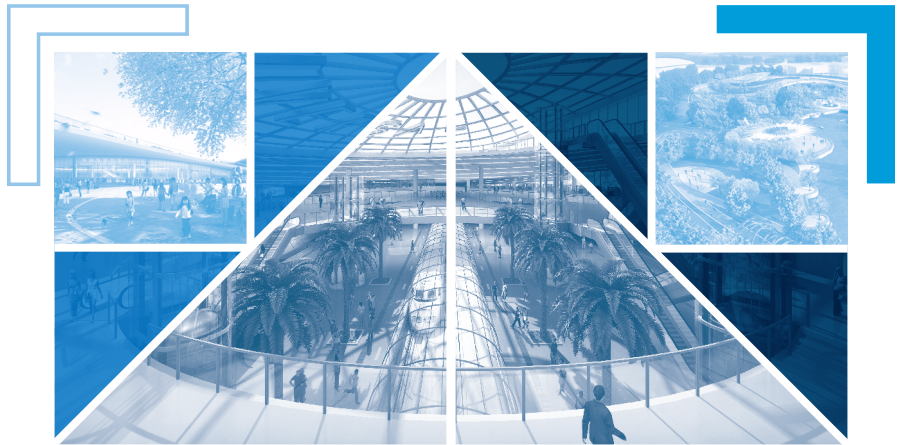
(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 1599

DESIGN THE CITY BUILD THE FUTURE

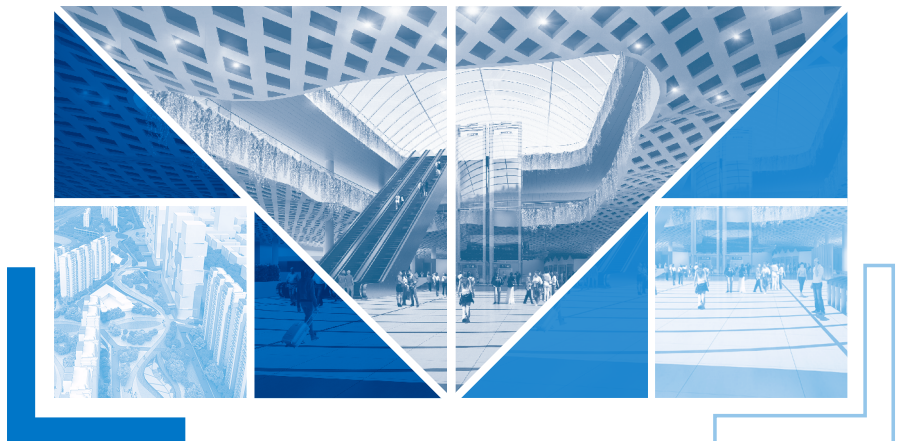
Interim Report 2020





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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 (北京城建設計發展集團股份有限公司) |
| “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 RMB 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 HK\$ and listed on the Hong Kong Stock Exchange |
| “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 |
| “MOHURD” | Ministry of Housing and Urban-Rural Development of the People’s Republic of China |
| “MONR” | Ministry of Natural Resources of the People’s Republic of China |
| “NDRC” | National Development and Reform Commission of the People’s Republic of China |
| “PRC” or “China” | the People’s Republic of China |
| “PPP” | a model of public-private partnerships jointly participating in the construction of public infrastructure |
| “Reporting Period” | the six months ended 30 June 2020 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “SFO” | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong |
| “Share(s)” | ordinary share(s) of the Company, including H Share(s) and Domestic Share(s) |
| “Supervisor(s)” | supervisor(s) of the Company |
| “%” | per cent |

REGISTERED NAME

Chinese:

北京城建設計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:

40th Floor, Sunlight Tower,
No. 248 Queen's Road East,
Wanchai, Hong Kong

LEGAL REPRESENTATIVE:

Mr. Pei Hongwei

SECRETARY OF THE BOARD:

Mr. Xuan Wenchang

JOINT COMPANY SECRETARIES:

Mr. Xuan Wenchang
Ms. Kwong Yin Ping Yvonne (a member of
the Hong Kong Institute of Chartered Secretaries)

WEBSITE:

www.bju.cd.com

AUDITOR:

Ernst & Young

LEGAL ADVISORS:

As to Hong Kong Laws:
Clifford Chance

As to PRC Laws:
Beijing Ocean Law Firm

SUMMARY

In the first half of 2020, faced with the unexpected outbreak of the COVID-19 pandemic, the Group resolutely adhered to the work arrangements of Beijing municipal government and the Group, and was determined to overcome the challenges brought by the outbreak, with an aim to promote steady and positive development. It made great efforts to implement epidemic prevention and control and promote orderly resumption of work and production, achieving remarkable progress in both epidemic containment and operation production, with an aim to realize high-quality development in steady pace.

For the six months ended 30 June 2020, the Group's revenue amounted to RMB4,337 million, representing an increase of RMB753 million or 21.01% compared to RMB3,584 million for the corresponding period of last year. The Group's net profit amounted to RMB357 million, representing an increase of RMB49 million or 15.91% compared to the net profit of RMB308 million for the corresponding period of last year.

FINANCIAL REVIEW

Summary of Operating Results

| | For the six months ended 30 June | |
|--|-----------------------------------|-----------------------------------|
| | 2020 (RMB' 000) (Unaudited) | 2019 (RMB' 000) (Unaudited) |
| Revenue | 4,336,770 | 3,583,947 |
| Cost of sales | (3,561,175) | (2,824,189) |
| Gross profit | 775,595 | 759,758 |
| Other income and gains | 214,140 | 175,698 |
| Selling and distribution expenses | (30,792) | (29,008) |
| Administrative expenses | (330,781) | (343,430) |
| Impairment losses on financial assets and contract assets, net | (139,979) | (72,737) |
| Other expenses | – | (48) |
| Finance costs | (119,315) | (113,346) |
| Share of profits/(losses) of joint ventures | 49,126 | (6,762) |
| Share of profits of associates | 191 | 1,225 |
| Profit before tax | 418,185 | 371,350 |
| Income tax expense | (61,153) | (62,880) |
| Profit for the period | 357,032 | 308,470 |



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 (in particular, urban rail transit). For the six months ended 30 June 2020, the Group achieved a revenue of RMB4,337 million, representing an increase of RMB753 million or 21.01% compared to RMB3,584 million for the corresponding period of last year. Such increase was mainly because that, in the context of the COVID-19 outbreak, the Company took proactive measures to resume operation and production, pushed forward contract performance and services by various business segments in an orderly manner, and conducted no-load trial operation of Kunming Metro Line 4 PPP project as scheduled, which drove steady increase in the Company's revenue.

An analysis of revenue by segment is as follows:

| Products by industry | For the six months ended 30 June | |
|--------------------------------|----------------------------------|----------------------------------|
| | 2020 (RMB'000) (Unaudited) | 2019 (RMB'000) (Unaudited) |
| Design, survey and consultancy | 1,487,899 | 1,862,779 |
| Construction contracting | 2,848,871 | 1,721,168 |
| Total | 4,336,770 | 3,583,947 |

DESIGN, SURVEY AND CONSULTANCY BUSINESS SEGMENT

The design, survey and consultancy business segment includes design, survey and consultancy services for urban rail transit construction as well as industrial and civil construction and municipal engineering. The design, survey and consultancy business segment has been the traditional and core business of the Group. In the first half of 2020, the Group won the bids for a total of 5 overall design projects, including Chongqing line 15 and line 4 west extension, the Xiong'an-Beijing Daxing International Airport express, Xi'an pilot tramcar testing line, and Xuzhou line 4. The overall project of Chongqing Rail Transit Network, a newly won bid, is the first project in China that comprehensively introduced overall network design to urban rail transit design, which allows the Group to consolidate its leading position in urban rail transit design. 53 projects under Gao'an Project which focus on industrial and civil construction and municipal engineering commenced construction simultaneously, and the Group also won the bid for the EPC project for substandard water bodies comprehensive improvement in Zhongshan, both making steady progress.

For the six months ended 30 June 2020, revenue of the design, survey and consultancy business segment of the Group amounted to RMB1,488 million, representing a decrease of RMB375 million or 20.13% compared to RMB1,863 million for the corresponding period in 2019. Among which, the revenue of the urban rail transit construction segment amounted to RMB1,144 million, representing a decrease of RMB404 million or 26.10% compared to RMB1,548 million for the corresponding period of last year. Such decrease was mainly attributable to the slowdown in contract performance for the rail transit projects due to the impact of the COVID-19 pandemic. The revenue of the industrial and civil construction and municipal engineering segment amounted to RMB344 million, representing an increase of RMB29 million or 9.21% compared to RMB315 million for the corresponding period of last year.

CONSTRUCTION CONTRACTING BUSINESS SEGMENT

The construction contracting business segment of the Group focuses on the services for urban rail transit construction projects and relevant infrastructure construction projects. The construction contracting projects undertaken by the Group covered cities including Beijing, Guangzhou, Kunming, Shaoxing, Suzhou and etc.

For the six months ended 30 June 2020, the Group's revenue from the construction contracting business segment was RMB2,849 million, representing an increase of RMB1,128 million or 65.54% compared to RMB1,721 million for the corresponding period of last year. Such increase was mainly attributable to the significant year-on-year increase in our work volumes as the construction of existing projects has progressed as scheduled, in particular conducting no-load trial operation of Kunming Metro Line 4 PPP project on 30 May as scheduled.

COST OF SALES

For the six months ended 30 June 2020, the cost of sales incurred by the Group was RMB3,561 million, representing an increase of RMB737 million or 26.10% as compared to RMB2,824 million for the corresponding period of last year. Such increase was mainly attributable to the changes in the revenue structure of the Company's business segments with higher proportion of revenue generating from construction contracting business in the first half of 2020.

For the six months ended 30 June 2020, cost of sales of the Group's design, survey and consultancy segment decreased to RMB1,032 million for the current period from RMB1,277 million for the corresponding period of last year, representing a decrease of 19.19%. Among that, the cost of sales of the urban rail transit business of the Group's design, survey and consultancy segment decreased to RMB764 million for the current period from RMB1,046 million for the corresponding period of last year, representing a decrease of 26.96%, which was basically in line with the decrease in revenue. The cost of sales of the industrial and civil construction and municipal engineering business of the design, survey and consultancy segment increased to RMB268 million for the current period from RMB231 million for the corresponding period of last year, representing an increase of 16.02%.

For the six months ended 30 June 2020, the cost of sales of the Group's construction contracting segment increased to RMB2,529 million for the current period from RMB1,547 million for the corresponding period of last year, representing an increase of 63.48%, slightly lower than the increase in revenue from construction segment.

GROSS PROFIT AND GROSS MARGIN

For the six months ended 30 June 2020, the gross profit of the Group was RMB776 million, representing an increase of RMB16 million or 2.11% compared to RMB760 million for the corresponding period of last year, while the consolidated gross margin dropped from 21.21% to 17.89%, which was mainly attributable to changes in the revenue structure of business segments and higher proportion of construction contracting business in the first half of 2020.

The gross profit of design, survey and consultancy segment decreased to RMB456 million for the current period from RMB586 million for the corresponding period of last year, representing a decrease of RMB130 million or 22.18%. The gross margin decreased from 31.40% for the corresponding period of last year to 30.65% for the current period. The gross margin remained steady with slight decline. The gross profit of the construction contracting segment increased from RMB174 million for the corresponding period of last year to RMB320 million for the current period, representing an increase of RMB146 million or 83.91%. The gross margin increased from 10.17% for the corresponding period of last year to 11.23% for the current period, which was mainly attributable to the increased proportion of PPP engineering projects with higher gross margin in construction segment.



OTHER INCOME AND GAINS

For the six months ended 30 June 2020, other income and gains of the Group were RMB214.14 million, representing an increase of RMB38.44 million or 21.88% compared to RMB175.70 million for the corresponding period of last year, which was mainly attributable to the increase in the interest income.

SELLING AND DISTRIBUTION EXPENSES

For the six months ended 30 June 2020, selling and distribution expenses of the Group were RMB30.79 million, representing an increase of RMB1.78 million or 6.14% compared to RMB29.01 million for the corresponding period of last year, which was mainly attributable to the increase in sales expenses as a result of the Company's proactive efforts to strengthen market expansion in the face of adverse impact brought by the COVID-19 pandemic.

ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2020, administrative expenses of the Group were RMB330.78 million, representing a decrease of RMB12.65 million or 3.68% compared to RMB343.43 million for the corresponding period of last year, which was mainly attributable to the increased efforts in cost and expense control by the Company.

IMPAIRMENT LOSSES ON FINANCIAL AND CONTRACT ASSETS

For the six months ended 30 June 2020, the impairment losses on financial and contract assets of the Group amounted to RMB139.98 million, representing an increase of RMB67.24 million as compared to that of the corresponding period of last year, mainly due to the increase in receivables for the current period.

OTHER EXPENSES

For the six months ended 30 June 2020, other expenses of the Group were Nil.

FINANCE COSTS

For the six months ended 30 June 2020, finance costs of the Group were RMB119.32 million, representing an increase of RMB5.97 million or 5.27% compared to RMB113.35 million for the corresponding period of last year, which was mainly attributable to the increase in bank borrowings of the construction segment.

INCOME TAX EXPENSE

For the six months ended 30 June 2020, the income tax expense of the Group was RMB61.15 million, representing a decrease of RMB1.73 million or 2.75% as compared to RMB62.88 million for the corresponding period of last year. Such decrease was mainly attributable to the decrease of the profit before tax of the Company with income tax rate of 25%.

PROFIT FOR THE PERIOD

For the six months ended 30 June 2020, the profit of the Group for the period was RMB357 million, representing an increase of RMB49 million or 15.91% compared to RMB308 million for the corresponding period of last year.

CASH FLOWS

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

| | For the six months ended 30 June | |
|---|-----------------------------------|-----------------------------------|
| | 2020 (RMB' 000) (Unaudited) | 2019 (RMB' 000) (Unaudited) |
| Net cash outflows from operating activities | (493,572) | (370,838) |
| Net cash outflows from investing activities | (437,408) | (550,247) |
| Net cash inflows from financing activities | 10,588 | 1,620 |
| Net decrease in cash and cash equivalents | (920,392) | (919,465) |

The net cash outflows from operating activities in January to June 2020 was RMB494 million, which was mainly attributable to the Company's operating receipts of RMB3,605 million, the payments of RMB2,973 million for purchases of goods and labor services, cash paid to and on behalf of employees of approximately RMB768 million, various taxes paid and other payments of approximately RMB358 million in the period. The net cash outflows from investing activities was RMB437 million, which mainly represented the cash outflows of RMB311 million for the paid-in capital contributed to Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd. (雲南京建軌道交通投資建設有限公司) and the capital contribution to Shaoxing Jingyue Metro Co., Ltd. (紹興京越地鐵有限公司), and RMB202 million used in purchase of fixed assets, intangible assets and other long-term assets. The net cash inflows from financing activities was RMB11 million, which was mainly due to the receipt of bank loans of RMB365 million, the repayment of borrowings and interest expenses of approximately RMB289 million, the lease payments of approximately RMB59 million for the period.

PLEDGE OF ASSETS

As of 30 June 2020, the receivables and intangible assets of the Group were pledged to secure certain bank borrowings granted to the Group. As at 30 June 2020, the net pledged receivables and intangible assets were RMB5,899 million (as at 31 December 2019: RMB5,591 million).



CAPITAL COMMITMENT

The capital commitment of the Group as at 30 June 2020 and 31 December 2019 were as follows:

| | 30 June 2020 (RMB' 000) (Unaudited) | 31 December 2019 (RMB' 000) |
|-----------------------------------|--|-----------------------------------|
| Contracted, but not provided for: | | |
| Property, plant and equipment | 72,065 | 221,665 |
| Equity investments | 2,725,931 | 3,657,648 |
| | 2,797,996 | 3,879,313 |

CAPITAL STRUCTURE AND FINANCIAL RESOURCES

The equity capital of the Group mainly comprises Domestic Shares and H Shares. Indebtedness capital mainly consists of bank and other borrowings. In addition, ordinary business operation also provides the Group with source of funding. As of 30 June 2020, the net current asset of the Group was RMB2,167 million, among which cash and cash equivalents amounted to RMB2,967 million. The liquidity of the Group was sound and healthy and the Group had adequate cash and available banking facilities to satisfy its operating needs.

As at 30 June 2020, the Group's interest-bearing borrowings were RMB5,099 million while the gearing ratio (gearing ratio represents the total interest-bearing borrowings as of 30 June 2020 divided by the total equity as at 30 June 2020) was 93.29%.

INDEBTEDNESS

The table below sets forth the total borrowings of the Group as at 30 June 2020 and 31 December 2019. The Group settles the borrowings on time.

| | 30 June 2020 (RMB' 000) (Unaudited) | 31 December 2019 (RMB' 000) |
|------------------|--|-----------------------------------|
| Bank borrowings | | |
| Secured | 4,397,238 | 4,225,173 |
| Unsecured | 123,291 | 118,958 |
| Other borrowings | | |
| Unsecured | 578,000 | 578,000 |
| Total | 5,098,529 | 4,922,131 |

The Group's borrowings are all denominated in RMB, and bear interest at 3.98% to 6.525%.

The table below sets forth the maturity of the Group's debts as at 30 June 2020 and 31 December 2019:

| | 30 June 2020 (RMB' 000) (Unaudited) | 31 December 2019 (RMB' 000) |
|-----------------------------|--|-----------------------------------|
| Within one year | 506,074 | 491,654 |
| Between one to two years | 478,000 | 478,000 |
| Between two to three years | 458,000 | 458,000 |
| Between three to four years | 478,000 | 478,000 |
| Between four to five years | 490,000 | 474,000 |
| Over five years | 2,688,455 | 2,542,477 |
| Total | 5,098,529 | 4,922,131 |

EXCHANGE RATE RISK

The business operations of the Group are mainly in China with most of its transactions settled in RMB. The assets and liabilities of the Group that involve exchange rate risk and transactions from operations that involve exchange rate risk are mainly related to U.S. dollars and HK\$. The Directors of the Company believe that the exchange rate risk of the Group is low and will not have a material and adverse impact on the financial position of the Group.

EMPLOYEES

As of 30 June 2020, the Group had approximately 4,333 employees, representing an increase of 51 employees or 1.19% as compared to 4,282 employees at the end of last year. As at 30 June 2020, employees with senior titles or above, employees with intermediate titles and employees with primary titles or below accounted for 28.98%, 36.40% and 34.62% of the total number of employees of the Group, respectively.

EVENTS AFTER THE BALANCE SHEET DATE

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



PROFIT DISTRIBUTION AND INTERIM DIVIDENDS

On 28 August 2020, the Board of Directors resolved to make distribution out of the distributable profit for the year 2019, and proposed the distribution of 2019 final dividend of RMB0.1290 per Share (before applicable tax) ("2019 Final Dividend") after the appropriations to the statutory surplus reserve according to the relevant regulations. The proposal for the payment of 2019 Final Dividend is subject to the approval of shareholders of the Company at the 2nd extraordinary general meeting ("EGM") of 2020 to be held on 10 October 2020. If approved, it is expected that dividend will be paid to the shareholders whose names appear on the register of shareholders of the Company dated 20 October 2020 within three months upon approval by the shareholders at the 2nd EGM of 2020.

The register of members of the Company will be closed from Wednesday, 7 October 2020 to Saturday, 10 October 2020, both days inclusive, during which period no transfer of Shares will be registered. Holders of H Shares and Domestic Shares whose names appear on the register of members of the Company as at Saturday, 10 October 2020 shall be entitled to attend and vote at the 2nd EGM of 2020. Holders of H Shares of the Company who wish to attend and vote at the 2nd EGM of 2020 shall lodge all transfer documents accompanied by the relevant H Share certificates with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 6 October 2020 for registration.

To determine the list of the shareholders entitled to receive 2019 Final Dividend, the Company's register of members will be closed from Thursday, 15 October 2020 to Tuesday, 20 October 2020, both days inclusive, during which period no transfer of H Shares will be registered. Holders of H Shares and Domestic Shares whose names appear on the register of members of the Company on Tuesday, 20 October 2020 are entitled to receive 2019 Final Dividend. In order for holders of H Shares of the Company to qualify for the payment of 2019 Final Dividend, all transfer documents accompanied by the relevant H Share certificates must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 14 October 2020 for registration.

The Group will not make distribution of its interim profit and does not propose the payment of an interim dividend.

ORDERS

As at 30 June 2020, the Company realized an aggregate winning bid amount of RMB4,037.52 million. Among which, the winning bid amount of the design, survey and consultancy business segment was RMB2,830.77 million, of which the projects were carried out in Beijing, Chongqing, Xiong'an, Xuzhou, Changchun, Xi'an and other cities; and the winning bid amount of the construction contracting business was RMB1,206.75 million, of which the projects were carried out in Beijing, Shaoxing and other cities.

WORKING GUIDANCE FOR THE SECOND HALF OF THE YEAR

In the second half of the year, faced with a complicated situation where complex domestic and international risks and challenges co-exist, the Company will conduct objective research and analysis on the economic development environment and treat the “opportunities and challenges” in the new era in a dialectical perspective, in an effort to nurture new opportunities in the crisis. By seizing the opportunities and leveraging on its resource advantage of the entire industrial chain, the Company will unwaveringly stick to the development of its core businesses and its established task targets, and continue to bring its development to a new height by expanding design consulting, strengthening engineering general contracting and actively expanding new business, in an effort to promote high-quality development of the Company.

I. Insist on scale development for design and consultancy segment

Efforts will be made to promote regional construction, implement intensive management of regional resource elements and improve competitiveness in regional markets and the ability to fulfill contracts. By implementing the management of virtual legal persons, the Company will guide and improve the independent operation capability of accounting institutions, enhance market awareness and further stimulate vitality of the Company. Focusing on promotion of industrial synergy and leveraging on its advantage in rail transit design, the Company will consolidate internal and external resources, introduce innovative cooperation modes and exert the role of marketing base of all establishments in other cities, so as to promote the development of various business segments along the industrial chain of the Company. While strengthening its market shares in the existing rail transit markets, the Company will step up preliminary marketing campaign and proactively expand its business presence in the third and fourth-tier cities.

II. Insist on stable development in construction contracting segment

Leveraging on its advantages of integration of the entire industry chain, the Company will stick to contract performance marketing, keep on expanding key accounts, large regions and large projects, and keep abreast with the development of the subway and trams sectors, so as to promote its performance to a new level. The Company will strictly and continuously implement epidemic prevention and control mechanism. By placing emphasis on safety and quality and focusing on major project construction, the Company will make every effort to ensure high-quality and effective contract performance for key projects, so as to refine its management and improve its profitability.



III. Promote technological industrialization and continuous development of the operation and maintenance business segment

The Company will develop coordinated top-level design and build an innovation-driven engine by exerting the supporting role of the innovative platform. The Company will continue to expand the market for its core products such as the subway cloud platform, weak electricity integration, tram smart control system, and expedite the research and development of innovative products, so as to improve the market competitiveness of such innovative products. The Company will focus on the operation, management and maintenance of Kunming Metro Line 4 by making strenuous efforts to push forward the construction, operation and maintenance of Kunming Metro Line 4 and building a professional management and commercial operation and maintenance team.

IV. Promote comprehensive management upgrading to achieve leap development of the Company

The Company will prepare its “14th Five-Year” Development Plan, and use this as an opportunity to continuously strengthen market expansion, production and operation and internal control and management, with an aim to promote high-quality development of the Company. It will continue to push forward the independent operation of virtual legal persons, regulate internal economic order and promote standardised and refined management and control over the entire project process. The Company will also optimise the supporting system for recognition and management of project income, so as to improve the quality of financial information. Furthermore, the Company will create an “internal control + export oriented” information team, complete the design of the collaboration platform and upgrading of design approval and other systems, so as to strengthen the informatization of corporate management and enhance Internet and information system security. The Company will continue to deepen and improve risk management and strengthen the systematic construction of its legal affair mechanism.

MARKET LANDSCAPE AND BUSINESS OUTLOOK

Urban rail transit ushering in new development opportunities

In the first half of 2020, under the impact of COVID-19 and downward economic pressure, the local governments of various provinces (autonomous regions, centrally administered municipalities) have rolled out large-scale investment plans. Based on the major investment projects for the year 2020 announced by the local governments of various provinces (autonomous regions, centrally administered municipalities), construction of urban rail transit projects dominates such plans, demonstrating a concentration on development of smart city and smart transportation. Construction of urban rail transit projects with an investment amount of over RMB10 trillion will gradually commence in 31 provinces.

At the meeting of the Standing Committee of the Political Bureau of the CPC Central Committee held on 4 March 2020, the Committee announced to accelerate the progress of new infrastructures (“New Infrastructure”) projects such as 5G networks and data centers, and the General Secretary Xi Jinping gave specific instruction and directions in respect of “New Infrastructure”. Guided by innovative development concept, driven by technology innovation and based on information network, New Infrastructure is designed to meet the needs of high-quality development by providing infrastructure systems for digital transformation, intelligent upgrading, integration innovation and other services. Although urban rail transit falls within the traditional infrastructure sector, it may apply artificial intelligence, big data, cloud computing, intelligent sensor, 5G communication and other technologies in many professional fields such as planning and design, construction works, vehicles, electricity supply, signaling and communication, with an aim to build a new generation of smart and high-quality Chinese urban rail transit systems. Therefore, urban rail transit falls within the integrated infrastructure category of New Infrastructure. Under the backdrop of New Infrastructure, the rail transit industry in China will usher in new development opportunities.

On 10 April 2020, the NDRC issued the Opinions on Promoting the Integration of Hub Airports and Rail Transit (《關於促進樞紐機場聯通軌道交通的意見》) (the “Opinions”), which requires to make top-level coordination by strengthening the integration of rail transit planning, general airport planning and general urban planning; implement differentiated policies for various airports and determine the types of rail transit, timing for construction and integration approach in a scientific and rational manner; proactively push forward the consolidation of the air-rail intermodal transport management and information platform, so as to improve the information system as well as the intelligent and smart operation; proactively promote joint operation by arranging transportation capacity and scheduling of rail transit in a rational and scientific manner based on the flight schedule to meet the travelling needs of various passengers; make efforts to promote convenient transfer between rail transit and airports to shorten the transfer distance as much as possible and simplify the transfer procedures, optimise the check-in, baggage check-in and other services at the rail transit stations and airport terminals, so as to promote the mutual recognition of security checks by rail transit and airports. The Opinions cover a number of fields such as planning, design, construction, operation, investment and financing, providing new opportunities for construction of rail-airport routes in various cities.



ESTABLISH URBAN RAIL TRANSIT

According to the China Association of Metros (中國城市軌道交通協會), as of 30 June 2020, there was an aggregate operating rail transit distance of 6,917.62 km in 41 cities in Mainland China. In the first half of 2020, one more city had urban rail transit in operation, namely Tianshui. Another five cities have new lines in operation and phased projects or sections opened, including Shijiazhuang, Hangzhou, Shenyang, Ningbo and Changsha. In the first half of 2020, there were five lines in operation newly added and three extensions or sections opened, with a total length of 181.42 km.

In the first half of 2020, the NDRC approved a new round of urban rail transit construction planning in two cities, namely Xuzhou and Hefei, as well as the adjustment to the construction planning scheme for phase IV of Shenzhen urban rail transit and the adjustment to the construction planning scheme for phase II of Xiamen urban rail transit. The total length of the newly added lines involved in the approved projects was 272.54 km, with a total additional investment amount of RMB230.615 billion.

The Development Outline of Smart Urban Rail Transit in China (《中國城市軌道交通智慧城軌發展綱要》) was officially issued on 12 March 2020, which sets out guidelines for construction of smart urban rail.

In the first half of 2020, faced with several negative factors such as the unexpected outbreak of the COVID-19 epidemic, the Company focused on its core development businesses, made prompt response and took proactive measures to promote market expansion of various business segments and achieved new positive results, maintaining its leading position in the industry in terms of rail transit design.

RAIL TRANSIT IN COORDINATION WITH INNOVATION CONSTRUCTION

The construction of the “national engineering laboratories for green and safe construction technologies of urban rail transit” led by the Company has been advancing at a moderate pace. Besides, the site selection of rural laboratory base has been initially determined and the Company has commenced to roll out construction proposals on the laboratory base. The Company obtained the “underground infrastructure multi-dimensional online automatic detection and intelligent identification technology (地下基礎設施多維度在線自動監測與智能辨識技術)” under the special subject of the “internet of things and smart city (物聯網與智慧城市)” and the “big data-based urban intermodal transportation system simulation structure and supporting technology (基於大數據的城市多模式交通系統仿真架構及支撐技術)” under the special subject of “integrated transportation and smart transportation (綜合交通運輸與智慧交通)” of national key research and development programs of the Ministry of Science and Technology.

The set-up of the post-doctoral scientific research workstation was approved by Beijing Municipal Human Resources and Social Security Bureau. The Enterprise Innovation Center, Center of Railway Structure and Energy Conservation Center in Beijing spearheaded the technological advancement of the industry.

The Company achieved success in scientific research and innovation, along with the operation of national engineering laboratories and post-doctoral scientific research workstation.

PPP

Given that consumption and foreign trade which are among the three driving forces for economic growth were hit hard due to the outbreak of the epidemic and priority on prevention and control of the epidemic across the country during the first half of the year, construction of infrastructure is playing an increasingly important role. As a tool to improve investment and financing efficiency by the government, PPP is expected to play an important role. In order to promote the long-term healthy development of PPP projects, the Ministry of Finance issued the Operation Guidelines for the Performance Management of Public-Private Partnership Projects (PPP) 《政府和社會資本合作(PPP)項目績效管理操作指引》 in the first half of the year. The Guidelines sets out comprehensive regulations on the relevant performance management of PPP projects, demonstrating the purpose of top-level policy framework design of achieving sustainable and high-quality development of PPP and providing back-office support for the long-term healthy development of PPP, which also indicates the determination of the government to continue the development of PPP as an important tool to attract private investments and improve government public service efficiency.

In the first half of 2020, the Company pushed forward the implementation of its existing PPP projects. In particular, the PPP Project of Shaoxing Rail Transit Line 1 (紹興軌道交通1號線PPP項目) has entered into the construction phase; the PPP Project for Kunming Metro Line 4 (昆明4號線PPP項目) underwent trial operation with substantial progress in the operation and organisation of the project; the PPP Project of Dianzhong Konggang Avenue (滇中空港大道PPP項目) has been completed and inspected and accepted as qualified; and the Project of Huangshan Urban Tourism Railway T1 Line (黃山市域旅遊鐵路T1線項目) has been included into the national integrated planning of the Yangtze River Delta and commenced preliminary works of the project.

Since the popularization of PPP projects in 2014, this business mode has experienced the peak, trough and standardization stages. In the coming three to five years, the number and investment amounts of PPP projects in China will be basically in line with or slightly higher than that of the past one or two years, and then this business sector will enter into a steady recovery phase before gradually stepping into a mature phase, which also fits the inexorable law of development. It is the long-term policy of the government to standardise the PPP sector, which is also essential for the sustainable development of the business sector. From the macro perspective, the PPP mode in China is more than an investment and financing tool, but has upgraded into an economic development pattern and an economic policy. In the coming years, the construction of infrastructure in the first and second-tier cities in China will focus on improvement and efficiency enhancement while the construction of infrastructure in the third and fourth-tier cities will focus on enriching infrastructure portfolio and improving weak links.



EPC (ENGINEERING PROCUREMENT CONSTRUCTION)

The MOHURD issued the 13th Five-Year Plan of the Development of Construction Industry 《建築業發展“十三五”規劃》 (“13th Five-Year Plan”), which clearly took the adjustment and optimization of industrial structure as its major task during the period of the 13th Five-Year Plan.

The Company has undertaken a great number of EPC projects in many cities including Beijing, Anqing, Delingha, Sanya, Kunming, Huangshan, Ningbo and Chengdu, with the types of projects covering rail transit, municipal engineering and civil construction. As to the survey, design and consultancy segment, the Company won biddings for a series of engineering procurement construction projects (EPC) for the construction of new-type urbanization in Gao'an, Jiangxi province. This EPC project created the highest record in the single contract amount of EPC projects in the civil architecture business and started a new model for the project management and market expansion in the civil architecture business of the Company. By enhancing performance marketing and regional marketing efforts, and leveraging on the advantages in human resources, material resources, financial resources and all kinds of social resources, the Company focused on the mature marketing areas, including the Beijing-Tianjin-Hebei region, Yangtze River Delta, Baohai Rim and the Greater Bay Area with the Beijing market as the primary target. The Company pushed forward the sustainable development of the regional markets by paying close attention to the market dynamics and expanding the subsequent engineering projects. The Company continued to expand the scope of rail transit projects undertaken by the Company, proactively pushed forward the renovation projects of original lines of the operating entities and promoted the implementation of existing maintenance projects and construction contracting projects, in an effort to increase its market shares with an outstanding track record of contract performance. Meanwhile, the Company kept abreast with the market conditions and made adjustment to its operation mode, so as to further adapt to market changes.



UTILITY TUNNEL

The construction of utility tunnel projects adheres to the principle of adapting to local conditions and orderly progress, and strives to create a sustainable development market environment for utility tunnel. Relevant enterprises across the country have seen the market potential of utility tunnel, so many of them have stepped up their marketing and business development efforts in utility tunnel business. The market competition is becoming increasingly fierce. Expanding market share is very competitive especially in the core areas, key cities and pilot cities.

The Company won the bidding for Survey and Design Project of the Feasibility Study of Municipal Road, Integrated Utility Tunnel and Drainage Network System in the Hub Zone of Xiong'an Station (雄安站樞紐片區市政道路、綜合管廊、排水管網系統可研勘察設計), which is vital for the Company to expand the market and business. All the participants will provide creative and quality services for proprietors while following the principle of global vision, international standards, Chinese characteristics and high-goal positioning in Xiong'an. The Company will perform the obligations and build a skilled and highly professional team, laying foundation for the subsequent expansion of utility tunnel and municipal market of the Company. Besides, through maintaining a favourable interaction and close collaboration with government agencies and industry authorities such as local development and reform commissions, land resources and planning bureaus and housing and urban-rural development commissions, and the domestic well-known units, the Company intends to comply with the national and various places' development and construction needs, jointly cultivate underground space and utility tunnel market, maintain a pleasant atmosphere in the market, and steadily expand market share.

WATER ENVIRONMENT COMPREHENSIVE IMPROVEMENT PROJECT

At the end of 2018, the General Office of the State Council issued Guiding Opinion of the General Office of the State Council on Maintaining Efforts to Remedy Shortcomings in Infrastructure Field 《國務院辦公廳關於保持基礎設施領域補短板力度的指導意見》, which clearly points out that the treatment of odorous water bodies shall be addressed around the country. The local governments shall support water environment comprehensive treatment in key river basins and push forward the "Three-year Action Plan for Rural Residential Environment Renovation", so as to support toilet renovation in villages, improve the rural waste treatment and sewage treatment, and press ahead with the comprehensive development of villages. Meanwhile, the MOHURD also focused on ten issues in 2019, such as "improving urban infrastructure and disaster prevention of housing construction to improve urban carrying capacity and systemic development; strengthening urban infrastructure construction by applying coordinated methods and systematic approaches; pushing forward the construction of sponge cities, stepping up efforts in the treatment of urban odorous water bodies and improvement of drainage and flood control facilities, and formulating three-year action plan to achieve quality improvement and efficiency enhancement in urban wastewater treatment".

In the first half of 2020, the Company continued to expand its business presence in the water environment comprehensive improvement market. As the member of the consortium, the Company won the bidding of the EPC+O (survey and design, procurement, construction + operation) (second bidding section) Project for Substandard Water Bodies (Nanlang Valley, Xiaoyin Stream Valley, Dacenwei, Dayanwei, Sanxiangwei, Hengshiwei, Maxinwei Valley) Comprehensive Improvement in Zhongshan City. The Company made smooth progress in performing the existing contracts.



RAIL TRANSIT PROPERTY (TOD)

National Urban System Plan (2006-2020) 《全國城鎮體系規劃(2006-2020年)》 points out to establish national integrated transportation hub system to facilitate the efficient linkage among various transportation methods and enhance the outreaching benefits of city centres to the surrounding areas. In the Summary of the 13th Five-Year Plan for the National Economy and Social Development 《國民經濟和社會發展第十三個五年規劃綱要》, it is stated that the government will construct a high-efficient integrated transportation system that connects domestic and international transportations and widely reaches various districts between urban and rural areas with comprehensive functions as a hub as well as integrating transportation and services in accordance with the principle of networking layout, intelligent management, integrated service and green development during the period of the 13th Five-Year Plan. By 2020, China will create 100 modern and three-dimensional integrated passenger terminals in important integrated transportation hub cities nationwide. The design of the integrated transportation hub as a special unit is expanding and staying in the advanced design level in China. Based on hub design, the integrated transportation hub wins integrated development projects through transportation hub to seize TOD design market.

In May 2018, four departments, namely the NDRC, the MONR, the MOHURD and China Railway Corporation jointly issued the Guidelines on Promoting the Development and Construction of the Surrounding Areas of High-speed Railway Stations 《關於推進高鐵站周邊區域合理開發建設的指導意見》, which requires to strengthen planning coordination and integration, control the financial and local government debt risks, follow the development rules of urbanization development, and promote the development and construction of the surrounding areas of high-speed railway stations in a regulated and orderly manner according to local conditions, so as to promote the positive interaction and synergetic coordination between high-speed railway construction and city development.

Under the guidance of the aforesaid policy, researches on the comprehensive and integrated development of high-speed railway stations and high-speed train stations have been carried out in many cities, which has become a new project type and scientific research subject. For example, efforts have been made to build a new downtown district with Xi'an Northern Station as the center in Xi'an City. Following the implementation of the "Belt and Road" initiatives and with the progress in the northward expansion of the main district of Xi'an and the integration of Xi'an and Xianyang, the High-speed Railway New Town has become the key development area in Xi'an. The Company has undertaken the urban design and transportation planning of the area surrounding Jinan Railway Station and the development project of Hefei-Anqing High-speed Railway and train station in Heifei City. Leveraging on the technology and project management experiences gained from the urban rail transit TOD projects, the Company proactively explored the upgrading and iteration of development technology in respect of the high-speed railway sector, laying a solid foundation for its exploitation of new markets.

INDUSTRIALISATION

The urban rail transit industry is well positioned to share the development benefits brought by New Infrastructure projects which are launched to offset the negative impact of the epidemic. Due to the outbreak of the epidemic, construction of urban rail transit projects in some cities was delayed. Due to the impact of the COVID-19 pandemic and the Sino-US trade tension, China accelerated the realisation of a dual-cycle new development pattern where the domestic and international economic cycles can boost each other, with the domestic cycle being the mainstay. Unleashing the potential of domestic demand will provide great support for the full recovery of the PRC economy. The construction and supply side of the urban rail transit industry will continue to expand. In particular, supported by the strategy of developing into a country with strong transportation network and led by the New Infrastructure policy, investments for construction of various modes of rail transit systems will continue to increase, with a focus on the interconnection of various cities, establishment of regional ecosystem and high-quality development of smart transportation systems.

Special local government debts and PPP projects provide incremental funding source, leading to further increase in investments in urban rail transit infrastructure. With the increase in the length of rail transit system, the urban rail transit chain companies maintained rapid growth, including vehicle equipment, intelligent control system, etc. The emerging sectors such as urban rail cloud and smart metros covered by the outreaching benefits of New Infrastructure ushered into major development opportunities. As the policy on private capital input became more clear, construction of the rail transit industry gradually came into a diversified development pattern, providing more room for innovative application of new technologies and new modes, which boosts a good start for the 14th Five-Year development plan of the urban rail transit industry.

Industrialisation helped to boost investments in research and development activities, so as to improve the ecological construction of core products. The Company is committed to developing into the leading enterprise in innovative development of the urban rail transit industry. The CRISA system, which is based on urban rail cloud technology, is faced with excellent market opportunities. Following the successful operation of the rail transit lines in Kunming and Taiyuan, we will take a leading position by leveraging our experiences gained from existing projects and design strengths.



THE INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES

The interests and short positions of Directors, Supervisors and chief executive in the Shares, underlying shares and debentures of the Company and its associated corporations

As at 30 June 2020, the interests and short positions of the following Directors, Supervisors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as notified to the Company and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO or as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements in the Model Code, were as follows:

| Name | Position | Capacity | Class of Shares | Number of Shares (Shares) | Nature of interests | Approximate percentage of total issued H Share capital (%) | Approximate percentage of total issued Share capital (%) |
|-------------|---|-------------------|-----------------|---------------------------|---------------------|--|--|
| Wang Hanjun | Executive Director and General Manager | Personal interest | H Shares | 48,000 | Long position | 0.01 | 0.004 |
| Li Guoqing | Executive Director and Deputy General Manager | Personal interest | H Shares | 48,000 | Long position | 0.01 | 0.004 |

Note:

Mr. Wang Hanjun and Mr. Li Guoqing subscribed for 1,000,000 Domestic Shares respectively under a key employee stock ownership scheme on 29 December 2017.

Save as disclosed above, as at 30 June 2020, none of the other Directors and Supervisors had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as notified to the Company and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO or as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements of the Model Code.

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

CHANGE OF THE BOARD AND THE BOARD OF SUPERVISORS

During the Reporting Period, there was no change in the composition of the Board and the Board of Supervisors.

Due to change in work arrangement, Mr. YU Xiaojun tendered his resignation from his position as a non-executive Director of the Company on 28 August 2020, with effect from the date of approval for the new appointment of non-executive Director at the Shareholders' general meeting of the Company. Please refer to the Company's announcement dated 28 August 2020 for details.

Mr. WANG Dexing tendered his resignation from his position as an independent non-executive Director of the Company due to his age on 28 August 2020, with effect from the date of approval for the new appointment of independent non-executive Director at the Shareholders' general meeting of the Company. Please refer to the Company's announcement dated 28 August 2020 for details.

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

Mr. WANG Hanjun (*Executive Director*)
Mr. LI Guoqing (*Executive Director*)
Mr. PEI Hongwei (*Chairman, Non-executive Director*)
Mr. TANG Shuchang (*Non-executive Director*)
Ms. WU Donghui (*Non-executive Director*)
Mr. GUAN Jifa (*Non-executive Director*)
Mr. REN Yuhang (*Non-executive Director*)
Mr. SU Bin (*Non-executive Director*)
Mr. YU Xiaojun (*Non-executive Director*)
Mr. REN Chong (*Non-executive Director*)
Mr. WANG Dexing (*Independent Non-executive Director*)
Mr. MA Xufei (*Independent Non-executive Director*)
Mr. SUN Maozhu (*Independent Non-executive Director*)
Mr. LIANG Qinghuai (*Independent Non-executive Director*)
Mr. QIN Guisheng (*Independent Non-executive Director*)

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

Mr. HU Shengjie (*Chairman of the Board of Supervisors*)
Ms. NIE Kun (*Supervisor*)
Mr. CHEN Rui (*Supervisor*)
Mr. LIANG Wangnan (*Supervisor*)
Mr. ZUO Chuanchang (*Independent Supervisor*)
Ms. YANG Huiju (*Employee Representative Supervisor*)
Mr. LIU Hao (*Employee Representative Supervisor*)
Mr. BAN Jianbo (*Employee Representative 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 SFO

Substantial shareholders' interests and short positions in the Shares and underlying shares of the Company

As at 30 June 2020, so far as was known to the Directors, the interests or short positions of the following persons (other than the Directors, Supervisors or the chief executive of the Company) in the Shares and underlying shares of the Company as notified to the Company and the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or as otherwise recorded in the register required to be kept under section 336 of the SFO were as follows:

Domestic Shares

| Name of shareholder | Capacity | Number of Domestic Shares (Shares) | Nature of Interests | Approximate percentage of total issued Domestic Share capital (%) | Approximate percentage of total issued share capital (%) |
|---|------------------|------------------------------------|---------------------|---|--|
| Beijing Urban Construction Group Co., Ltd. ¹ | Beneficial owner | 571,031,118 | Long position | 59.44 | 42.34 |
| Beijing Infrastructure Investment Co., Ltd. ^{2,6} | Beneficial owner | 87,850,942 | Long position | 9.14 | 6.51 |
| Beijing Jingguofa Equity Investment Fund (Limited Partnership) ³ | Beneficial owner | 46,000,000 | Long position | 4.79 | 3.41 |
| Tianjin Jun Rui Qi Equity Investment Partnership (LLP) ⁴ | Beneficial owner | 46,000,000 | Long position | 4.79 | 3.41 |
| Beijing Chengtong Enterprise Management Center (General Partnership) | Beneficial owner | 76,000,000 ⁵ | Long position | 7.91 | 5.64 |

Notes:

1. Beijing Urban Construction Group Co., Ltd. was incorporated by the Beijing Municipal Government.
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 entities above 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 entities above was deemed to have interests in the same number of shares as Tianjin Jun Rui Qi Equity Investment Partnership (LLP).

5. Among which, 18,270,000 Domestic Shares were issued for connected subscriptions. For further details, please refer to the circular published by the Company on 7 December 2017 and the announcement published by the Company on 5 February 2018.
6. On 4 August 2020, a merger and restructuring was conducted between Beijing Infrastructure Investment Co., Ltd. and Beijing MTR Construction Administration Corporation (北京市軌道交通建設管理有限公司), pursuant to which, the state-owned assets of Beijing MTR Construction Administration Corporation shall be transferred to Beijing Infrastructure Investment Co., Ltd. at nil consideration. Prior to the merger and restructuring, Beijing MTR Construction Administration Corporation held 43,925,470 Domestic Shares of the Company. Following the merger and restructuring, Beijing Infrastructure Investment Co., Ltd. directly and indirectly holds a total of 131,776,412 Domestic Shares of the Company, and remains to be the substantial shareholder of the Company. Please refer to the Company's announcement dated 10 August 2020 for details.

H Shares

| Name of shareholder | Capacity | Number of H Shares (Shares) | Nature of interests | Approximate percentage of total issued H Share capital (%) | Approximate percentage of total issued share capital (%) |
|--|--|-----------------------------|---------------------|--|--|
| Amundi Asset Management | Investment Manager | 50,233,000 | Long position | 12.95 | 3.72 |
| Amundi Ireland Ltd | Investment Manager | 81,494,000 | Long position | 21.01 | 6.04 |
| Beijing Infrastructure Investment Co., Ltd. ¹ | Interest of controlled corporations | 68,222,000 | Long position | 17.59 | 5.06 |
| Beijing Infrastructure Investment (Hong Kong) Limited ¹ | Beneficial Owner | 68,222,000 | Long position | 17.59 | 5.06 |
| Pioneer Investment Management Limited | Investment Manager | 66,028,000 | Long position | 17.02 | 4.90 |
| Pioneer Asset Management S.A. | Investment Manager | 52,777,000 | Long position | 13.60 | 3.91 |
| CRRC Group | Interest of controlled corporations ² | 26,222,000 | Long position | 6.76 | 1.94 |

Notes:

1. Beijing Infrastructure Investment Co., Ltd. (北京市基礎設施投資有限公司) indirectly held interests in 68,222,000 H Shares of long position of the Company through its wholly-owned subsidiary, Beijing Infrastructure Investment (Hong Kong) Limited (京投(香港)有限公司).
2. CRRC Group (formerly known as CSR Group Limited) held interests in 26,222,000 H Shares through its controlled corporations, CRRC Corporation Limited (formerly known as CSR Corporation Limited) and CRRC (Hong Kong) Co., Ltd. (formerly known as CSR (Hong Kong) Co. Ltd).

Save as disclosed above, as at 30 June 2020, the Directors are not aware of any other person (other than the Directors, Supervisors or the chief executive of the Company) who had interests or short positions in the Shares and underlying shares of the Company as notified to the Company and the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under Section 336 of the SFO.



PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Company and its subsidiaries did not purchase, sell or redeem any securities of the Company.

CORPORATE GOVERNANCE

The Company strictly complies with various applicable regulatory laws, rules and regulations as well as the Articles of Association to standardize its operation. 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 of Beijing Urban Construction Design & Development Group Co., Limited, the Rules of Procedure for the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited, the Rules of Procedure for the Board of Supervisors of Beijing Urban Construction Design & Development Group Co., Limited, the Terms of Reference of the Audit Committee under the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited, the Terms of Reference of the Nomination Committee under the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited, the Terms of Reference of the Remuneration Committee under the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited, the Terms of Reference of the Overseas Risk Control Committee under the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited, the Administrative Measures on Information Disclosure of Beijing Urban Construction Design & Development Group Co., Limited, the Administrative Measures on Connected Transactions of Beijing Urban Construction Design & Development Group Co., Limited. The Board has adopted the Model Code as its rules for securities transactions by the Directors and Supervisors. So far as the Board is aware, during the Reporting Period, the Company had complied with various applicable regulatory laws, rules and regulations, the Articles of Association and 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.

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.

THE ARTICLES OF ASSOCIATION

The latest version of the Articles of Association is set out on the websites of the Company and the Hong Kong Stock Exchange.

During the Reporting Period, in accordance with the relevant provisions of the Company Law of the People's Republic of China, the Reply of the State Council on the Adjustment of the Provisions of the Notice Period of Convening General Meetings and Other Matters Applicable to Overseas Listed Companies, based on the actual needs of the Company, the Company made corresponding amendments to the Articles of Association after the approval of the Board and the general meeting of the Company. For details of the amendments, please refer to the announcements of the Company dated 25 March 2020 and 28 May 2020 and the circular of the Company dated 8 May 2020.

REVIEW OF INTERIM REPORT

Ernst & Young, the auditor of the Company, has reviewed the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2020.

The Audit Committee of the Company has reviewed the interim report of the Group for the six months ended 30 June 2020 and the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2020.

PUBLIC FLOAT

Reference is made to the announcements of the Company dated 2 March 2018 and 29 March 2018 in respect of the insufficiency of public float of the Company. As disclosed in the announcement of the Company dated 11 July 2017, Beijing Infrastructure Investment (Hong Kong) Limited ("Beijing Investment HK"), a wholly-owned subsidiary of Beijing Infrastructure Investment Co., Ltd. ("Beijing Investment Company"), a shareholder of the Company, completed the acquisition of 68,222,000 H Shares of the Company indirectly held by Beijing Capital Group Ltd. ("Beijing Capital") through its controlled corporations (the "Share Transfer"). Before completion of the Share Transfer, Beijing Investment Company held 87,850,942 Domestic Shares of the Company, accounting for 6.90% of the total issued Shares of the Company. Beijing Capital held 73,493,000 H Shares of the Company, accounting for 5.77% of the total issued Shares of the Company. Each of Beijing Investment Company and Beijing Capital does not constitute the substantial shareholder of the Company and the Shares of the Company held by them are deemed as public float. Upon completion of the Share Transfer, Beijing Investment Company increases its shareholding by acquiring 68,222,000 H Shares of the Company, and the total Domestic Shares and H Shares held by it account for 12.26% of the total issued Shares of the Company, and Beijing Investment Company therefore becomes one of the substantial shareholders of the Company and constitutes a connected person under Chapter 14A of the Hong Kong Listing Rules. As such, 68,222,000 H Shares held by Beijing Investment Company would no longer be deemed as transferable shares held by public.



OTHER INFORMATION (CONTINUED)

As of the date of this report, the public float of the Company was 23.69%, which failed to meet the requirements on minimum public float under Rule 8.08(1)(a) of the Hong Kong Listing Rules. For further details on the insufficiency of public float, please refer to the announcement of the Company dated 2 March 2018. The Company is proactively taking practicable measures to recover the public float level.

MAJOR ASSET OPERATION

At the 2017 annual general meeting, the 2018 first Domestic Shares Class Meeting and the 2018 first H Shares Class Meeting of the Company held on 29 May 2018, the Company considered and approved, among other things, the resolution on the issuance plan of application for the Company's initial public offering and listing of A shares ("Listing of A Shares"). At the 2018 annual general meeting, the 2019 first Domestic Shares Class Meeting and the 2019 first H Shares Class Meeting of the Company held on 29 May 2019 and the 2019 annual general meeting, the 2020 first Domestic Shares Class Meeting and the 2020 first H Shares Class Meeting of the Company held on 28 May 2020, the Company considered and approved, among other things, the resolution on the extension of the term of the issuance plan of application for the Listing of A Shares.

On 20 June 2019, the Company submitted to China Securities Regulatory Commission the full set of application materials for A-share issuance, including the Prospectus (Application Proof) of the Initial Public Offering (A-Share) of Beijing Urban Construction Design & Development Group Co., Limited, in accordance with the requirements of relevant laws and regulations, and received the China Securities Regulatory Commission's Acceptance Notice on Administrative Approval Application (No. 191708) dated 27 June 2019 issued by the China Securities Regulatory Commission on 1 July 2019.

In view of the needs of business development, after due consideration, the Company has decided to withdraw the A Share Listing Application and the proposed A share offering will not proceed at this time. The Company will resume the A Share Listing Application in due course based on the actual conditions. Please refer to the Company's announcement dated 19 May 2020 for details.

EVENTS AFTER THE PERIOD

Restructuring and Changes in Shareholding of Substantial Shareholder

The Board was notified by Beijing Investment Company, a substantial shareholder (as defined in Hong Kong Listing Rules) of the Company, that a merger and restructuring (the "Merger and Restructuring") was conducted between Beijing Investment Company and Beijing MTR Construction Administration Corporation ("MTR Corporation") on 4 August 2020, pursuant to which, the state-owned assets of MTR Corporation shall be transferred to Beijing Investment Company at nil consideration.

Prior to the Merger and Restructuring, Beijing Investment Company held a total of 156,072,942 Shares of the Company (including 87,850,942 Domestic Shares and 68,222,000 H Shares of the Company, accounting for approximately 11.57% of the issued Shares of the Company), while MTR Corporation held 43,925,470 Domestic Shares of the Company (accounting for approximately 3.26% of the issued Shares of the Company). Following the Merger and Restructuring, Beijing Investment Company directly and indirectly holds a total of 199,998,412 Shares of the Company (including 131,776,412 Domestic Shares and 68,222,000 H Shares of the Company, accounting for approximately 14.83% of the issued Shares of the Company) and remains to be the substantial shareholder of the Company. Please refer to the Company's announcement dated 10 August 2020 for details.

Connected Transactions

On 28 August 2020, the Company entered into the Purchase Agreement with Beijing BII-ERG Transportation Technology Company Limited* (北京京投億雅捷交通科技有限公司) ("BII-ERG"), pursuant to which BII-ERG, as the subcontractor, shall provide the Company with the goods and services for the automatic fare collection system under the weak current system integration project of Kunming Rail Transit Line 4 and the Company shall pay a total consideration of RMB49,754,842.10 to BII-ERG for such goods and services. The aforesaid agreement and the transactions contemplated thereunder constitute connected transactions of the Company. Please refer to the Company's announcement dated 28 August 2020 for details.

* For identification purposes only



REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



Ernst & Young

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To the board of directors of Beijing Urban Construction Design & Development Group Co., Limited

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

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 2020 and the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of 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* issued by the International Auditing and Assurance Standards Board. 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
28 August 2020



INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six-month period ended 30 June 2020

| | | Six-month period ended 30 June | |
|--|-------|-----------------------------------|-------------------------|
| | | 2020 | 2019 |
| | Notes | RMB' 000 (Unaudited) | RMB' 000 (Unaudited) |
| REVENUE | 4 | 4,336,770 | 3,583,947 |
| Cost of sales | 6 | (3,561,175) | (2,824,189) |
| Gross profit | | 775,595 | 759,758 |
| Other income and gains | 4 | 214,140 | 175,698 |
| Selling and distribution expenses | | (30,792) | (29,008) |
| Administrative expenses | | (330,781) | (343,430) |
| Impairment losses on financial and contract assets, net | | (139,979) | (72,737) |
| Other expenses | | – | (48) |
| Finance costs | 5 | (119,315) | (113,346) |
| Share of profits and losses of: | | | |
| Joint ventures | | 49,126 | (6,762) |
| Associates | | 191 | 1,225 |
| PROFIT BEFORE TAX | 6 | 418,185 | 371,350 |
| Income tax expense | 7 | (61,153) | (62,880) |
| PROFIT FOR THE PERIOD | | 357,032 | 308,470 |
| Profit attributable to: | | | |
| Owners of the parent | | 356,022 | 304,336 |
| Non-controlling interests | | 1,010 | 4,134 |
| | | 357,032 | 308,470 |
| OTHER COMPREHENSIVE INCOME | | | |
| <i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i> | | | |
| Exchange differences on translation of foreign operations | | (152) | (24) |
| <i>Other comprehensive income that will not to be reclassified to profit or loss in subsequent periods (net of tax):</i> | | | |
| Changes in fair value of equity investments designated at fair value through other comprehensive income | | 675 | 3,800 |
| Re-measurement (loss)/gain on defined benefit plans, net of tax | | (2,500) | 370 |



INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six-month period ended 30 June 2020

| | Six-month period ended 30 June | |
|--|--|---------------------------------|
| <i>Notes</i> | 2020 RMB' 000 (Unaudited) | 2019 RMB' 000 (Unaudited) |
| Net other comprehensive income that will not to be reclassified to profit or loss in subsequent periods, net of tax | (1,825) | 4,170 |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX | (1,977) | 4,146 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 355,055 | 312,616 |
| Attributable to: | | |
| Owners of the parent | 354,045 | 308,482 |
| Non-controlling interests | 1,010 | 4,134 |
| | 355,055 | 312,616 |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT: | | |
| Basic and diluted (expressed in RMB per share) | <i>9</i> 0.26 | 0.23 |



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

| | | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 (Audited) |
|--|----|--|--|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 10 | 719,639 | 642,892 |
| Goodwill | | 5,741 | – |
| Right-of-use assets | 11 | 466,198 | 476,073 |
| Contract assets | 12 | 581,677 | 2,159,424 |
| Intangible assets | | 240,550 | 102,215 |
| Investments in joint ventures | | 1,463,375 | 1,066,393 |
| Investments in associates | | 66,314 | 75,642 |
| Equity investments designated at fair value through other comprehensive income | 13 | 17,200 | 17,452 |
| Financial assets at fair value through profit or loss | 14 | 216,342 | 134,640 |
| Deferred tax assets | | 199,836 | 181,725 |
| Financial receivables | 15 | 4,300,157 | 2,692,290 |
| Prepayments, other receivables and other assets | 17 | 236,289 | 237,172 |
| Total non-current assets | | 8,513,318 | 7,785,918 |
| CURRENT ASSETS | | | |
| Inventories | | 265,092 | 116,223 |
| Contract assets | 12 | 2,348,889 | 2,370,703 |
| Financial receivables | 15 | 784,429 | 498,737 |
| Trade and bills receivables | 16 | 4,849,284 | 4,768,740 |
| Prepayments, other receivables and other assets | 17 | 687,760 | 1,010,712 |
| Pledged deposits | 18 | 27,759 | 22,879 |
| Cash and bank balances | 18 | 2,967,173 | 3,884,935 |
| Total current assets | | 11,930,386 | 12,672,929 |
| CURRENT LIABILITIES | | | |
| Trade and bills payables | 19 | 4,038,997 | 3,988,972 |
| Other payables and accruals | 20 | 5,098,927 | 5,734,357 |
| Interest-bearing bank and other borrowings | 21 | 590,384 | 576,354 |
| Provisions for supplementary retirement benefits | | 3,750 | 3,750 |
| Tax payable | | 22,215 | 22,884 |
| Provision | | 8,928 | 4,812 |
| Total current liabilities | | 9,763,201 | 10,331,129 |
| NET CURRENT ASSETS | | 2,167,185 | 2,341,800 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 10,680,503 | 10,127,718 |



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2020

| | | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 (Audited) |
|--|----|--|--|
| NON-CURRENT LIABILITIES | | | |
| Deferred tax liabilities | | 18,855 | 12,294 |
| Other payables and accruals | 20 | 328,404 | 320,746 |
| Interest-bearing bank and other borrowings | 21 | 4,740,488 | 4,578,869 |
| Provisions for supplementary retirement benefits | | 69,975 | 67,055 |
| Provision | | 56,682 | 51,869 |
| <hr/> | | | |
| Total non-current liabilities | | 5,214,404 | 5,030,833 |
| <hr/> | | | |
| Net assets | | 5,466,099 | 5,096,885 |
| <hr/> | | | |
| EQUITY | | | |
| Equity attributable to owners of the parent | | | |
| Share capital | | 1,348,670 | 1,348,670 |
| Reserves | | 3,838,573 | 3,483,614 |
| <hr/> | | | |
| Non-controlling interests | | 5,187,243 278,856 | 4,832,284 264,601 |
| <hr/> | | | |
| Total equity | | 5,466,099 | 5,096,885 |
| <hr/> | | | |

Wang Hanjun
Director

Li Guoqing
Director



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2020

| | Attributable to owners of the parent | | | | | | | | | |
|---|--|--|--|--|--|---|---|----------------------------------|--|---|
| | Share capital RMB' 000 (Unaudited) | Capital reserve RMB' 000 (Unaudited) | Fair value reserve of financial assets at fair value through other comprehensive income RMB' 000 (Unaudited) | Special reserve RMB' 000 (Unaudited) | Statutory surplus reserve RMB' 000 (Unaudited) | Exchange fluctuation reserve RMB' 000 (Unaudited) | Retained profits RMB' 000 (Unaudited) | Total RMB' 000 (Unaudited) | Non-controlling interests RMB' 000 (Unaudited) | Total equity RMB' 000 (Unaudited) |
| At 31 December 2019 | 1,348,670 | 734,496 | 5,738 | - | 314,991 | (142) | 2,428,531 | 4,832,284 | 264,601 | 5,096,885 |
| Profit for the period | - | - | - | - | - | - | 356,022 | 356,022 | 1,010 | 357,032 |
| Other comprehensive income for the period: | | | | | | | | | | |
| Re-measurement loss on defined benefit plans, net of tax | - | (2,500) | - | - | - | - | - | (2,500) | - | (2,500) |
| Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax | - | - | 675 | - | - | - | - | 675 | - | 675 |
| Exchange differences on translation of foreign operations | - | - | - | - | - | (152) | - | (152) | - | (152) |
| Total comprehensive income for the period | - | (2,500) | 675 | - | - | (152) | 356,022 | 354,045 | 1,010 | 355,055 |
| Acquisition of a subsidiary | - | - | - | - | - | - | - | - | 24,989 | 24,989 |
| Purchase of non-controlling interest | - | 914 | - | - | - | - | - | 914 | (3,772) | (2,858) |
| Dividend declared to non-controlling shareholders | - | - | - | - | - | - | - | - | (7,972) | (7,972) |
| Transfer to special reserve (note (i)) | - | - | - | 45,991 | - | - | (45,991) | - | - | - |
| Utilisation of special reserve (note (i)) | - | - | - | (45,991) | - | - | 45,991 | - | - | - |
| At 30 June 2020 | 1,348,670 | 732,910* | 6,413* | -* | 314,991* | (294)* | 2,784,553* | 5,187,243 | 278,856 | 5,466,099 |



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six-month period ended 30 June 2020

| | Attributable to owners of the parent | | | | | | | | | |
|---|---|---|--|---|--|---|--|----------------------------------|---|--|
| | Share capital RMB' 000 (Unaudited) | Capital reserve RMB' 000 (Unaudited) | Fair value reserve of financial assets at fair value through other comprehensive income RMB' 000 (Unaudited) | Special reserve RMB' 000 (Unaudited) | Statutory surplus reserve RMB' 000 (Unaudited) | Exchange fluctuation reserve RMB' 000 (Unaudited) | Retained profits RMB' 000 (Unaudited) | Total RMB' 000 (Unaudited) | Non- controlling interests RMB' 000 (Unaudited) | Total equity RMB' 000 (Unaudited) |
| At 31 December 2018 | 1,348,670 | 735,116 | - | - | 249,379 | 5 | 1,984,681 | 4,317,851 | 265,254 | 4,583,105 |
| Profit for the period | - | - | - | - | - | - | 304,336 | 304,336 | 4,134 | 308,470 |
| Other comprehensive income for the period: | | | | | | | | | | |
| Re-measurement gain on defined benefit plans, net of tax | - | 370 | - | - | - | - | - | 370 | - | 370 |
| Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax | - | - | 3,800 | - | - | - | - | 3,800 | - | 3,800 |
| Exchange differences on translation of foreign operations | - | - | - | - | - | (24) | - | (24) | - | (24) |
| Total comprehensive income for the period | - | 370 | 3,800 | - | - | (24) | 304,336 | 308,482 | 4,134 | 312,616 |
| Final 2018 dividend declared | - | - | - | - | - | - | (148,623) | (148,623) | - | (148,623) |
| Dividend declared to non- controlling shareholders | - | - | - | - | - | - | - | - | (557) | (557) |
| Transfer to special reserve (note (i)) | - | - | - | 35,029 | - | - | (35,029) | - | - | - |
| Utilisation of special reserve (note (i)) | - | - | - | (35,029) | - | - | 35,029 | - | - | - |
| At 30 June 2019 | 1,348,670 | 735,486* | 3,800* | -* | 249,379* | (19)* | 2,140,394* | 4,477,710 | 268,831 | 4,746,541 |

* These reserve accounts comprise the consolidated reserves of RMB3,838,573,000 (Unaudited) (30 June 2019: RMB3,129,040,000 (Unaudited)) in the interim condensed consolidated statement of financial position as at 30 June 2020.

Note:

- (i) In preparation of the interim condensed consolidated financial statements, the Group has appropriated certain amounts of retained profits to a special reserve fund for each of the six months ended 30 June 2020 and 2019 respectively for safety production expense purposes as required by the directives issued by the relevant People's Republic of China ("PRC") government authorities. The Group charged the safety production expenses to profit or loss when such expenses were 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 2020

| | | Six-month period ended 30 June | |
|---|-------|-----------------------------------|---------------------------------|
| | Notes | 2020 RMB' 000 (Unaudited) | 2019 RMB' 000 (Unaudited) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | 418,185 | 371,350 |
| Adjustments for: | | | |
| Finance costs | 5 | 119,315 | 113,346 |
| Interest income | 4 | (194,035) | (170,638) |
| Share of profits and losses of associates and joint ventures | | (49,317) | 5,537 |
| Depreciation of right-of-use assets | 6 | 60,273 | 43,027 |
| Gain on remeasurement of the previously held interest in an acquiree at its acquisition-date in a step acquisition of a subsidiary | 6 | (12,881) | – |
| Depreciation of property, plant and equipment | 6 | 21,830 | 35,707 |
| Impairment of trade and bills receivables, net | 6 | 123,785 | 63,858 |
| Impairment of other receivables, net | 6 | 4,537 | 6,082 |
| Impairment of contract assets, net | 6 | 9,694 | 2,786 |
| Others | | 2,527 | 4,326 |
| | | 503,913 | 475,381 |
| Increase in inventories | | (148,849) | (17,002) |
| Decrease/(increase) in contract assets | | 1,601,842 | (637,190) |
| Increase in trade and bills receivables | | (202,958) | (445,980) |
| Decrease in prepayments, other receivables and other assets | | 421,327 | 1,205 |
| Increase in financial receivables | | (1,566,705) | (11,465) |
| (Decrease)/increase in trade and bills payables | | (251,973) | 326,355 |
| Decrease in other payables and accruals | | (819,341) | (9,728) |
| Increase/(decrease) in provision | | 7,694 | (3,443) |
| Increase in provisions for supplementary retirement benefits | | 420 | 430 |
| Cash used in operations | | (454,630) | (321,437) |
| Interest received | | 37,956 | 30,779 |
| Income tax paid | | (76,898) | (80,180) |
| Net cash flows used in operating activities | | (493,572) | (370,838) |



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six-month period ended 30 June 2020

| | Six-month period ended 30 June | |
|--|-----------------------------------|------------------|
| | 2020 | 2019 |
| Notes | RMB' 000 | RMB' 000 |
| | (Unaudited) | (Unaudited) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of property, plant and equipment | (83,294) | (72,488) |
| Additions to intangible assets | (118,362) | (34,566) |
| Additions of financial assets at fair value through profit or loss | (81,702) | (171,500) |
| Addition of investment in a joint venture | (228,856) | (370,092) |
| Proceeds from disposal of property, plant and equipment | 115 | 17 |
| Purchase of non-controlling interests | (2,858) | – |
| Dividends received from associates and joint ventures | – | 632 |
| Withdrawal of borrowings to a joint venture | – | 99,907 |
| Acquisition of a subsidiary, net of cash acquired | 75,440 | – |
| Decrease/(increase) in non-pledged time deposits | | |
| with original maturity of more than three months | 1,000 | (1,000) |
| Decrease/(increase) in pledged deposits | 1,109 | (1,157) |
| Net cash flows used in investing activities | (437,408) | (550,247) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | (105,273) | (103,498) |
| Dividend paid to shareholders | – | (71,303) |
| Dividend paid to non-controlling shareholders | (6,000) | (492) |
| Principal portion of lease payments | (59,239) | (33,824) |
| New bank and other borrowings | 365,091 | 290,737 |
| Repayment of bank and other borrowings | (183,991) | (80,000) |
| Net cash flows from financing activities | 10,588 | 1,620 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | |
| Cash and cash equivalents at beginning of period | 3,883,735 | 3,892,376 |
| Effect of exchange rate changes on cash and cash equivalents | 3,630 | (41) |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 2,966,973 | 2,972,870 |
| | 18 | |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2020

1. CORPORATE AND GROUP 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 and the service concession arrangements under the build-operate-transfer (“BOT”) arrangements.

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 a state-owned enterprise.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB") and in compliance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "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 2019.

The interim condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousands, except when otherwise indicated.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised standards for the first time for the current period's financial information. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 3

Amendments to IFRS 9, IAS 39 and IFRS 7

Amendment to IFRS 16

Amendments to IAS 1 and IAS 8

Definition of a Business

Interest Rate Benchmark Reform

Covid-19-Related Rent Concessions (early adopted)

Definition of Material



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures (Continued)

The nature and impact of the new and revised IFRSs are described below:

- (a) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures (Continued)

- (c) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

During the period ended 30 June 2020, certain monthly lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors as a result of the covid-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the covid-19 pandemic during the period ended 30 June 2020. The amendments did not have any significant impact on the financial position and performance of the Group as the reduction in the lease payments arising from the rent concessions is not significant for the period ended 30 June 2020.

- (d) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

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 and the service concession arrangements under the BOT arrangements.

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 is excluded from such measurement.

Segment assets exclude deferred tax assets, unallocated cash and bank balances, unallocated pledged deposits as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and dividends payable 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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six-month period ended 30 June 2020

| | Design, survey and consultancy RMB' 000 (Unaudited) | Construction contracting RMB' 000 (Unaudited) | Eliminations RMB' 000 (Unaudited) | Total RMB' 000 (Unaudited) |
|---|---|--|---|----------------------------------|
| Segment revenue | | | | |
| Sales to external customers | 1,487,899 | 2,848,871 | – | 4,336,770 |
| Intersegment sales | 1,192 | – | (1,192) | – |
| Total revenue | 1,489,091 | 2,848,871 | (1,192) | 4,336,770 |
| Segment results | | | | |
| Finance costs | (3,809) | (115,506) | – | (119,315) |
| Interest income | 520 | 190,058 | – | 190,578 |
| Profit of segments for the period | 236,127 | 179,214 | (613) | 414,728 |
| Unallocated interest income | | | | 3,457 |
| Income tax expense | | | | (61,153) |
| Profit for the period | | | | 357,032 |
| Segment assets | | | | |
| Corporate and other unallocated assets | 8,695,850 | 11,670,728 | (1,389,431) | 18,977,147 |
| Total assets | | | | 20,443,704 |
| Segment liabilities | | | | |
| Corporate and other unallocated liabilities | 5,977,564 | 10,372,799 | (1,413,828) | 14,936,535 |
| Total liabilities | | | | 14,977,605 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six-month period ended 30 June 2020 (Continued)

| | Design, survey and consultancy RMB' 000 (Unaudited) | Construction contracting RMB' 000 (Unaudited) | Eliminations RMB' 000 (Unaudited) | Total RMB' 000 (Unaudited) |
|---|---|--|---|----------------------------------|
| Other segment information | | | | |
| Share of profits and losses of: | | | | |
| Joint ventures | 49,126 | – | – | 49,126 |
| Associates | 191 | – | – | 191 |
| Depreciation | 69,427 | 12,676 | – | 82,103 |
| Amortisation | 3,381 | – | – | 3,381 |
| Provision for | | | | |
| – foreseeable losses on contracts, net | 1,222 | 11 | – | 1,233 |
| – impairment of trade and bills receivables, financial receivables, other receivables, contract assets, net | 58,682 | 81,297 | – | 139,979 |
| Investments in joint ventures | 1,463,375 | – | – | 1,463,375 |
| Investments in associates | 66,314 | – | – | 66,314 |
| Capital expenditure* | 123,196 | 130,707 | – | 253,903 |

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)**

30 June 2020

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six-month period ended 30 June 2019

| | Design, survey and consultancy RMB' 000 (Unaudited) | Construction contracting RMB' 000 (Unaudited) | Eliminations RMB' 000 (Unaudited) | Total RMB' 000 (Unaudited) |
|---|---|--|---|----------------------------------|
| Segment revenue | | | | |
| Sales to external customers | 1,862,779 | 1,721,168 | – | 3,583,947 |
| Intersegment sales | 4,450 | – | (4,450) | – |
| Total revenue | 1,867,229 | 1,721,168 | (4,450) | 3,583,947 |
| Segment results | | | | |
| Finance costs | (2,726) | (110,620) | – | (113,346) |
| Interest income | 303 | 162,745 | – | 163,048 |
| Profit of segments for the period | 321,822 | 46,860 | (4,922) | 363,760 |
| Unallocated interest income | | | | 7,590 |
| Income tax expense | | | | (62,880) |
| Profit for the period | | | | 308,470 |
| Segment assets | | | | |
| Corporate and other unallocated assets | 6,820,287 | 9,732,032 | (576,251) | 15,976,068 |
| Total assets | | | | 17,375,915 |
| Segment liabilities | | | | |
| Corporate and other unallocated liabilities | 5,175,042 | 8,100,068 | (690,402) | 12,584,708 |
| Total liabilities | | | | 12,629,374 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six-month period ended 30 June 2019 (Continued)

| | Design, survey and consultancy RMB' 000 (Unaudited) | Construction contracting RMB' 000 (Unaudited) | Eliminations RMB' 000 (Unaudited) | Total RMB' 000 (Unaudited) |
|---|---|--|---|----------------------------------|
| Other segment information | | | | |
| Share of profits and losses of: | | | | |
| Joint ventures | (6,762) | – | – | (6,762) |
| Associates | 1,225 | – | – | 1,225 |
| Depreciation | 54,664 | 24,070 | – | 78,734 |
| Amortisation | 1,626 | – | – | 1,626 |
| Provision for | | | | |
| – foreseeable losses on contracts, net | 3,354 | – | – | 3,354 |
| – impairment of trade and bills receivables, other receivables, financial receivables and contract assets, net | 21,788 | 50,949 | – | 72,737 |
| Investments in joint ventures | 466,459 | – | – | 466,459 |
| Investments in associates | 99,272 | – | – | 99,272 |
| Capital expenditure* | 140,190 | 60,305 | – | 200,495 |

* Capital expenditure consists of additions to property, plant and equipment, intangible assets and right-of-use assets.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)**

30 June 2020

4. REVENUE, OTHER INCOME AND GAINS

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

| | Six-month period ended 30 June | |
|--|---------------------------------------|-------------|
| | 2020 | 2019 |
| | RMB' 000 | RMB' 000 |
| | (Unaudited) | (Unaudited) |
| <i>Revenue from contracts with customers</i> | 4,332,024 | 3,582,610 |
| <i>Revenue from other sources</i> | | |
| Gross rental income | 4,746 | 1,337 |
| | 4,336,770 | 3,583,947 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers

(i) *Disaggregated revenue information*

| | Six-month period ended 30 June | |
|--|---------------------------------|---------------------------------|
| | 2020 RMB' 000 (Unaudited) | 2019 RMB' 000 (Unaudited) |
| Type of goods or services | | |
| Design, survey and consultancy | 1,485,580 | 1,862,305 |
| Construction contracting | 2,846,444 | 1,720,305 |
| | 4,332,024 | 3,582,610 |
| Timing of revenue recognition | | |
| Service transferred at a point in time | 119,999 | 19,105 |
| Service transferred over time | 4,212,025 | 3,563,505 |
| | 4,332,024 | 3,582,610 |
| Geographical markets | | |
| China | 4,312,737 | 3,558,979 |
| Other countries | 19,287 | 23,631 |
| | 4,332,024 | 3,582,610 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020



4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (Continued)

(i) *Disaggregated revenue information (Continued)*

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the six-month period ended 30 June 2020 (Unaudited)

| Segment | Design, survey and consultancy RMB' 000 | Construction contracting RMB' 000 | Total RMB' 000 |
|--|--|---|-------------------|
| Revenue from contracts with customers | | | |
| External customers | 1,485,580 | 2,846,444 | 4,332,024 |
| Intersegment sales | 1,192 | – | 1,192 |
| | 1,486,772 | 2,846,444 | 4,333,216 |
| Intersegment adjustments and eliminations | (1,192) | – | (1,192) |
| Total revenue from contracts with customers | 1,485,580 | 2,846,444 | 4,332,024 |

For the six-month period ended 30 June 2019 (Unaudited)

| Segment | Design, survey and consultancy RMB' 000 | Construction contracting RMB' 000 | Total RMB' 000 |
|--|--|---|-------------------|
| Revenue from contracts with customers | | | |
| External customers | 1,862,305 | 1,720,305 | 3,582,610 |
| Intersegment sales | 4,450 | – | 4,450 |
| | 1,866,755 | 1,720,305 | 3,587,060 |
| Intersegment adjustments and eliminations | (4,450) | – | (4,450) |
| Total revenue from contracts with customers | 1,862,305 | 1,720,305 | 3,582,610 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (Continued)

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Design, survey and consultancy services

The performance obligation is satisfied over time as services are rendered and payment is generally due upon the progress of services and customer acceptance, except for new customers, where payment in advance is normally required.

Construction services

The performance obligations are satisfied over time in accordance with the progress of construction. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

| | Note | Six-month period ended 30 June | |
|--|------|---------------------------------|---------------------------------|
| | | 2020 RMB' 000 (Unaudited) | 2019 RMB' 000 (Unaudited) |
| Other income and gains | | | |
| Interest income | | 194,035 | 170,638 |
| Gain on remeasurement of the previously held interest in an acquiree at its acquisition-date in a step acquisition of a subsidiary | 22 | 12,881 | – |
| Fair value gains of financial assets at fair value through profit or loss | | – | 713 |
| Government grants | | 1,779 | 1,060 |
| Foreign exchange gains | | 3,782 | – |
| Others | | 1,663 | 3,287 |
| | | 214,140 | 175,698 |

5. FINANCE COSTS

An analysis of finance costs is as follows:

| | Six-month period ended 30 June | |
|---------------------------------------|---------------------------------|---------------------------------|
| | 2020 RMB' 000 (Unaudited) | 2019 RMB' 000 (Unaudited) |
| Interest on bank and other borrowings | 113,537 | 109,629 |
| Interest on lease liabilities | 5,778 | 3,717 |
| | 119,315 | 113,346 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020



6. PROFIT BEFORE TAX

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

| | Six-month period ended 30 June | |
|--|---------------------------------|---------------------------------|
| | 2020 RMB' 000 (Unaudited) | 2019 RMB' 000 (Unaudited) |
| Cost of design, survey and consultancy services | 1,032,099 | 1,277,678 |
| Cost of construction contracts | 2,529,076 | 1,546,511 |
| Total cost of sales | 3,561,175 | 2,824,189 |
| Depreciation of property, plant and equipment | 21,830 | 35,707 |
| Depreciation of right-of-use assets | 60,273 | 43,027 |
| Amortisation of intangible assets | 3,381 | 1,626 |
| Total depreciation and amortisation | 85,484 | 80,360 |
| Impairment of trade and bills receivables, net | 123,785 | 63,858 |
| Impairment of financial receivables, net | 1,963 | 11 |
| Impairment of other receivables, net | 4,537 | 6,082 |
| Impairment of contract assets, net | 9,694 | 2,786 |
| Lease payments not included in the measurement of lease liabilities | 85,345 | 67,114 |
| Auditor's remuneration | 830 | 1,850 |
| Employee benefit expenses (excluding directors' and supervisors' remuneration): | | |
| Wages, salaries and allowances | 542,095 | 555,402 |
| Retirement benefit costs | | |
| – Defined contribution retirement schemes | 48,153 | 59,621 |
| – Defined benefit retirement schemes | 1,920 | 2,110 |
| Total retirement benefit costs | 50,073 | 61,731 |
| Welfare and other expenses | 125,496 | 129,247 |
| Total employee benefit expenses | 717,664 | 746,380 |
| Interest income | (194,035) | (170,638) |
| Gain on remeasurement of the previously held interest in an acquiree at its acquisition-date in a step acquisition of a subsidiary | (12,881) | – |
| Government grants | (1,779) | (1,060) |
| (Gain)/loss on disposal of property, plant and equipment, net | (7) | 31 |
| Foreign exchange differences, net | (3,782) | 17 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

7. INCOME TAX EXPENSE

The Company and certain subsidiaries 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 periods ended 30 June 2020 and 2019 in accordance with the PRC Corporate Income Tax Law. Other entities within the Group in 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 2020 and 2019.

| | Six-month period ended 30 June | |
|----------------------------|---------------------------------|---------------------------------|
| | 2020 RMB' 000 (Unaudited) | 2019 RMB' 000 (Unaudited) |
| Current income tax – China | 75,268 | 81,787 |
| Deferred income tax | (14,115) | (18,907) |
| Tax charge for the period | 61,153 | 62,880 |

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 2020 and 2019 is as follows:

| | Six-month period ended 30 June | |
|--|---------------------------------|---------------------------------|
| | 2020 RMB' 000 (Unaudited) | 2019 RMB' 000 (Unaudited) |
| Profit before tax | 418,185 | 371,350 |
| Income tax charge at the statutory income tax rate | 104,546 | 92,838 |
| Effect of different income tax rates for some entities | (35,530) | (36,682) |
| Tax effect of share of profits and losses of joint ventures and associates | (12,329) | 1,384 |
| Additional tax deduction for research and development expenditure | – | (1,907) |
| Expenses not deductible for tax purposes | 2,426 | 5,800 |
| Adjustments in respect of current tax of previous periods | 434 | 666 |
| Tax losses not recognised | 1,606 | 781 |
| Tax charge for the period at the effective rate | 61,153 | 62,880 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

8. DIVIDENDS

The dividends for the six-month periods ended 30 June 2020 and 2019 are set out below:

| | <i>Note</i> | Six-month period ended 30 June | |
|--|-------------|---------------------------------|---------------------------------|
| | | 2020 RMB' 000 (Unaudited) | 2019 RMB' 000 (Unaudited) |
| Declared 2019 final dividend – Nil (2018: RMB0.1102) per ordinary share | (i) | – | 148,623 |

Note:

- (i) At the annual general meeting held on 29 May 2019, the Company's shareholders approved the payment of the final dividend for the year ended 31 December 2018 of RMB0.1102 per share which amounted to RMB148,623,000 in total.

At the annual general meeting held on 28 May 2020, the Company's shareholders approved that no final dividend for the year ended 31 December 2019 was declared.

On 28 August 2020, the board of directors proposed the payment of a final dividend of RMB0.1290 per ordinary share in respect of the year ended 31 December 2019, based on the issued share capital of the Company of 1,348,670,000 shares. The proposed final dividend is subject to the approval of the Company's shareholders at the forthcoming general meeting.

The directors did not recommend the payment of an interim dividend for the six-month period ended 30 June 2020 (six-month period ended 30 June 2019: Nil).



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

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 2020 and 2019.

| | Six-month period ended 30 June | |
|---|--------------------------------|-------------|
| | 2020 | 2019 |
| | RMB' 000 | RMB' 000 |
| | (Unaudited) | (Unaudited) |
| Earnings: | | |
| Profit for the period attributable to ordinary equity holders of the parent | 356,022 | 304,336 |

| | Six-month period ended 30 June | |
|--|--------------------------------|-------------|
| | 2020 | 2019 |
| | ' 000 | ' 000 |
| | (Unaudited) | (Unaudited) |
| Number of shares: | | |
| Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation | 1,348,670 | 1,348,670 |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

10. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 June 2020, the Group acquired property, plant and equipment with an aggregate cost amounting to approximately RMB97,772,000 (unaudited) (six-month period ended 30 June 2019: RMB76,255,000 (unaudited)).

In addition, during the same period, property, plant and equipment with an aggregate net carrying value of approximately RMB137,000 (unaudited) (six-month period ended 30 June 2019: RMB48,000 (unaudited)) were disposed of, which resulted in a net gain on disposal of approximately RMB7,000 (unaudited) (six-month period ended 30 June 2019: a net loss on disposal of approximately RMB31,000 (unaudited)).

11. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings, motor vehicles and other equipment in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms of 13 months and 13 years, while motor vehicles generally have lease terms of 13 months and 5 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the period are as follows:

| | Prepaid land lease payments RMB' 000 (Unaudited) | Buildings RMB' 000 (Unaudited) | Motor vehicles RMB' 000 (Unaudited) | Total RMB' 000 (Unaudited) |
|-----------------------------|--|--------------------------------------|--|----------------------------------|
| As at 1 January 2020 | 221,170 | 245,288 | 9,615 | 476,073 |
| Acquisition of a subsidiary | – | 14,929 | – | 14,929 |
| Additions | – | 37,658 | 637 | 38,295 |
| Disposal | – | (130) | (120) | (250) |
| Depreciation | (2,576) | (57,358) | (2,915) | (62,849) |
| As at 30 June 2020 | 218,594 | 240,387 | 7,217 | 466,198 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

11. LEASES (CONTINUED)

The Group as a lessee (Continued)

(a) Right-of-use assets (Continued)

| | Prepaid land lease payments RMB' 000 | Buildings RMB' 000 | Motor vehicles RMB' 000 | Total RMB' 000 |
|------------------------|---|-----------------------|-------------------------------|-------------------|
| As at 1 January 2019 | 226,322 | 151,736 | 11,527 | 389,585 |
| Additions | – | 190,678 | 5,992 | 196,670 |
| Disposal | – | (7,903) | – | (7,903) |
| Depreciation | (5,152) | (89,223) | (7,904) | (102,279) |
| As at 31 December 2019 | 221,170 | 245,288 | 9,615 | 476,073 |

(b) Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the period/year are as follows:

| | Six-month period ended 30 June 2020 RMB' 000 (Unaudited) | Year ended 31 December 2019 RMB' 000 |
|---|---|---|
| Carrying amount at 1 January | 233,092 | 126,721 |
| Acquisition of a subsidiary | 14,929 | – |
| New leases | 38,295 | 196,670 |
| Disposal | (512) | (7,891) |
| Accretion of interest recognised | 5,778 | 9,476 |
| Payments | (59,239) | (91,884) |
| Carrying amount at 30 June/31 December | 232,343 | 233,092 |
| Portion classified as current liabilities | (84,310) | (84,700) |
| Non-current portion | 148,033 | 148,392 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020



11. LEASES (CONTINUED)

The Group as a lessee (Continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

| | Six-month period ended 30 June 2020 RMB' 000 (Unaudited) | Year ended 31 December 2019 RMB' 000 |
|---|---|---|
| Interest on lease liabilities | 5,778 | 9,476 |
| Depreciation of right-of-use assets | 60,273 | 102,279 |
| Expense relating to short-term leases and other leases | 18,626 | 38,912 |
| Variable lease payments not included in the measurement of lease liabilities (included in cost of sales) | 66,719 | 78,668 |
| Total amount recognised in profit or loss | 151,396 | 229,335 |

The Group as a lessor

The Group leases its equipment under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the period was RMB4,746,000 (unaudited) (six-month period ended 30 June 2019: RMB1,337,000 (unaudited)), details of which are included in note 4.

At 30 June 2020, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

| | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 |
|-----------------|--|------------------------------|
| Within one year | 2,486 | 3,373 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

12. CONTRACT ASSETS

| | | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 |
|---|------------|--|---------------------------------|
| Contract assets arising from: | | | |
| Design, survey and consultancy services | | 1,926,756 | 1,817,101 |
| Construction services | | 358,229 | 309,955 |
| Service concession arrangements | | 709,836 | 2,457,632 |
| | | 2,994,821 | 4,584,688 |
| Impairment | | (64,255) | (54,561) |
| | | 2,930,566 | 4,530,127 |
| Portion classified as non-current contract assets | <i>(i)</i> | (581,677) | (2,159,424) |
| Current portion | | 2,348,889 | 2,370,703 |

Note:

- (i) The non-current portion of contract assets mainly represented the contract assets arising from service concession arrangements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020



12. CONTRACT ASSETS (CONTINUED)

The amounts of retentions held by customers for contract works included in contract assets were approximately as follows:

| | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 |
|--|--|---------------------------------|
| Amounts of retentions in contract assets | 147,380 | 179,079 |

Contract assets are initially recognised for revenue earned from the provision of design, survey and consultancy services and construction services as the receipt of consideration is conditional on successful progress of completion of design, survey and consultancy and construction, respectively. Upon the progress of completion of design, survey and consultancy or construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

During the six-month period ended 30 June 2020, RMB64,255,000 (unaudited) was recognised as an allowance for expected credit losses on contract assets. The Group's trading terms and credit policy with customers are disclosed in note 16.

The movements in the loss allowance for impairment of contract assets are as follows:

| | Six-month period ended 30 June 2020 RMB' 000 (Unaudited) | Year ended 31 December 2019 RMB' 000 |
|---------------------------------|---|---|
| At beginning of the period/year | 54,561 | 11,063 |
| Impairment losses recognised | 13,060 | 43,663 |
| Impairment losses reversed | (3,366) | (165) |
| At end of the period/year | 64,255 | 54,561 |

As at 30 June 2020, the Group's contract assets of RMB546,547,000 (unaudited) (31 December 2019: RMB2,275,118,000) were pledged to secure certain of the Group's bank loans, amounting to RMB4,397,238,000 (unaudited) (31 December 2019: RMB4,225,173,000).



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

12. CONTRACT ASSETS (CONTINUED)

The amounts due from the beneficial shareholders of the Company (the “Beneficial Shareholders”) (i) and their affiliates, fellow subsidiaries, BUCG and other related parties included in the contract assets are as follows:

| | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 |
|--|--|---------------------------------|
| Beneficial Shareholders and their affiliates | 305,589 | 318,416 |
| Fellow subsidiaries | 45,546 | 24,584 |
| BUCG | 17,336 | 60,691 |
| Associates of BUCG | 2,539 | 3,568 |
| Associates | 488 | 3,111 |
| A joint venture | 217 | 227 |
| A joint venture of BUCG | – | 244 |
| | 371,715 | 410,841 |

(i) Pursuant to the capital injection agreement in May 2013, seven strategic investors contributed cash of RMB703 million to the Company. Thereafter, these strategic investors became the Beneficial Shareholders.

13. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 |
|--|--|---------------------------------|
| Equity investments designated at fair value through other comprehensive income | | |
| Unlisted equity investments, at fair value | | |
| Jiangsu Urban Rail Transit Design Research Institute Co., Ltd. (“江蘇城市軌道交通研究設計院股份有限公司”) | 5,400 | 4,400 |
| Zhongdixin Geographic Information Equity Investment Fund Limited. (“中地信地理信息股權投資基金”) | 11,800 | 11,900 |
| Qingdao West Coast Citizen Center Investment Construction Co., Ltd. (“青島西海岸市民中心投資建設有限公司”) | – | 1,152 |
| | 17,200 | 17,452 |

The above equity investment were irrevocably designated at fair value through other comprehensive income as the Group consider these investments to be strategic in nature.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 |
|---|--|---------------------------------|
| Unlisted equity investment, at fair value Shaoxing Jingyue Metro Co., Ltd. ("紹興京越地鐵有限公司") | 216,342 | 134,640 |

The above equity investment was classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

The Group provided design, survey and consultancy services to Shaoxing Jingyue Metro Co., Ltd. amounted to RMB7,738,000 for the six-month period ended 30 June 2020 (2019: RMB17,045,000).

15. FINANCIAL RECEIVABLES

| | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 |
|--|--|---------------------------------|
| Receivables for service concession arrangements | 5,089,741 | 3,194,219 |
| Provision for impairment | (5,155) | (3,192) |
| Receivables for service concession arrangements, net | 5,084,586 | 3,191,027 |
| Portion classified as non-current assets | (4,300,157) | (2,692,290) |
| Current portion | 784,429 | 498,737 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

15. FINANCIAL RECEIVABLES (CONTINUED)

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

| | Six-month period ended 30 June 2020 RMB' 000 (Unaudited) | Year ended 31 December 2019 RMB' 000 |
|---------------------------------|---|---|
| At beginning of the period/year | 3,192 | 3,210 |
| Impairment losses recognised | 1,963 | – |
| Impairment losses reversed | – | (18) |
| At end of the period/year | 5,155 | 3,192 |

Receivables for service concession arrangements arose from the service concession contracts to build and operate urban infrastructure construction project and were recognised to the extent that the Group has an unconditional contractual right to receive cash from the grantor.

Financial receivables were unbilled receivables. Financial receivables were mainly due from governmental authorities in China as grantors in respect of the Group's service concession arrangements.

At 30 June 2020, the Group's financial receivables of RMB5,084,586,000 (unaudited) (31 December 2019: RMB3,191,027,000) were pledged to secure certain of the Group's bank loans amounting to RMB4,397,238,000 (unaudited) (31 December 2019: RMB4,225,173,000).

16. TRADE AND BILLS RECEIVABLES

| | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 |
|-------------------|--|---------------------------------|
| Trade receivables | 5,491,432 | 5,270,990 |
| Bills receivable | 39,051 | 49,761 |
| Impairment | 5,530,483 (681,199) | 5,320,751 (552,011) |
| | 4,849,284 | 4,768,740 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

16. TRADE AND BILLS RECEIVABLES (CONTINUED)

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 six months. 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 assess 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.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

| | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 |
|--------------------|--|---------------------------------|
| Within 6 months | 2,150,240 | 2,739,788 |
| 6 months to 1 year | 1,091,988 | 503,646 |
| 1 to 2 years | 840,389 | 851,680 |
| 2 to 3 years | 508,969 | 451,019 |
| 3 to 4 years | 199,701 | 180,594 |
| 4 to 5 years | 51,781 | 37,497 |
| Over 5 years | 6,216 | 4,516 |
| | 4,849,284 | 4,768,740 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

16. TRADE AND BILLS RECEIVABLES (CONTINUED)

The movements in loss allowance for impairment of trade and bills receivables are as follows:

| | Six-month period ended 30 June 2020 RMB' 000 (Unaudited) | Year ended 31 December 2019 RMB' 000 |
|---------------------------------|---|---|
| At beginning of the period/year | 552,011 | 425,958 |
| Acquisition of a subsidiary | 5,403 | – |
| Impairment losses recognised | 132,282 | 130,161 |
| Impairment losses reversed | (8,497) | (4,108) |
| At end of the period/year | 681,199 | 552,011 |

The amounts due from joint ventures, Beneficial Shareholders and their affiliates, BUCG and other related parties included in the trade and bills receivables are as follows:

| | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 |
|--|--|---------------------------------|
| Joint ventures | 876,136 | 935,785 |
| Beneficial Shareholders and their affiliates | 512,050 | 851,621 |
| BUCG | 258,417 | 162,000 |
| Fellow subsidiaries | 30,621 | 23,104 |
| Associates of BUCG | 3,990 | 1,328 |
| An associate | 154 | 1,602 |
| | 1,681,368 | 1,975,440 |

The above amounts are unsecured, non-interest-bearing and repayable on similar credit terms to those offered to other major customers of the Group, except for trade receivables of RMB55,728,000 (unaudited) of 30 June 2020 were pledged to secure certain of the Group's bank loans amounting to RMB4,397,238,000 (unaudited).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

| | <i>Note</i> | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 |
|--|-------------|--|---------------------------------|
| Prepayments | | 350,876 | 709,170 |
| Deductible value-added tax | | 338,367 | 329,659 |
| Deposits and other receivables | | 263,493 | 233,205 |
| | | 952,736 | 1,272,034 |
| Impairment | | (28,687) | (24,150) |
| | | 924,049 | 1,247,884 |
| Portion classified as non-current assets | <i>(i)</i> | (236,289) | (237,172) |
| Current portion | | 687,760 | 1,010,712 |

Note:

- (i) The non-current portion of prepayments, other receivables and other assets mainly represents deductible value-added tax.

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

| | Six-month period ended 30 June 2020 RMB' 000 (Unaudited) | Year ended 31 December 2019 RMB' 000 |
|---------------------------------|---|---|
| At beginning of the period/year | 24,150 | 18,047 |
| Impairment losses recognised | 7,680 | 8,107 |
| Impairment losses reversed | (3,143) | (2,004) |
| At end of the period/year | 28,687 | 24,150 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

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

| | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 |
|--|--|---------------------------------|
| Fellow subsidiaries | 74,120 | 63,799 |
| BUCG | 1,152 | – |
| Associates of BUCG | 789 | 63,888 |
| Beneficial Shareholders and their affiliates | 200 | – |
| A joint venture | 68 | 68 |
| Associates | – | 1,741 |
| | 76,329 | 129,496 |

The above amounts are unsecured, non-interest-bearing and have no fixed terms of settlement, except for the other receivables of RMB29,924,000 of 31 December 2019 were pledged to secure certain of the Group's bank loans amounting to RMB4,225,173,000.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020



18. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

| | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 |
|--|--|---------------------------------|
| Cash and bank balances | 2,994,732 | 3,906,614 |
| Time deposits | 200 | 1,200 |
| | 2,994,932 | 3,907,814 |
| Less: Pledged bank balances for bidding guarantees and performance guarantees | (27,759) | (22,879) |
| Cash and bank balances in the consolidated statement of financial position | 2,967,173 | 3,884,935 |
| Less: Non-pledged time deposits with original maturity of more than three months when acquired | (200) | (1,200) |
| Cash and cash equivalents in the consolidated statement of cash flows | 2,966,973 | 3,883,735 |
| Cash and bank balances and time deposits denominated in: | | |
| – RMB | 2,737,348 | 3,653,197 |
| – Other currencies | 257,584 | 254,617 |
| | 2,994,932 | 3,907,814 |

19. TRADE AND BILLS PAYABLES

| | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 |
|----------------|--|---------------------------------|
| Trade payables | 3,996,096 | 3,912,654 |
| Bills payable | 42,901 | 76,318 |
| | 4,038,997 | 3,988,972 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

19. TRADE AND BILLS PAYABLES (CONTINUED)

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

| | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 |
|--------------------|--|---------------------------------|
| Within 6 months | 666,823 | 1,034,131 |
| 6 months to 1 year | 1,463,205 | 1,464,399 |
| 1 to 2 years | 858,225 | 888,624 |
| 2 to 3 years | 496,913 | 216,594 |
| Over 3 years | 553,831 | 385,224 |
| | 4,038,997 | 3,988,972 |

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

The amounts due to associates of BUCG, fellow subsidiaries, Beneficial Shareholders and their affiliates and other related parties included in the trade and bills payables are as follows:

| | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 |
|--|--|---------------------------------|
| Associates of BUCG | 131,654 | 136,656 |
| Fellow subsidiaries | 52,338 | 65,135 |
| Beneficial Shareholders and their affiliates | 29,268 | 58,407 |
| BUCG | 4,071 | 4,071 |
| A joint venture | 2,302 | 286 |
| An associate | 815 | 13,852 |
| | 220,448 | 278,407 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

20. OTHER PAYABLES AND ACCRUALS

| | <i>Notes</i> | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 |
|--|--------------|--|---------------------------------|
| Contract liabilities | <i>(i)</i> | 3,794,883 | 4,526,406 |
| Accrued salaries, wages and benefits | | 395,748 | 423,467 |
| Other taxes payable | | 818,680 | 868,241 |
| Retention payables | | 169,201 | 123,305 |
| Dividend payable to non-controlling shareholders | | 2,655 | 682 |
| Deferred income | | 21,657 | 19,474 |
| Other payables | | 224,507 | 93,528 |
| | | 5,427,331 | 6,055,103 |
| Portion classified as non-current liabilities | <i>(ii)</i> | (328,404) | (320,746) |
| Current portion | | 5,098,927 | 5,734,357 |

Notes:

(i) Details of contract liabilities as at the reporting date are as follows:

| | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 |
|---|--|---------------------------------|
| Short-term advances received from customers | 757,778 | 836,837 |
| Amounts due to contract customers | 3,037,105 | 3,689,569 |
| Total contract liabilities | 3,794,883 | 4,526,406 |

(ii) The non-current portion mainly represented output value-added tax, the performance guarantee amounts from subcontractors and suppliers of the Group and government grants as at the reporting date.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

20. OTHER PAYABLES AND ACCRUALS (CONTINUED)

The amounts due to a joint venture, Beneficial Shareholders and their affiliates, associates of BUCG and other related parties included in other payables and accruals are as follows:

| | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 |
|--|--|---------------------------------|
| A joint venture | 1,130,578 | 1,587,822 |
| Beneficial Shareholders and their affiliates | 354,432 | 518,639 |
| Associates of BUCG | 80,314 | 50,609 |
| Fellow subsidiaries | 60,645 | 16,466 |
| BUCG | 56,740 | 52,433 |
| Non-controlling shareholders | 16,190 | 10,310 |
| Associates | 4,043 | 5,135 |
| | 1,702,942 | 2,241,414 |

The other payables and accruals are unsecured, non-interest-bearing and have no fixed terms of settlement.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

21. INTEREST-BEARING BANK AND OTHER BORROWINGS

| | As at 30 June 2020 (Unaudited) | | | As at 31 December 2019 | | |
|---|-----------------------------------|-----------|------------------|----------------------------|-----------|------------------|
| | Effective interest rate | Maturity | RMB' 000 | Effective interest rate | Maturity | RMB' 000 |
| Non-current | | | | | | |
| Long term bank loans: | | | | | | |
| – Secured (i) | 4.42%-4.90% | 2021-2042 | 4,014,455 | 4.42%-4.90% | 2021-2042 | 3,852,477 |
| Long term other borrowings: | | | | | | |
| – Unsecured | 3.98%-4.90% | 2021-2026 | 578,000 | 3.98%-4.90% | 2021-2026 | 578,000 |
| Lease liabilities: | | | | | | |
| – Secured | 4.75%-4.90% | 2021-2032 | 148,033 | 4.75%-4.90% | 2021-2032 | 148,392 |
| | | | 4,740,488 | | | 4,578,869 |
| Current | | | | | | |
| Current portion of long term bank loans: | | | | | | |
| – Secured (i) | 4.42%-4.90% | 2020 | 382,783 | 4.42%-4.90% | 2020 | 372,696 |
| Short term bank loans: | | | | | | |
| – Unsecured | 4.05%-6.525% | 2020 | 123,291 | 4.35%-6.525% | 2020 | 118,958 |
| Current portion of lease liabilities: | | | | | | |
| – Secured | 4.75%-4.90% | 2020-2021 | 84,310 | 4.75%-4.90% | 2020 | 84,700 |
| | | | 590,384 | | | 576,354 |
| | | | 5,330,872 | | | 5,155,223 |
| Denominated in: | | | | | | |
| – RMB | | | 5,330,872 | | | 5,155,223 |

- (i) The bank loans of RMB4,397,238,000 (unaudited) (31 December 2019: RMB4,225,173,000) were secured by the right of future financial receivables, contract assets, trade receivables, other receivables and intangible assets for certain service concession arrangements.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

21. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

The maturity profile of the interest-bearing bank and other loans as at 30 June 2020 and 31 December 2019 is as follows:

| | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 |
|--|--|---------------------------------|
| Analysed into: | | |
| Bank loans repayable: | | |
| Within one year | 506,074 | 491,654 |
| In the second year | 358,000 | 358,000 |
| In the third to fifth years, inclusive | 1,106,000 | 1,090,000 |
| Over five years | 2,550,455 | 2,404,477 |
| | 4,520,529 | 4,344,131 |
| Other borrowings repayable: | | |
| In the second year | 120,000 | 120,000 |
| In the third to fifth years, inclusive | 320,000 | 320,000 |
| Over five years | 138,000 | 138,000 |
| | 578,000 | 578,000 |
| Lease liabilities repayable: | | |
| Within one year | 84,310 | 84,700 |
| In the second year | 59,581 | 60,535 |
| In the third to fifth years, inclusive | 72,496 | 67,250 |
| Over five years | 15,956 | 20,607 |
| | 232,343 | 233,092 |
| | 5,330,872 | 5,155,223 |

The interest-bearing borrowings from a non-controlling shareholder included in the above are as follows:

| | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 |
|-------------------------------|--|---------------------------------|
| A non-controlling shareholder | 378,000 | 378,000 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

22. BUSINESS COMBINATION

The Company directly owned 40% of equity interest but the voting power attached to the equity interest did not allow the Company to have the power to govern the financial and operating activities of Beijing Rail Transit Design and Research Institute Co., Ltd. ("Rail Transit Institute") according to the article of Rail Transit Institute. On 3 January 2020, the Company signed a shareholders voting agreement with Beijing Urban Rail Transit Consulting Co., Ltd. ("北京城市軌道交通諮詢有限公司"), which is another equity owner of Rail Transit Institute and the related party of the Company, whereby Beijing Urban Rail Transit Consulting Co., Ltd. has agreed to vote unanimously with the Company. On top of the shareholders voting agreement, the Company controlled the operation of Rail Transit Institute by appointing senior management, approving the annual budget and determining the remuneration of senior management, etc. Considering the above mentioned factors, the Directors are of opinion that the Company controlled Rail Transit Institute from 3 January 2020. Therefore, the financial statements of Rail Transit Institute are consolidated by the Company since 3 January 2020.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

22. BUSINESS COMBINATION (CONTINUED)

The fair values of the identifiable assets and liabilities of Rail Transit Institute as at the date of acquisition were as follows:

| | <i>Note</i> | Fair value recognised on acquisition RMB' 000 (Unaudited) |
|--|-------------|---|
| Property, plant and equipment | | 1,383 |
| Right-of-use assets | | 14,929 |
| Intangible assets | | 23,354 |
| Deferred tax assets | | 810 |
| Contract assets | | 11,972 |
| Inventories | | 21 |
| Trade and bills receivables | | 14,340 |
| Prepayments, other receivables and other assets | | 6,929 |
| Pledged deposits | | 5,989 |
| Cash and bank balances | | 75,440 |
| Trade and bills payables | | (30,015) |
| Other payables and accruals | | (64,463) |
| Tax payable | | (962) |
| Interest-bearing bank and other borrowings | | (14,929) |
| Deferred tax liabilities | | (3,150) |
| Total identifiable net assets at fair value | | 41,648 |
| Non-controlling interests | | (24,989) |
| Goodwill on acquisition | | 5,741 |
| Investment in an associate before the step acquisition of a subsidiary | | (9,519) |
| Gain on bargain purchase | 4 | 12,881 |

23. COMMITMENTS

The Group had the following capital commitments as at the end of the reporting period:

| | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 |
|-----------------------------------|--|---------------------------------|
| Contracted, but not provided for: | | |
| Equity investments | 2,725,931 | 3,657,648 |
| Property, plant and equipment | 72,065 | 221,665 |
| | 2,797,996 | 3,879,313 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020



24. RELATED PARTY TRANSACTIONS

- (a) The Group had the following material transactions with related parties for the six-month periods ended 30 June 2020 and 2019:

| | Six-month period ended 30 June | |
|---|---------------------------------|---------------------------------|
| | 2020 RMB' 000 (Unaudited) | 2019 RMB' 000 (Unaudited) |
| Design, survey and consultancy services provided to: | | |
| Beneficial Shareholders and their affiliates | 170,853 | 180,440 |
| BUCG | 32,228 | 19,762 |
| Fellow subsidiaries | 7,105 | 10,813 |
| Associates | 3,898 | 2,798 |
| Associates of BUCG | 2,993 | 503 |
| A joint venture | 1,142 | 127 |
| | 218,219 | 214,443 |
| Construction contracting services provided to: | | |
| A joint venture | 978,863 | 47,764 |
| Beneficial Shareholders and their affiliates | 263,910 | 535,356 |
| Fellow subsidiaries | 80,159 | – |
| BUCG | 38,548 | 125,723 |
| | 1,361,480 | 708,843 |
| Construction contracting services provided by: | | |
| Beneficial Shareholders and their affiliates | 28,219 | – |
| Fellow subsidiaries | 21,887 | 39,394 |
| Associates of BUCG | 12,817 | 86,059 |
| BUCG | – | 1,890 |
| | 62,923 | 127,343 |
| Design, survey and consultancy services provided by: | | |
| An associate | 8,457 | 19,175 |
| A joint venture | 2,016 | 1,374 |
| An associate of BUCG | 1,857 | 16 |
| Fellow subsidiaries | – | 1,303 |
| | 12,330 | 21,868 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

24. RELATED PARTY TRANSACTIONS (CONTINUED)

- (a) The Group had the following material transactions with related parties for the six-month periods ended 30 June 2020 and 2019: (continued)

| | Six-month period ended 30 June | |
|---|---------------------------------|---------------------------------|
| | 2020 RMB' 000 (Unaudited) | 2019 RMB' 000 (Unaudited) |
| Rental expenses and property management fees paid or payable to: | | |
| Fellow subsidiaries | 6,270 | 6,463 |
| BUCG | 1,617 | 1,424 |
| | 7,887 | 7,887 |
| Construction in progress provided by: | | |
| Fellow subsidiaries | 1,903 | 2,094 |
| Finance costs paid or payable to: | | |
| A non-controlling shareholder | 9,261 | 12,456 |
| Interest income received or receivable from: | | |
| A joint venture | – | 1,598 |
| Rental income from: | | |
| A fellow subsidiary | 2,377 | – |

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

On 3 January 2020, the Company signed a shareholders voting agreement with Beijing Urban Rail Transit Consulting Co., Ltd., which is another equity owner of Rail Transit Institute and the Beneficial Shareholders' affiliate of the Company, whereby Beijing Urban Rail Transit Consulting Co., Ltd. has agreed to vote unanimously with the Company. The Company controlled Rail Transit Institute from 3 January 2020. Therefore, the financial statements of Rail Transit Institute are consolidated by the Company since 3 January 2020.

On 9 March 2020, the Company acquired a 10% equity interest in Rail Transit Institute from BUCG, which is the Company's holding company. The purchase consideration for the acquisition was in the form of cash, with RMB2,858,000 paid at the acquisition date.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020



24. RELATED PARTY TRANSACTIONS (CONTINUED)

- (a) The Group had the following material transactions with related parties for the six-month periods ended 30 June 2020 and 2019: (continued)

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 2020 and 2019, the Group entered into extensive transactions with SOEs other than those transactions disclosed elsewhere in these financial statements, 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, such transactions 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.

The Company issued domestic shares of the scheme to several executive directors and key management personnel. The details are as follows:

| | Note | Employee stock ownership scheme | |
|---------------------------------|------|--|--------------|
| | | Number of Shares | |
| | | 30 June 2020 | 30 June 2019 |
| | | '000 | '000 |
| | | (Unaudited) | (Unaudited) |
| Executive Directors | | | |
| Mr. Wang Hanjun (王漢軍) | | 1,000 | 1,000 |
| (Chief executive) | | | |
| Mr. Li Guoqing (李國慶) | | 1,000 | 1,000 |
| | | 2,000 | 2,000 |
| Key management personnel | | | |
| Mr. Yang Xiuren (楊秀仁) | | 750 | 750 |
| Ms. Cheng Yan (成硯) | | 350 | 350 |
| Mr. Wan Xuehong (萬學紅) | (i) | 750 | 750 |
| Mr. Jin Huai (金淮) | | 750 | 750 |
| Mr. Wang Liang (王良) | | 750 | 750 |
| Mr. Yu Songwei (於松偉) | | 750 | 750 |
| Mr. Xiao Mujun (肖木軍) | | 750 | 750 |
| Mr. Liu Li (劉立) | | 750 | 750 |
| Mr. Xuan Wenchang (玄文昌) | | 750 | 750 |
| Mr. Ma Haizhi (馬海志) | | 660 | 660 |
| Mr. Yin Zhiguo (尹志國) | | 620 | 620 |
| | | 7,630 | 7,630 |

Note:

- (i) Mr. Wan Xuehong retired from key management of the Company in January 2020.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

24. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 12, 16, 17, 19, 20 and 21.

(c) Compensation of key management personnel of the Group

| | Six-month period ended 30 June | |
|------------------------------|--------------------------------|-------------|
| | 2020 | 2019 |
| | RMB' 000 | RMB' 000 |
| | (Unaudited) | (Unaudited) |
| Short term employee benefits | 2,322 | 3,962 |
| Pension scheme | 265 | 592 |
| | 2,587 | 4,554 |

(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 BUCG, certain Beneficial Shareholders and their affiliates and a joint venture, the Company was engaged to build certain subways and the backlog as at 30 June 2020 amounted to RMB4,401 million (unaudited) (31 December 2019: RMB5,270 million).

Pursuant to certain design service contracts signed by the Company and certain Beneficial Shareholders and their affiliates and BUCG and a joint venture, the Company was engaged to design certain subways and industrial and civil construction and municipal engineering, and the backlog as at 30 June 2020 amounted to RMB1,341 million (unaudited) (31 December 2019: RMB1,398 million).

Pursuant to certain construction contracts signed by the Company and fellow subsidiaries and associates of BUCG, the Company was engaged to purchase construction contracting services, and the backlog as at 30 June 2020 amounted to RMB717 million (unaudited) (31 December 2019: RMB1,240 million).

Pursuant to certain design service contracts signed by the Company and a joint venture and an associate, the Company was engaged to purchase design, survey and consultancy services, and the backlog as at 30 June 2020 amounted to RMB12 million (unaudited) (31 December 2019: RMB23 million).



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

25. 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:

| | 30 June 2020 RMB' 000 (Unaudited) |
|--|--|
| Financial assets | |
| Financial assets at fair value through profit or loss: | |
| Financial assets at fair value through profit or loss | 216,342 |
| Financial assets at fair value through other comprehensive income: | |
| Equity investments designated at fair value through other comprehensive income | 17,200 |
| Financial assets at amortised cost: | |
| Trade and bills receivables | 4,849,284 |
| Financial receivables | 5,084,586 |
| Financial assets included in contract assets | 561,499 |
| Financial assets included in prepayments, other receivables and other assets | 234,806 |
| Pledged deposits | 27,759 |
| Cash and bank balances | 2,967,173 |
| | 13,958,649 |
| Financial liabilities | |
| Financial liabilities at amortised cost: | |
| Interest-bearing bank and other borrowings | 5,330,872 |
| Trade and bills payables | 4,038,997 |
| Financial liabilities included in other payables and accruals | 396,363 |
| | 9,766,232 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

25. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 December
2019
RMB'000

Financial assets

Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss 134,640

Financial assets at fair value through other comprehensive income:

Equity investments designated at fair value through other comprehensive income 17,452

Financial assets at amortised cost:

Trade and bills receivables 4,768,740

Financial receivables 3,191,027

Financial assets included in contract assets 2,275,374

Financial assets included in prepayments, other receivables and other assets 209,055

Pledged deposits 22,879

Cash and bank balances 3,884,935

14,504,102

Financial liabilities

Financial liabilities at amortised cost:

Interest-bearing bank and other borrowings 5,155,223

Trade and bills payables 3,988,972

Financial liabilities included in other payable and accruals 217,515

9,361,710

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

26. 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, are as follows:

| | Carrying amount | | Fair value | |
|---|--|---------------------------------|--|---------------------------------|
| | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 | 30 June 2020 RMB' 000 (Unaudited) | 31 December 2019 RMB' 000 |
| Financial assets | | | | |
| Financial assets at fair value through profit or loss | 216,342 | 134,640 | 216,342 | 134,640 |
| Equity investments designated at fair value through other comprehensive income | 17,200 | 17,452 | 17,200 | 17,452 |
| Financial receivables | 5,084,586 | 3,191,027 | 5,066,099 | 3,138,462 |
| Financial assets included in contract assets | 561,499 | 2,275,374 | 565,146 | 2,280,313 |
| Financial assets included in prepayments, other receivables and other assets, non-current portion | 21,333 | 22,589 | 20,689 | 21,660 |
| | 5,900,960 | 5,641,082 | 5,885,476 | 5,592,527 |
| Financial liabilities | | | | |
| Interest-bearing bank and other borrowings, non-current portion | 4,740,488 | 4,578,869 | 4,572,710 | 4,409,298 |
| Financial liabilities included in other payables and accruals, non-current portion | 11,132 | 7,493 | 10,786 | 6,755 |
| | 4,751,620 | 4,586,362 | 4,583,496 | 4,416,053 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Management has assessed that the fair values of cash and bank balances, pledged deposits, the current portion of trade and bills receivables, trade and bills payables, the current portion of financial assets included in prepayments, other receivables and other assets, the current portion of financial liabilities included in other payables and accruals and the current portion of interest-bearing bank and other borrowings 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 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, financial assets included in prepayments, other receivables and other assets, the financial receivables, contract assets and the non-current portion of financial liabilities included in other payables and accruals and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2020 were assessed to be insignificant.

The fair value of unlisted equity investments designated at fair value through other comprehensive income has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on the industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to the earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple and price to earnings ("P/E") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)**

30 June 2020

**26. 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 2020

| | 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 assets at fair value through profit or loss: | | | | |
| Unlisted equity investments | – | – | 216,342 | 216,342 |
| Financial assets designated at fair value through other comprehensive income: | | | | |
| Unlisted equity investments | – | – | 17,200 | 17,200 |
| | – | – | 233,542 | 233,542 |

31 December 2019

| | Fair value measurement using | | | Total RMB' 000 |
|---|--|--|--|-------------------|
| | Quoted prices in active markets (Level 1) RMB' 000 | Significant observable inputs (Level 2) RMB' 000 | Significant unobservable inputs (Level 3) RMB' 000 | |
| Financial assets at fair value through profit or loss: | | | | |
| Unlisted equity investments | – | – | 134,640 | 134,640 |
| Financial assets designated at fair value through other comprehensive income: | | | | |
| Unlisted equity investments | – | – | 17,452 | 17,452 |
| | – | – | 152,092 | 152,092 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy: (Continued)

Assets for which fair values are disclosed:

30 June 2020

| | 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 receivables | – | 5,066,099 | – | 5,066,099 |
| Financial assets included in contract assets | – | 565,146 | – | 565,146 |
| Financial assets included in prepayments, other receivables and other assets, non-current portion | – | 20,689 | – | 20,689 |
| | – | 5,651,934 | – | 5,651,934 |

31 December 2019

| | Fair value measurement using | | | Total RMB' 000 |
|---|--|--|--|-------------------|
| | Quoted prices in active markets (Level 1) RMB' 000 | Significant observable inputs (Level 2) RMB' 000 | Significant unobservable inputs (Level 3) RMB' 000 | |
| Financial receivables | – | 3,138,462 | – | 3,138,462 |
| Financial assets included in contract assets | – | 2,280,313 | – | 2,280,313 |
| Financial assets included in prepayments, other receivables and other assets, non-current portion | – | 21,660 | – | 21,660 |
| | – | 5,440,435 | – | 5,440,435 |

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)**

30 June 2020

**26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS
(CONTINUED)**

Fair value hierarchy: (Continued)

Liabilities for which fair values are disclosed:

30 June 2020

| | 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) | |
| Interest-bearing bank and other borrowings, non-current portion | – | 4,572,710 | – | 4,572,710 |
| Financial liabilities included in other payables and accruals, non-current portion | – | 10,786 | – | 10,786 |
| | – | 4,583,496 | – | 4,583,496 |

31 December 2019

| | Fair value measurement using | | | Total RMB' 000 |
|--|--|--|--|-------------------|
| | Quoted prices in active markets (Level 1) RMB' 000 | Significant observable inputs (Level 2) RMB' 000 | Significant unobservable inputs (Level 3) RMB' 000 | |
| Interest-bearing bank and other borrowings, non-current portion | – | 4,409,298 | – | 4,409,298 |
| Financial liabilities included in other payables and accruals, non-current portion | – | 6,755 | – | 6,755 |
| | – | 4,416,053 | – | 4,416,053 |



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2020

27. EVENTS AFTER THE REPORTING PERIOD

As disclosed in note 8, the board of directors of the Company proposed on 28 August 2020, a final dividend of RMB0.1290 per ordinary share in respect of the year ended 31 December 2019. The proposed final dividend is subject to the approval of the Company's shareholders at the forthcoming general meeting.

28. 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 28 August 2020.