



北京城建设计发展集团股份有限公司

BEIJING URBAN CONSTRUCTION DESIGN & DEVELOPMENT GROUP CO., LIMITED

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

Stock Code: 1599

Interim Report
2021

DESIGN THE CITY
BUILD THE FUTURE





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DEFINITIONS

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

“Articles of Association”	the Articles of Association of Beijing Urban Construction Design & Development Group Co., Limited
“Board” or “Board of Directors”	the board of Directors of the Company
“Board of Supervisors”	the board of Supervisors of the Company
“Company”	Beijing Urban Construction Design & Development Group Co., Limited (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

DEFINITIONS (CONTINUED)

“NDRC”	National Development and Reform Commission of the People’s Republic of China
“PPP”	a model of public-private partnerships jointly participating in the construction of public infrastructure
“PRC” or “China”	the People’s Republic of China
“Reporting Period”	the six months ended 30 June 2021
“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

CORPORATE INFORMATION

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, Dah Sing Financial Centre,
No.248 Queen's Road East,
Wanchai, Hong Kong

LEGAL REPRESENTATIVE:

Mr. Pei Hongwei

SECRETARY OF THE BOARD:

Mr. Xuan Wenchang

COMPANY SECRETARY:

Mr. Xuan Wenchang

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

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY

In the first half of 2021, the Design & Development Group insists on design-led, industrial synergy and innovation-driven, focusing on the whole industry chain of urban rail transportation and making precise efforts to achieve continuous growth in market scale and efficient performance of projects on hand.

For the six months ended 30 June 2021, the Group's revenue amounted to RMB4,822 million, representing an increase of RMB485 million or 11.18% compared to RMB4,337 million for the corresponding period of last year. The Group's net profit amounted to RMB400 million, representing an increase of RMB43 million or 12.04% compared to the net profit of RMB357 million for the corresponding period of last year.

FINANCIAL REVIEW

Summary of Operating Results

	For the six months ended 30 June	
	2021 (RMB'000) (Unaudited)	2020 (RMB'000) (Unaudited)
Revenue	4,822,047	4,336,770
Cost of sales	(3,939,548)	(3,561,175)
Gross profit	882,499	775,595
Other income and gains	226,182	214,140
Selling and distribution expenses	(42,399)	(30,792)
Administrative expenses	(403,907)	(330,781)
Impairment losses on financial and contract assets, net	(212,530)	(139,979)
Other expenses	(2,577)	–
Finance costs	(128,145)	(119,315)
Share of profits of joint ventures	123,595	49,126
Share of profits of associates	157	191
Profit before tax	442,875	418,185
Income tax expense	(42,568)	(61,153)
Profit for the period	400,307	357,032

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 2021, the Group achieved a revenue of RMB4,822 million, representing an increase of RMB485 million or 11.18% compared to RMB4,337 million for the corresponding period of last year. The increase was mainly due to the focus on strengthening the performance of projects on hand, while actively expanding into and having presence in new railway markets such as low and medium capacity rail transportation, intercity railways and suburban railways, driving the steady growth of the Company's revenue.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

An analysis of revenue by segment is as follows:

Products by industry	For the six months ended 30 June	
	2021 (RMB'000) (Unaudited)	2020 (RMB'000) (Unaudited)
Design, survey and consultancy	1,752,612	1,487,899
Construction contracting	3,069,435	2,848,871
Total	4,822,047	4,336,770

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 2021, The Group followed the call of the National Development and Reform Commission to promote the construction of intercity railways and suburban railways as a whole, and won the tender for the design of the Zhengzhou K2 line and the Hangzhou-Dezhou Intercity Railway, to consolidate its leading position in urban rail transit design continuously. In the field of civil and municipal construction, we made a breakthrough in the design of terminal buildings and won the tender for solutions design of the Shenzhen Airport East Integrated Transportation Hub project, making steady progress.

For the six months ended 30 June 2021, revenue of the design, survey and consultancy business segment of the Group amounted to RMB1,753 million, representing an increase of RMB265 million or 17.81% compared to RMB1,488 million for the corresponding period in 2020. Among which, the revenue of the urban rail transit construction segment amounted to RMB1,376 million, representing an increase of RMB232 million or 20.28% compared to RMB1,144 million for the corresponding period of last year, mainly due to strengthening of team synergy development within the Company and maintaining efficient performance of projects on hand. Revenue from the industrial and civil construction and municipal engineering was RMB377 million, representing an increase of RMB33 million or 9.59% compared to RMB344 million in the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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, and Shaoxing, etc.

For the six months ended 30 June 2021, the Group's revenue from the construction contracting business segment was RMB3,069 million, representing an increase of RMB220 million or 7.72% compared to RMB2,849 million for the corresponding period of last year. Such increase was mainly attributable to the year-on-year increase in our work volumes as the construction of existing projects has progressed as scheduled, such as general contracting of Guangzhou Rail Transit Line 10 and the implementation, construction of shared auxiliary facilities for Beijing's sub-central city, Green Heart and three public buildings, Contracted Section #01 of Rail Transit Reserved Engineering.

COST OF SALES

For the six months ended 30 June 2021, the cost of sales incurred by the Group was RMB3,940 million, representing an increase of RMB379 million or 10.64% as compared to RMB3,561 million for the corresponding period of last year. The increase in costs was slightly lower than the increase in revenue.

For the six months ended 30 June 2021, cost of sales of the Group's design, survey and consultancy segment increased to RMB1,220 million for the current period from RMB1,032 million for the corresponding period of last year, representing an increase of 18.22%. Among that, the cost of sales of the urban rail transit business of the Group's design, survey and consultancy segment increased to RMB944 million for the current period from RMB764 million for the corresponding period of last year, representing an increase of 23.56%. The cost of sales of the industrial and civil construction and municipal engineering business of the design, survey and consultancy segment increased to RMB276 million for the current period from RMB268 million for the corresponding period of last year, representing an increase of 2.99%.

For the six months ended 30 June 2021, the cost of sales of the Group's construction contracting segment increased to RMB2,720 million for the current period from RMB2,529 million for the corresponding period of last year, representing an increase of 7.55%, in line with the increase in revenue from construction segment.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

GROSS PROFIT AND GROSS MARGIN

For the six months ended 30 June 2021, the gross profit of the Group was RMB882 million, representing an increase of RMB106 million or 13.66% compared to RMB776 million for the corresponding period of last year, while the consolidated gross margin increased from 17.89% to 18.29%, which was mainly attributable to the higher revenue share of the design and consultancy business segment with higher gross margins in the first half of 2021.

The gross profit of design, survey and consultancy segment increased to RMB533 million for the current period from RMB456 million for the corresponding period of last year, representing an increase of RMB77 million or 16.89%. The gross margin remained steady at 30.41% for the current period, as compared with 30.65% for the corresponding period of last year. The gross profit of the construction contracting segment increased from RMB320 million for the corresponding period of last year to RMB349 million for the current period, representing an increase of RMB29 million or 9.06%. The gross margin increased from 11.23% for the corresponding period of last year to 11.37% for the current period, which was basically stable.

OTHER INCOME AND GAINS

For the six months ended 30 June 2021, other income and gains of the Group were RMB226.18 million, representing an increase of RMB12.04 million or 5.62% as compared to RMB214.14 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 2021, selling and distribution expenses of the Group were RMB42.40 million representing an increase of RMB11.61 million or 37.71% as compared to RMB30.79 million for the corresponding period of last year, which was mainly attributable to the increase in selling and distribution expenses as the Company took the initiative to increase market expansion and continued to develop new rail transit markets.

ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2021, administrative expenses of the Group were RMB403.91 million, representing an increase RMB73.13 million or 22.11% as compared to RMB330.78 million for the corresponding period of last year, which was mainly attributable to increases in research and development expenditure as the Company increased investment in scientific research projects.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IMPAIRMENT LOSSES ON FINANCIAL AND CONTRACT ASSETS

For the six months ended 30 June 2021, the impairment losses on financial and contract assets of the Group amounted to RMB212.53 million, representing an increase of RMB72.55 million compared to the corresponding period of last year, mainly due to the increase in receivables in the period.

OTHER EXPENSES

For the six months ended 30 June 2021, other expenses of the Group were RMB2.58 million.

FINANCE COSTS

For the six months ended 30 June 2021, finance costs of the Group were RMB128.15 million, representing an increase of RMB8.83 million or 7.40% as compared to RMB119.32 million for the corresponding period of last year, mainly attributable to an increase in the bank borrowings for the construction contracting business segment.

INCOME TAX EXPENSE

For the six months ended 30 June 2021, the income tax expense of the Group was RMB42.57 million, representing a decrease of RMB18.58 million or 30.38% as compared to RMB61.15 million for the corresponding period of last year, mainly attributable to the decrease in deferred income tax expense caused by the significant increase in impairment losses on financial and contract assets.

PROFIT FOR THE PERIOD

For the six months ended 30 June 2021, the Group's profit for the period was RMB400 million, representing an increase of RMB43 million or 12.04% as compared to RMB357 million for the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CASH FLOWS

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

	Six Months Ended 30 June	
	2021	2020
	(RMB'000)	(RMB'000)
	(unaudited)	(unaudited)
Net cash outflows from operating activities	(814,244)	(493,572)
Net cash outflows from investing activities	(434,535)	(437,408)
Net cash inflows from financing activities	287,358	10,588
Net decrease in cash and cash equivalents	(961,421)	(920,392)

From January to June 2021, net cash outflows from operating activities was RMB814 million, which was mainly attributable to the Company's operating receipts of RMB4,004 million, payment of RMB4,762 million for purchasing goods and services received in the current period, making cash payment to employees and on behalf of employees, settling various taxations and fees and others; net cash outflows from investing activities was RMB435 million, which was mainly due to paid-in capital contribution to Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd. and Chongqing Yuxi Express Railway Construction and Operation Co., Ltd (重慶市渝西快線建設運營有限公司), and the outflow of RMB204 million as borrowings to Shengtong Real Estate *(晟通置業), expenditures of RMB183 million for purchase of fixed assets, intangible assets and other long-term assets; the net cash inflow from financing activities was RMB287 million, mainly due to proceeds from financing of RMB628 million, repayment of loans and interest expenses of approximately RMB267 million, and the lease payment in the current period of approximately RMB60 million.

PLEDGE OF ASSETS

As at 30 June 2021, the contract assets and financial receivables, trade receivables and intangible assets of the Group were pledged to secure the certain bank borrowings granted to the Group. As at 30 June 2021, the net pledged contract assets and financial receivables, trade receivables and intangible assets were RMB6,367 million (as at 31 December 2020: RMB6,390 million).

CAPITAL COMMITMENT

The capital commitment of the Group as at 30 June 2021 and 31 December 2020 were as follows:

	30 June 2021 (RMB'000) (unaudited)	31 December 2020 (RMB'000)
Contracted, but not provided for:		
Property, plant and equipment	13,362	13,362
Equity investments	2,151,391	2,617,582
	2,164,753	2,630,944

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 at 30 June 2021, the net current assets of the Group were RMB1,916 million, among which cash and cash equivalents amounted to RMB2,568 million. The liquidity of the Group was sound and healthy and the Group had adequate cash and available facilities to satisfy its operating needs.

As at 30 June 2021, the Group's interest-bearing borrowings were RMB5,790 million while the gearing ratio (gearing ratio represents the total interest-bearing borrowings as of 30 June 2021 divided by the total equity as at 30 June 2021) was 97.80%.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

INDEBTEDNESS

The table below sets forth the total borrowings of the Group as at 30 June 2021 and 31 December 2020. The Group settles the borrowings on time.

	30 June 2021 (RMB'000) (unaudited)	31 December 2020 (RMB'000)
Bank borrowings		
Pledged	4,810,813	4,611,766
Non-pledged	99,398	110,689
Other borrowings		
Non-pledged	578,000	578,000
Bonds		
Non-pledged	301,816	–
Total	5,790,027	5,300,455

The Group's borrowings are denominated in RMB with interest rates ranging from 3.25% to 5.22%.

The table below sets forth the maturity of the Group's debts as at 30 June 2021 and 31 December 2020.

	30 June 2021 (RMB'000) (unaudited)	31 December 2020 (RMB'000)
Within one year	697,376	475,032
Between one to two years	254,000	333,000
Between two to three years	353,000	353,000
Between three to four years	595,000	544,000
Between four to five years	430,000	520,000
Over five years	3,460,651	3,075,423
Total	5,790,027	5,300,455

SIGNIFICANT INVESTMENT

The main business of Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd. is the investment, construction and operation & maintenance of construction projects. Holding the shares of Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd. is conducive to promoting the need of the Company to enhance profitability, and is conducive to the Company's market expansion and industrial chain integration. As at 30 June 2021, the investment amount was RMB1.73 billion, accounting for 8.1% of the total asset value as at 30 June 2021, and the details of this significant investment by the Company are as follows:

Company name	Main business	Number of shares held by the Company	Shareholding of the Company	Cost of investment (RMB'000)	Income on investment for the period (RMB'000)
Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd.	Construction management of urban rail transit construction (section B), investment and financing related to operation, operation and management, mechanical and electrical equipment renovation, ticket management, commercial property development along the line, house lease along the line, advertising design, production, agency and release along the line, resource development of rail transit station and underground space, development, operation and management of import and export resources of Kunming Rail Transit Line 4 (projects that must be approved legally can be carried out after approval from relevant authorities).	78,280,000	78.28%	1,512,204	125,662

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 and transactions from operations of the Group that involve exchange rate risk are mainly related to U.S. dollars and HK dollars. 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.

EVENTS AFTER THE BALANCE SHEET DATE

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

PROFIT DISTRIBUTION AND INTERIM DIVIDENDS

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

EMPLOYEES

As of 30 June 2021, the Group had approximately 4,364 employees, representing a decrease of 25 employees or 0.57% as compared to 4,389 employees at the end of last year. As at 30 June 2021, employees with senior titles or above, employees with intermediate titles and employees with primary titles or below accounted for 33%, 38% and 29% of the total number of employees of the Group, respectively. Among which, the ratio of employees with senior titles has increased. During the Reporting Period, there was no change in the remuneration policy and training plan of the Group. For related information, please refer to the Company's 2020 annual report.

ORDERS

As at 30 June 2021, the Company realized an aggregate winning bid amount of RMB12,940 million. Among that, the winning bid amount of the design, survey and consultancy business segment was RMB2,753 million, of which the projects were carried out in Zhengzhou, Hangzhou, Wuxi, Shenzhen, Xuzhou, Changchun, Tianjin, Xi'an and other places; and the winning bid amount of the construction general contracting business was RMB10,187 million, of which the projects were carried out in Beijing, Chongqing and other places.

COMPANY-WIDE MANAGEMENT MEASURES IN THE SECOND HALF OF 2021

In the second half of 2021, we will remain committed to the work goals for the year by inspiring enthusiasm, seizing opportunities and integrating the synergy of the entire industry chain. We will focus on the development philosophy of leading by design, industrial collaboration and innovation driven by further improving the development of group-based management system and governance capabilities. We will continue to advance the high-quality development, thus getting the "14th Five-Year Plan" off to a great start.

The Company's specific management measures in 2021 include the following five areas:

1. Focusing on market expansion for the design consultation segment

We will strengthen marketing organization, optimize market layout, and keep up with changes in the new railway market. The Group will integrate rail transit and civil construction and municipal design resources by giving full play to the leading role of rail transit, to further expand markets such as operating transformation, transportation hubs, and TOD development. For the survey business, by taking the double-driven engine of traditional survey and smart engineering as the starting point, the Group will develop a market-oriented business model that is systematic, professional, industrial and regional, with an aim of releasing new vitality for development. For civil construction and municipal designs, the Group will be well positioned to grab the opportunities presented by the national urban upgrading and actively seek for differentiated development, with the focus on the promotion of urban upgrading, civil and military integration, urban EPC project cluster, cultural and travel products and other potential markets.

2. Making steady progress in the construction general contracting segment

The Group will stay committed to performance-based marketing, professional marketing, and coordinated marketing. In addition, it works to make a balance between normalized pandemic prevention and control and operations and production, through strict adherence to the red line of safety control and the bottom line of quality control, so as to make every effort to promote high-standard performance of projects under implementation. We will focus on urban rail transit and roads, power tunnels, pipe corridors and other markets, while being committed to “go out” strategy, to increase marketing efforts in key markets including the Greater Bay Area, Jinan, Qingdao, Zhengzhou, Urumqi, Wuhan and Suzhou, thus further expanding the market share.

3. Focusing on business innovation to create distinctive brands

We will further improve the upstream and downstream industrial chain layout of the Company in a way that enhances the overall strength of the industrial chain. Starting with the operation and management of Kunming Line 4, we seek for promoting the comprehensively budget-based and information-focused development of the rail transit operation management business in an orderly manner, realizing the standardization and digital transformation of operation management from the business-wide scope, full-life cycle and all-round perspectives. We will also actively shape the sample standardization cases of urban rail transit in “investment, construction and operation” to achieve leapfrog development of urban rail transit operation.

4. Strengthening the Company’s new drivers for development with faster pace of innovation

While improving the innovation platform management system, we will comprehensively sort out the results of the national engineering laboratory, strengthen the technological innovation management system, and accelerate the implementation of favorable policies in relation to science and technology. Leveraging on more market-oriented research and development of technologies, we will concentrate our technological forces on making breakthroughs in core technologies, and focus on the development of new transportation technology, green construction technology, utilization of underground space, and research and development of digital engineering technology, thus forming a series of core products with independent intellectual property rights. Moreover, we will promote high-standard innovation and upgrading of mass entrepreneurship and innovation platforms to a high level by provision of innovative services such as learning platforms, talent supply and demand, innovation docking, and project display, to drive the re-upgrading of mass entrepreneurship and innovation events, thus demonstrating the industry leadership and mission value of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

5. Support leap development of the Company by comprehensive management upgrading

The Company will continue to advance its optimized organizational reform, and create a new pattern of high-quality development of the Company through in-depth practice of the commitment of “reducing leverage, receivables, inventory appropriation fund and costs, and mitigating losses for high-quality development”. The Company will continuously improve its internal control system, and enhance the level of systematic and professional management of legal affairs. It will tighten project budget control, and standardize project settlement, to promote standardised and refined management and control over the entire project process. The Company will also further improve its safety management system, strengthen the management of its dual control platform and the platform for troubleshooting of danger risks, enhancing the safety work level. The Company will make further efforts to strengthen responsibilities for technical quality control at all levels, and beef up quality supervision and inspection with the quality month activity as the starting point. Furthermore, the Company will continue to develop and improve its collaborative design system, 3D drawing-censoring and BIM positive design system construction, enhance efficiency and quality of services and production, and strengthen network and information system security. It endeavors to optimize industry organizations, strengthen the management of representatives dispatched by industry organizations, thus consolidating voice of the industry.

The grand blueprint of the “14th Five-Year Plan” has been slowly unfolded, amid which, we have once again embarked on a new journey of high-quality development. A bright future is forging ahead with innovation and sublimated with dedication. The Company will remain committed to the main direction of high-quality development, forge ahead with determination, and make pragmatic endeavors to fully achieve the missions and goals for the year, thus getting the “14th Five-Year Plan” off to a great start.

MARKET LANDSCAPE AND BUSINESS OUTLOOK

In April 2021, the NDRC issued Key Tasks for New Urbanization and Urban-Rural Integration Development in 2021 (《2021年新型城鎮化和城鄉融合發展重點任務》). Regarding rail transit, the document proposed the construction of urban clusters and metropolitan circles on the rails, acceleration of the planning and construction of intercity railways in key urban clusters such as the Beijing-Tianjin-Hebei, the Yangtze River Delta, and the Guangdong-Hong Kong-Macao Greater Bay Area, and support of rational planning and construction of inter-city rail transit in other urban clusters provided that conditions allow.

In the first half of 2021, the NDRC issued Multi-level Rail Transit Planning in Yangtze River Delta (《長江三角洲地區多層次軌道交通規劃》), Comprehensive Transportation Development Plan of the Twin-City Economic Circle in Chengdu-Chongqing Region (《成渝地區雙城經濟圈綜合交通運輸發展規劃》), approved the Fuzhou Metropolitan Area Development Plan; Nanjing City issued the Nanjing Metropolitan Area Development Plan (《南京都市圈發展規劃》), Hebei Province issued the “Implementation Opinions on Promoting the Accelerated Development of Urban (Suburb) Railways in the Metropolitan Circle” (《關於推動都市圈市域(郊)鐵路加快發展實施意見》), Shanghai’s “Comprehensive Transportation Planning Announcement during “14th Five-Year” period and other policies suggest that urban express rail/urban (suburban) railway will become a new transportation mode that effectively connects suburbs/urban urban clusters, and the importance and demand of urban express rail will be greatly increased.

URBAN RAIL TRANSIT

According to the China Association of Metros (中國城市軌道交通協會), as of 30 June 2021, there was an aggregate operating rail transit distance of 8,448.67 km in 49 cities in Mainland China. In the first half of 2021, four more cities had urban rail transit in operation, namely Luoyang, Jiaxing, Shaoxing and Nanping. Another fourteen cities had new lines in operation or new sections opened, including Shanghai, Chongqing, Wuhan, Shenyang, Xi'an, Suzhou, Hangzhou, Shijiazhuang, Guiyang, Xiamen, Jinan, Changzhou, Xuzhou and Zhuzhou. In the first half of 2021, there were eighteen lines in operation newly added and four extensions or sections opened, with a total length of 478.97 km.

In the first half of 2021, the NDRC only approved phase II of Foshan urban rail transit construction planning. The total length of the newly approved construction planning lines was 115.8 km, with a total additional investment amount of RMB77.213 billion.

In the first half of 2021, rail transit design and consulting segment of the Company continued to develop rapidly due to securing of two general contracting projects for survey and design of Zhengzhou K2 Line and Hangzhou-Deqing Intercity Railway; new achievements were made in the civil air defense market due to securing of the general contracting project of the civil air defense project of Changchun Metro Line 5; for the existing projects, we secured three transportation planning engagements, including the intercity railway in the Haicheng Wending Comprehensive Economic Circle of Hainan Province, the Intercity Railway in the Greater Sanya Tourism Economic Circle, and the comprehensive development along the Nantong rail transit line, laying a solid foundation for the subsequent expansion of intercity rail transit, and maintained a leading position in the industry.

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 the laboratory base is underway, and the preparation of laboratory inspection report has been completed for acceptance. 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(綜合交通運輸與智能交通)" of national key research and development programs have completed the interim acceptance and gained steady progress. The incubation project with market prospects was approved by the Company. The Company participated in the compilation of "Development Thoughts on Urban Rail Transit Development Strategy and "14th Five-Year" to steer the wheel of development. The post-doctoral workstation recruited two postdoctors and was funded by the National Postdoctoral Foundation (國家博士後基金). The construction of Enterprise Innovation Center, Center of Railway Structure and Energy Conservation Center in Beijing has been advancing steadily.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

PPP

In the first half of 2021, China has taken the lead in recovering from the COVID-19, and various economic development works were put back on the right track, leading to an obvious recovery of the PPP market. According to data released by China Public Private Partnerships Center, as of the end of May 2021, 10,132 projects with an investment of RMB15.7 trillion were entered into their data base, and a total of 7,340 projects were contracted and implemented, representing a completion rate of 72.4%, and a total of 4,444 projects commenced construction, representing a commencement rate of 60.5%. The implementation of PPP projects has been accelerated. The PPP model is still an important driver for promoting China's urbanization process to make up for shortcomings. In the first half of 2021, the Company won the bidding for the PPP Project of Bishan-Tongliang Line of Chongqing Suburban Railway (重慶市市郊鐵路璧山至銅梁線工程 PPP 項目). This project is a major innovation of the Company in the field of rail transit investment and financing, and is also a significant initiative for us to make presence in the suburban railway investment and build the first echelon market.

In 2021, China will implement its "14th Five-Year" development plan, will take various measures to stabilize growth, protect people's livelihood, reduce leverage, and prevent systemic risks, continue to deepen reform of the government budget management system, and significantly increase control of the debt risk of state-owned enterprises. The issuance and application for government special bonds will be calmed and standardized. The first batch of infrastructure public offering of REITs were successfully issued, which will further guide the infrastructure market to transform from quantity to quality. At this time, the high-quality PPP model with a complete process will continue to play an important role in the investment and construction field of China's infrastructure market.

INVESTMENT AND CONSTRUCTION

As the local governments continued to tighten their debt control policies, the funding sources required for construction and operation of infrastructure and public service projects have gradually been restricted and regulated. Investment and financing models represented by franchising, ABO, F+EPC, etc. will be increasingly valued and favored by local governments. Subject to strictly controlling hidden debts, local governments and social investors used these new investment and financing models in a compliant manner to ensure the compliance of borrowing entities and the compliance of PPP projects. Constant innovation and development of the cooperation model between government and social capital, are important to optimization of the business environment, forming an effective carrier for win-win cooperation between social capital and local governments, and encourage the social capital to get more involved in government project actively.

URBAN AND RURAL PLANNING

In the face of the increasingly challenging market situation, the planning of the Company has followed the trend of reform in the planning industry and made greater efforts to gain market share in the preparation of territorial spatial planning. We have set up an urban renovation team and participated in a series of street renovation projects in Xicheng District, Beijing and Mapo Township, Shunyi District, Beijing; and assigned team members to act as “responsible planners” for Beijing Financial Street, Shidu Township, Fangshan District, Shijiaying Township, Fangshan District and Xiayunling Township, Fangshan District, providing a full range of professional and technical advisory services to local governments; In response to the requirements of ecological civilization and the construction of a beautiful China, the team has responded to the market demand of “building beautiful cities and villages” and “realizing high-quality development” in various places, ranging from macroscopic urban landscape planning, medium-scale landscape system planning to microscopic landscape node design.

DEVELOPMENT OF INTEGRATED URBAN SPACE (TOD)

The country has proposed to create a “metropolitan area on the rail” and promoted the integrated development of urban rail transport and cities. In the future, urban rail transport will be deeply integrated with other transport systems on the one hand, and with the development of city-related industries on the other. As a result, the construction of intercity and urban rail transportation, as well as the integrated development of cities represented by the TOD model, will become hot spots.

The Company has made a breakthrough in the airport terminal design business, winning the tender for the Shenzhen Airport East integrated transportation hub concept design and main building design solution project. The comprehensive development planning project along the rail transit of Nantong City was successfully carried out.

CONSTRUCTION BUSINESS

The project of civil-military integration was vigorously promoted, and President Xi proposed at the Third Session of the 12th National People’s Congress to elevate the development of civil-military integration to a national strategy, which pointed out the direction for the pattern of in-depth development of civil-military integration. The Company seized this opportunity to mobilize the required human, financial and material resources in a unified manner and signed an order of 10 million dollar for a central project.

In the past two years, beautiful villages, urban renovation and old city renovation have become hot spots for investment, and we have undertaken projects for the renovation of existing buildings of Central China Normal University; we have signed another order for the renovation of the new city of Li County after the renovation of Gao’an City; and undertook the design task of the 100th anniversary of the founding of the Communist Party of China; followed up the railway sightseeing line project in Mentougou District, Beijing.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

EPC (GENERAL CONTRACTING)

In the face of the current market situation, which is dominated by State-owned enterprises, the Company has fully utilized the advantages of its existing projects in terms of human resources, materials and financial resources as well as various social resources in the local market, such as, Beijing-Tianjin-Hebei, Yangtze River Delta, Greater Bay Area, Chengdu-Chongqing area, etc., with Beijing as the core, focusing on the more mature marketing regions such as and so on, paying close attention to market dynamics and broadening the follow-up construction projects as to promote the sustainable development of the regional market.

We will continue to expand the scope of our rail transportation projects, actively follow up on the renovation projects of the old lines of the operating companies, and work on the maintenance projects in hand to win more market shares with good performance. We will try to venture into the field of public construction projects to cultivate new marketing growth points and diversify our development.

INTERNATIONAL BUSINESS SEGMENT

International engineering projects amid the new situation have encountered great challenges, but also new opportunities. Decreases in new projects and opportunities; decline in the total contract amount; more cautious investments by financial institutions; the changes in the world landscape brought by the COVID-19 pandemic have caused adverse effects on project performance and operation; while technical innovation and business model innovation that adapt to new external conditions and market conditions (cost, construction period, quality, safety) have not yet formed a leading force.

In this regard, the Company integrated international engineering business management agencies, and leveraged on the leading and driving role of design consulting in the coordinated development of the entire industrial chain of urban rail transit, to comprehensively enhance the competitiveness of the international market, and improve the quality and efficiency of development. This is the strategic policy of the international engineering business.

Since the outbreak of COVID-19 pandemic in 2020, except for existing projects under normal fulfillment in markets in Africa, Eastern Europe, and Central Asia, the Company also signed a system design contract for Columbia's Bogota Metro Line 1, and design consulting projects for a port city in Sri Lanka, and the Laos Air Force headquarters building, which further expanded the markets in South America and Southeast Asia, and realized the integration of rail transit projects and housing construction projects with international standards.

OTHER INFORMATION

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 2021, 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 2021, 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

Changes of Directors

On 10 March 2021, the Company issued an announcement that Mr. Tang Shuchang tendered his resignation as a non-executive Director of the Company due to change of job assignment, with effect from the date of approval for the new appointment of non-executive Director at the Shareholders' general meeting of the Company.

The relevant resolution has been passed at a meeting of the Board held on 10 March 2021 to propose the appointment of Ms. Shi Huaxin as a non-executive Director to fill the vacancy following the resignation of Mr. Tang Shuchang. The Shareholders of the Company approved such appointment by way of an ordinary resolution at the 2020 annual general meeting held on 28 May 2021. Please refer to the Company's announcement dated 28 May 2021 for details.

There were no changes in the members of the Board of Supervisors during the Reporting Period.

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*)
Ms. WU Donghui (*Non-executive Director*)
Ms. SHI Huaxin (*Non-executive Director*)
Mr. GUAN Jifa (*Non-executive Director*)
Mr. REN Yuhang (*Non-executive Director*)
Mr. SU Bin (*Non-executive Director*)
Mr. WANG Tao (*Non-executive Director*)
Mr. REN Chong (*Non-executive Director*)
Mr. WANG Guofeng (*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 2021, 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	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.

OTHER INFORMATION (CONTINUED)

- Beijing Infrastructure Investment Co., Ltd. ("Beijing Investment Company") 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. On 4 August 2020, Beijing Investment Company and Beijing MTR Construction Administration Corporation (北京市軌道交通建設管理有限公司) ("MTR Construction") implemented a merger and restructuring. After the merger and restructuring, Beijing Investment Company directly and indirectly holds 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). For details, please refer to the Company's announcement dated 10 August 2020.
- 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).
- 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).
- 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.

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 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 Investment Company 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 2021, 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.

OTHER INFORMATION (CONTINUED)

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 and other requirements, in order to promote the diversified development of the Company and provide new economic growth points for the development of the Company, and taking into account the business development 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 10 March 2021 and 28 May 2021 and the circular of the Company dated 7 May 2021.

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 2021.

The Audit Committee of the Company has reviewed the interim report of the Group for the six months ended 30 June 2021 and the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2021.

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.

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.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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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 2021 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
27 August 2021

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

For the six-month period ended 30 June 2021

	Notes	Six-month period ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
REVENUE	4	4,822,047	4,336,770
Cost of sales	6	(3,939,548)	(3,561,175)
Gross profit		882,499	775,595
Other income and gains	4	226,182	214,140
Selling and distribution expenses		(42,399)	(30,792)
Administrative expenses		(403,907)	(330,781)
Impairment losses on financial and contract assets, net		(212,530)	(139,979)
Other expenses		(2,577)	–
Finance costs	5	(128,145)	(119,315)
Share of profits and losses of:			
Joint ventures		123,595	49,126
Associates		157	191
PROFIT BEFORE TAX	6	442,875	418,185
Income tax expense	7	(42,568)	(61,153)
PROFIT FOR THE PERIOD		400,307	357,032
Profit attributable to:			
Owners of the parent		403,185	356,022
Non-controlling interests		(2,878)	1,010
		400,307	357,032
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		81	(152)
<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		(2,175)	675
Re-measurement loss on defined benefit plans, net of tax		(10)	(2,500)
Net other comprehensive income that will not to be reclassified to profit or loss in subsequent periods, net of tax		(2,185)	(1,825)

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

For the six-month period ended 30 June 2021

	<i>Notes</i>	Six-month period ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		(2,104)	(1,977)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		398,203	355,055
Attributable to:			
Owners of the parent		401,081	354,045
Non-controlling interests		(2,878)	1,010
		398,203	355,055
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic and diluted (expressed in RMB per share)	9	0.30	0.26

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	<i>Notes</i>	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	836,653	827,745
Goodwill		5,741	5,741
Right-of-use assets	11	462,959	451,698
Contract assets and financial receivables	12	5,298,850	5,166,721
Intangible assets		457,560	405,552
Investments in joint ventures		1,805,118	1,640,923
Investments in associates		66,372	66,245
Equity investments designated at fair value through other comprehensive income	13	12,801	15,701
Financial assets at fair value through profit or loss	14	282,208	274,000
Deferred tax assets		266,861	241,944
Prepayments, other receivables and other assets	16	293,901	271,604
Total non-current assets		9,789,024	9,367,874
CURRENT ASSETS			
Inventories		114,093	144,693
Contract assets and financial receivables	12	3,564,902	3,171,538
Trade and bills receivables	15	4,430,677	4,245,437
Prepayments, other receivables and other assets	16	808,021	556,795
Pledged deposits	17	34,331	39,181
Cash and bank balances	17	2,568,705	3,533,993
Total current assets		11,520,729	11,691,637
CURRENT LIABILITIES			
Trade and bills payables	18	4,465,222	4,512,247
Other payables and accruals	19	4,321,294	4,699,552
Interest-bearing bank and other borrowings	20	781,827	558,553
Provisions for supplementary retirement benefits		3,560	3,600
Tax payable		27,742	48,360
Provision		4,897	4,357
Total current liabilities		9,604,542	9,826,669
NET CURRENT ASSETS		1,916,187	1,864,968
TOTAL ASSETS LESS CURRENT LIABILITIES		11,705,211	11,232,842

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2021

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		2,293	16,435
Other payables and accruals	19	393,556	366,839
Interest-bearing bank and other borrowings	20	5,250,980	4,971,816
Provisions for supplementary retirement benefits		64,414	63,475
Provision		73,785	66,204
Total non-current liabilities		5,785,028	5,484,769
Net assets		5,920,183	5,748,073
EQUITY			
Equity attributable to owners of the parent			
Share capital		1,348,670	1,348,670
Reserves		4,291,050	4,101,440
Non-controlling interests		5,639,720	5,450,110
		280,463	297,963
Total equity		5,920,183	5,748,073

Wang Hanjun
Director

Li Guoqing
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2021

	Attributable to owners of the parent									
	Share capital	Capital reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Special reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 31 December 2020	1,348,670	739,780	5,288	-	384,319	293	2,971,760	5,450,110	297,963	5,748,073
Profit for the period	-	-	-	-	-	-	403,185	403,185	(2,878)	400,307
Other comprehensive income for the period:										
Re-measurement loss on defined benefit plans, net of tax	-	(10)	-	-	-	-	-	(10)	-	(10)
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	(2,175)	-	-	-	-	(2,175)	-	(2,175)
Exchange differences on translation of foreign operations	-	-	-	-	-	81	-	81	-	81
Total comprehensive income for the period	-	(10)	(2,175)	-	-	81	403,185	401,081	(2,878)	398,203
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(5,012)	(5,012)
Final 2020 dividend declared	-	-	-	-	-	-	(211,471)	(211,471)	-	(211,471)
Dividend declared to non-controlling shareholders	-	-	-	-	-	-	-	-	(9,610)	(9,610)
Transfer to special reserve (note (i))	-	-	-	52,098	-	-	(52,098)	-	-	-
Utilisation of special reserve (note (i))	-	-	-	(52,098)	-	-	52,098	-	-	-
At 30 June 2021	1,348,670	739,770*	3,113*	-*	384,319*	374*	3,163,474*	5,639,720	280,463	5,920,183

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six-month period ended 30 June 2021

	Attributable to owners of the parent									
	Share capital	Capital reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Special reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	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 interests	-	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

* These reserve accounts comprise the consolidated reserves of RMB4,291,050,000 (Unaudited) (30 June 2020: RMB3,838,573,000 (Unaudited)) in the interim condensed consolidated statement of financial position as at 30 June 2021.

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 2021 and 2020 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 2021

	Notes	Six-month period ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		442,875	418,185
Adjustments for:			
Finance costs	5	128,145	119,315
Interest income	4	(215,461)	(194,035)
Share of profits and losses of associates and joint ventures		(123,752)	(49,317)
Depreciation of right-of-use assets	6	50,573	60,273
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	36,256	21,830
Impairment of trade and bills receivables, net	6	134,661	123,785
Impairment of other receivables, net	6	6,676	4,537
Impairment of contract assets and financial receivables, net	6	71,193	11,657
Others		5,509	564
		536,675	503,913
Decrease/(increase) in inventories		30,600	(148,849)
(Increase)/decrease in contract assets and financial receivables		(343,797)	35,137
Increase in trade and bills receivables		(319,900)	(202,958)
(Increase)/decrease in prepayments, other receivables and other assets		(104,111)	421,327
Increase/(decrease) in trade and bills payables		32,840	(251,973)
Decrease in other payables and accruals		(579,649)	(819,341)
Increase in provision		6,570	7,694
Decrease in pledged deposits		4,850	–
Increase in provisions for supplementary retirement benefits		929	420
Cash used in operations		(734,993)	(454,630)
Interest received		6,381	37,956
Income tax paid		(85,632)	(76,898)
Net cash flows used in operating activities		(814,244)	(493,572)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six-month period ended 30 June 2021

	Notes	Six-month period ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(67,251)	(83,294)
Additions to intangible assets		(115,525)	(118,362)
Additions of financial assets at fair value through profit or loss		(8,208)	(81,702)
Addition of investments in joint ventures		(40,600)	(228,856)
Proceeds from disposal of property, plant and equipment		6,031	115
Purchase of non-controlling interests		–	(2,858)
Dividends received from an associate		30	–
Loans provided to a joint venture		(204,000)	–
Withdraw of investment to a non-controlling shareholder		(5,012)	–
Acquisition of a subsidiary, net of cash acquired		–	75,440
Decrease in non-pledged time deposits with original maturity of more than three months		–	1,000
Decrease in pledged deposits		–	1,109
Net cash flows used in investing activities		(434,535)	(437,408)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(114,253)	(105,273)
Dividend paid to shareholders		(5,666)	–
Dividend paid to non-controlling shareholders		(8,210)	(6,000)
Principal portion of lease payments		(59,902)	(59,239)
New bank and other borrowings		628,180	365,091
Repayment of bank and other borrowings		(152,791)	(183,991)
Net cash flows from financing activities		287,358	10,588
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		3,533,750	3,883,735
Effect of exchange rate changes on cash and cash equivalents		(3,867)	3,630
CASH AND CASH EQUIVALENTS AT END OF PERIOD	17	2,568,462	2,966,973

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

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; and
- 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 2021

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 2021 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 2020.

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 2020, 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 9,
IAS 39, IFRS 7,
IFRS 4 and IFRS 16
Amendment to IFRS 16

Interest Rate Benchmark Reform – Phase 2
Covid-19-Related Rent Concessions beyond
30 June 2021 (early adopted)

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 revised IFRSs are described below:

- (a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in RMB as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

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

2.2 Changes in accounting policies and disclosures (Continued)

- (b) Amendment to IFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the period ended 30 June 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. The amendment 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 was not significant for the period ended 30 June 2021.

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 2021

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six-month period ended 30 June 2021

	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	1,752,612	3,069,435	–	4,822,047
Intersegment sales	47,228	–	(47,228)	–
Total revenue	1,799,840	3,069,435	(47,228)	4,822,047
Segment results	299,341	53,264	2,954	355,559
Finance costs	(7,822)	(120,323)	–	(128,145)
Interest income	587	210,730	–	211,317
Profit of segments for the period	292,106	143,671	2,954	438,731
Unallocated interest income				4,144
Income tax expense				(42,568)
Profit for the period				400,307
Segment assets	9,104,546	12,334,055	(1,289,223)	20,149,378
Corporate and other unallocated assets				1,160,375
Total assets				21,309,753
Segment liabilities	6,315,232	10,112,223	(1,281,870)	15,145,585
Corporate and other unallocated liabilities				243,985
Total liabilities				15,389,570

3. OPERATING SEGMENT INFORMATION (CONTINUED)
Six-month period ended 30 June 2021 (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	123,595	–	–	123,595
Associates	157	–	–	157
Depreciation	69,467	17,362	–	86,829
Amortisation	3,795	–	–	3,795
Provision for				
– foreseeable losses on contracts, net	1,286	264	–	1,550
– impairment of trade and bills receivables, other receivables, contract assets and financial receivables, net	104,371	108,159	–	212,530
Investments in joint ventures	1,805,118	–	–	1,805,118
Investments in associates	66,372	–	–	66,372
Capital expenditure*	88,048	99,519	–	187,567

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2021

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	239,416	104,662	(613)	343,465
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	8,695,850	11,670,728	(1,389,431)	18,977,147
Corporate and other unallocated assets				1,466,557
Total assets				20,443,704
Segment liabilities	5,977,564	10,372,799	(1,413,828)	14,936,535
Corporate and other unallocated liabilities				41,070
Total liabilities				14,977,605

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, other receivables, contract assets and financial receivables, 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

* 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 2021

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	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>	4,755,987	4,332,024
<i>Revenue from other sources</i>		
Gross rental income	66,060	4,746
	4,822,047	4,336,770

Revenue from contracts with customers

(i) Disaggregated revenue information

	Six-month period ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Type of goods or services		
Design, survey and consultancy	1,751,330	1,485,580
Construction contracting	3,004,657	2,846,444
	4,755,987	4,332,024
Timing of revenue recognition		
Service transferred at a point in time	59,548	119,999
Service transferred over time	4,696,439	4,212,025
	4,755,987	4,332,024
Geographical markets		
China	4,732,325	4,312,737
Other countries	23,662	19,287
	4,755,987	4,332,024

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 2021 (Unaudited)

Segments	Design, survey and consultancy RMB'000	Construction contracting RMB'000	Total RMB'000
Revenue from contracts with customers			
External customers	1,751,330	3,004,657	4,755,987
Intersegment sales	47,228	–	47,228
	1,798,558	3,004,657	4,803,215
Intersegment adjustments and eliminations	(47,228)	–	(47,228)
	1,751,330	3,004,657	4,755,987

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

Segments	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)
	1,485,580	2,846,444	4,332,024

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2021

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.

	Six-month period ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income and gains		
Interest income	215,461	194,035
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	1,892	1,779
Foreign exchange gains	–	3,782
Gain on disposal of property, plant and equipment	2,412	7
Others	6,417	1,656
	226,182	214,140

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six-month period ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	118,798	113,537
Interest on lease liabilities	9,347	5,778
	128,145	119,315

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2021

6. PROFIT BEFORE TAX

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

	Notes	Six-month period ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Cost of design, survey and consultancy services		1,219,669	1,032,099
Cost of construction contracts		2,719,879	2,529,076
Total cost of sales		3,939,548	3,561,175
Depreciation of property, plant and equipment		36,256	21,830
Depreciation of right-of-use assets		50,573	60,273
Amortisation of intangible assets		3,795	3,381
Total depreciation and amortisation		90,624	85,484
Impairment of trade and bills receivables, net	15	134,661	123,785
Impairment of contract assets and financial receivables, net	12	71,193	11,657
Impairment of other receivables, net	16	6,676	4,537
Total impairment, net		212,530	139,979
Provision for foreseeable losses on contracts, net		1,550	1,233
Lease payments not included in the measurement of lease liabilities		187,587	85,345
Auditor's remuneration		830	830
Employee benefit expenses (excluding directors' and supervisors' remuneration):			
Wages, salaries and allowances		647,892	542,095
Retirement benefit costs			
– Defined contribution retirement schemes		77,365	48,153
– Defined benefit retirement schemes		1,900	1,920
Total retirement benefit costs		79,265	50,073
Welfare and other expenses		175,680	125,496
Total employee benefit expenses		902,837	717,664
Interest income	4	(215,461)	(194,035)
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	4	(1,892)	(1,779)
Gain on disposal of property, plant and equipment, net	4	(2,412)	(7)
Foreign exchange differences, net		2,577	(3,782)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2021

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 2021 and 2020 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 2021 and 2020.

	Six-month period ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax – China	80,903	75,268
Deferred income tax	(38,335)	(14,115)
Tax charge for the period	42,568	61,153

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 2021 and 2020 is as follows:

	Six-month period ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit before tax	442,875	418,185
Income tax charge at the statutory income tax rate	110,719	104,546
Effect of different income tax rates for some entities	(37,193)	(35,530)
Tax effect of share of profits and losses of joint ventures and associates	(30,938)	(12,329)
Expenses not deductible for tax purposes	2,818	2,426
Adjustments in respect of current tax of previous periods	(2,923)	434
Tax losses not recognised	85	1,606
Tax charge for the period at the effective rate	42,568	61,153

8. DIVIDENDS

The dividends for the six-month periods ended 30 June 2021 and 2020 are set out below:

	<i>Note</i>	Six-month period ended 30 June	
		2021	2020
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Declared 2020 final dividend – RMB0.1568 (2019: Nil) per ordinary share	(i)	211,471	–

Note:

- (i) At the annual general meeting held on 28 May 2021, the Company's shareholders approved the payment of the final dividend for the year ended 31 December 2020 of RMB0.1568 per share which amounted to RMB211,471,000 in total.

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

The directors did not recommend the payment of an interim dividend for the six-month period ended 30 June 2021 (six-month period ended 30 June 2020: Nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2021

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 2021 and 2020.

	Six-month period ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the period attributable to ordinary equity holders of the parent	403,185	356,022

	Six-month period ended 30 June	
	2021	2020
	'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.

10. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 June 2021, the Group acquired property, plant and equipment with an aggregate cost amounting to approximately RMB46,960,000 (unaudited) (six-month period ended 30 June 2020: RMB97,772,000 (unaudited)).

In addition, during the same period, property, plant and equipment with an aggregate net carrying value of approximately RMB1,794,000 (unaudited) (six-month period ended 30 June 2020: RMB137,000 (unaudited)) were disposed of, which resulted in a net gain on disposal of approximately RMB2,412,000 (unaudited) (six-month period ended 30 June 2020: a net gain on disposal of approximately RMB7,000 (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 44 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:

	Leasehold land RMB'000 (Unaudited)	Buildings RMB'000 (Unaudited)	Motor vehicles RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
As at 1 January 2021	216,018	231,149	4,531	451,698
Additions	–	82,839	1,965	84,804
Disposal	–	(22,855)	(115)	(22,970)
Depreciation	(2,576)	(45,766)	(2,231)	(50,573)
As at 30 June 2021	213,442	245,367	4,150	462,959
	Leasehold land RMB'000	Buildings RMB'000	Motor vehicles RMB'000	Total RMB'000
As at 1 January 2020	221,170	245,288	9,615	476,073
Acquisition of a subsidiary	–	14,929	–	14,929
Additions	–	99,641	722	100,363
Disposal	–	(22,386)	(678)	(23,064)
Depreciation	(5,152)	(106,323)	(5,128)	(116,603)
As at 31 December 2020	216,018	231,149	4,531	451,698

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2021

11. LEASES (CONTINUED)

The Group as a lessee (Continued)

(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 2021 RMB'000 (Unaudited)	Year ended 31 December 2020 RMB'000
Carrying amount at 1 January	229,914	233,092
Acquisition of a subsidiary	–	14,929
New leases	84,568	100,363
Disposal	(21,147)	(20,429)
Accretion of interest recognised	9,347	11,244
Payments	(59,902)	(109,285)
Carrying amount at 30 June/31 December	242,780	229,914
Portion classified as current liabilities	(84,451)	(83,521)
Non-current portion	158,329	146,393

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

	Six-month period ended 30 June 2021 RMB'000 (Unaudited)	Year ended 31 December 2020 RMB'000
Interest on lease liabilities	9,347	11,244
Depreciation of right-of-use assets	50,573	111,451
Expense relating to short-term leases and other leases	25,609	47,063
Variable lease payments not included in the measurement of lease liabilities (included in cost of sales)	161,978	150,781
Total amount recognised in profit or loss	247,507	320,539

11. LEASES (CONTINUED)

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 RMB66,060,000 (unaudited) (six-month period ended 30 June 2020: RMB4,746,000 (unaudited)), details of which are included in note 4.

At 30 June 2021, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Within one year	2,358	4,716

12. CONTRACT ASSETS AND FINANCIAL RECEIVABLES

	Note	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Contract assets and financial receivables arising from:			
Design, survey and consultancy services		2,460,528	2,099,990
Construction services		6,611,845	6,375,697
		9,072,373	8,475,687
Impairment		(208,621)	(137,428)
		8,863,752	8,338,259
Portion classified as non-current contract assets and financial receivables	(i)	(5,298,850)	(5,166,721)
Current portion		3,564,902	3,171,538

Note:

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2021

12. CONTRACT ASSETS AND FINANCIAL RECEIVABLES (CONTINUED)

The amounts of retentions held by customers for contract works included in contract assets and financial receivables are as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Amounts of retentions in contract assets and financial receivables	33,342	120,953

Contract assets and financial receivables 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 and financial receivables are reclassified to trade receivables.

During the six-month period ended 30 June 2021, RMB71,193,000 (unaudited) was recognised as an allowance for expected credit losses on contract assets and financial receivables. The Group's trading terms and credit policy with customers are disclosed in note 15.

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

	Six-month period ended 30 June 2021 RMB'000 (Unaudited)	Year ended 31 December 2020 RMB'000
At beginning of the period/year	137,428	57,753
Impairment losses recognised	71,482	81,416
Impairment losses reversed	(289)	(1,741)
At end of the period/year	208,621	137,428

As at 30 June 2021, the Group's contract assets and financial receivables of RMB5,771,455,000 (unaudited) (31 December 2020: RMB5,908,260,000) were pledged to secure certain of the Group's bank loans amounting to RMB4,810,813,000 (unaudited) (31 December 2020: RMB4,611,766,000).

12. CONTRACT ASSETS AND FINANCIAL RECEIVABLES (CONTINUED)

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Beneficial Shareholders and their affiliates	509,580	416,974
BUCG	28,449	14,001
Fellow subsidiaries	16,184	13,106
Associates of BUCG	3,095	1,450
Associates	1,631	1,350
A joint venture	90	94
A joint venture of BUCG	80	–
	559,109	446,975

* 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2021

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 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")	3,400	4,500
Zhongdixin Geographic Information Equity Investment Fund Limited ("中地信地理信息股權投資基金")	9,400	11,200
Zhongshan Deep Water Environmental Water Co., Ltd. ("中山市深水環境水務有限公司")	1	1
	12,801	15,701

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

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Unlisted equity investments, at fair value		
Shaoxing Jingyue Metro Co., Ltd. ("紹興京越地鐵有限公司")	274,000	274,000
Beijing Jiuzhou first rail Environmental Technology Co., Ltd. ("北京九州一軌環境科技有限公司")	8,208	-
	282,208	274,000

The above equity investments were 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2021

15. TRADE AND BILLS RECEIVABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Trade receivables	5,300,492	4,986,933
Bills receivable	30,871	24,529
	5,331,363	5,011,462
Impairment	(900,686)	(766,025)
	4,430,677	4,245,437

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 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Within 6 months	1,591,996	2,190,933
6 months to 1 year	1,157,441	370,051
1 to 2 years	705,949	865,115
2 to 3 years	561,407	479,685
3 to 4 years	321,545	280,020
4 to 5 years	86,948	54,767
Over 5 years	5,391	4,866
	4,430,677	4,245,437

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2021

15. 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 2021 RMB'000 (Unaudited)	Year ended 31 December 2020 RMB'000
At beginning of the period/year	766,025	552,011
Acquisition of a subsidiary	–	5,403
Impairment losses recognised	153,441	235,468
Impairment losses reversed	(18,780)	(26,857)
At end of the period/year	900,686	766,025

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Beneficial Shareholders and their affiliates	683,708	671,695
Joint ventures	155,663	198,157
BUCG	122,116	232,169
Fellow subsidiaries	74,285	34,842
Associates of BUCG	2,293	1,449
An associate	478	550
	1,038,543	1,138,862

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 net value of RMB161,940,000 (unaudited) at 30 June 2021 which were pledged to secure certain of the Group's bank loans amounting to RMB4,810,813,000 (unaudited).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2021

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	<i>Note</i>	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Prepayments		296,383	268,005
Deductible value-added tax		397,420	370,597
Deposits and other receivables		439,700	214,702
		1,133,503	853,304
Impairment		(31,581)	(24,905)
		1,101,922	828,399
Portion classified as non-current assets	<i>(i)</i>	(293,901)	(271,604)
Current portion		808,021	556,795

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 2021 RMB'000 (Unaudited)	Year ended 31 December 2020 RMB'000
At beginning of the period/year	24,905	24,150
Impairment losses recognised	8,476	7,834
Impairment losses reversed	(1,800)	(7,079)
At end of the period/year	31,581	24,905

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2021

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

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Joint ventures	206,270	119
Fellow subsidiaries	59,612	30,880
BUCG	561	2,154
Associates	438	–
Beneficial Shareholders and their affiliates	100	2,218
Associates of BUCG	–	264
	266,981	35,635

As at 30 June 2021, the amounts due from a joint venture amounting to RMB204,000,000 bear interest at 4.785% per annum, among which RMB20,000,000 will be matured on 9 February 2022, RMB184,000,000 will be matured on 14 April 2022.

Except the above, prepayments, other receivables and other assets are unsecured, non-interest-bearing and have no fixed terms of settlement.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2021

17. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Cash and bank balances	2,602,793	3,472,931
Time deposits	243	100,243
	2,603,036	3,573,174
Less: Pledged bank balances for bidding guarantees and performance guarantees	(34,331)	(39,181)
Cash and bank balances in the consolidated statement of financial position	2,568,705	3,533,993
Less: Non-pledged time deposits with original maturity of more than three months when acquired	(243)	(243)
Cash and cash equivalents in the consolidated statement of cash flows	2,568,462	3,533,750
Cash and bank balances and time deposits denominated in:		
– RMB	2,368,332	3,335,768
– Other currencies	234,704	237,406
	2,603,036	3,573,174

18. TRADE AND BILLS PAYABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Trade payables	4,155,977	4,377,140
Bills payable	309,245	135,107
	4,465,222	4,512,247

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2021

18. 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 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Within 6 months	1,930,256	1,974,807
6 months to 1 year	555,821	741,565
1 to 2 years	846,162	769,076
2 to 3 years	645,115	595,326
Over 3 years	487,868	431,473
	4,465,222	4,512,247

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

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Associates of BUCG	166,216	242,693
Fellow subsidiaries	70,138	62,456
Beneficial Shareholders and their affiliates	42,355	33,719
BUCG	11,833	3,153
A joint venture	4,796	4,210
An associate	–	814
	295,338	347,045

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2021

19. OTHER PAYABLES AND ACCRUALS

	<i>Notes</i>	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Contract liabilities	<i>(i)</i>	2,877,866	3,350,536
Accrued salaries, wages and benefits		413,793	478,343
Other taxes payable		755,880	825,735
Retention payables		257,805	241,864
Dividend payables		213,950	8,117
Deferred income		20,663	23,384
Other payables		174,893	138,412
		4,714,850	5,066,391
Portion classified as non-current liabilities	<i>(ii)</i>	(393,556)	(366,839)
Current portion		4,321,294	4,699,552

Notes:

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Short-term advances received from customers	592,926	817,674
Amounts due to contract customers	2,284,940	2,532,862
Total contract liabilities	2,877,866	3,350,536

(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 2021

19. OTHER PAYABLES AND ACCRUALS (CONTINUED)

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Beneficial Shareholders and their affiliates	441,248	472,538
Fellow subsidiaries	126,338	121,676
Associates of BUCG	83,310	80,836
BUCG	67,546	43,752
Non-controlling shareholders	6,196	10,310
Associates	4,067	4,278
A joint venture of BUGG	626	–
A joint venture	–	345,921
	729,331	1,079,311

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 2021

20. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 30 June 2021 (Unaudited)			As at 31 December 2020		
	Effective interest rate	Maturity	RMB'000	Effective interest rate	Maturity	RMB'000
Non-current						
Long term bank loans:						
– Secured (i)	4.42%-4.90%	2023-2042	4,634,651	4.42%-4.90%	2022-2042	4,367,423
Long term other borrowings:						
– Unsecured	3.98%-4.90%	2023-2026	458,000	3.98%-4.90%	2022-2026	458,000
Lease liabilities:						
– Secured	4.75%-4.90%	2023-2035	158,329	4.75%-4.90%	2022-2035	146,393
			5,250,980			4,971,816
Current						
Current portion of long term bank loans:						
– Secured (i)	4.42%-4.90%	2022	176,162	4.42%-4.90%	2021	244,343
Short term bank loans:						
– Unsecured	3.915%-3.93%	2021-2022	99,398	3.915%-5.22%	2021	110,689
Current portion of lease liabilities:						
– Secured	4.75%-4.90%	2022	84,451	4.75%-4.90%	2021	83,521
Current portion of long term other borrowings:						
– Unsecured	4.90%	2021	120,000	4.90%	2021	120,000
Short term bonds:						
– Unsecured	3.25%	2021	301,816	–	–	–
			781,827			558,553
			6,032,807			5,530,369
Denominated in:						
– RMB			6,032,807			5,530,369

- (i) The bank loans of RMB4,810,813,000 (unaudited) (31 December 2020: RMB4,611,766,000) were secured by the right of future contract assets and financial receivables, trade receivables and intangible assets for certain service concession arrangements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2021

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

The maturity profile of the interest-bearing bank and other loans as at 30 June 2021 and 31 December 2020 is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	275,560	355,032
In the second year	154,000	233,000
In the third to fifth years, inclusive	1,158,000	1,197,000
Over five years	3,322,651	2,937,423
	4,910,211	4,722,455
Other borrowings repayable:		
Within one year	120,000	120,000
In the second year	100,000	100,000
In the third to fifth years, inclusive	220,000	220,000
Over five years	138,000	138,000
	578,000	578,000
Bonds repayable:		
Within one year	301,816	–
Lease liabilities repayable:		
Within one year	84,451	83,521
In the second year	55,991	52,284
In the third to fifth years, inclusive	86,399	82,294
Over five years	15,939	11,815
	242,780	229,914
	6,032,807	5,530,369

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

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
A non-controlling shareholder	378,000	378,000

21. COMMITMENTS

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Contracted, but not provided for:		
Equity investments	2,151,391	2,617,582
Property, plant and equipment	13,362	13,362
	2,164,753	2,630,944

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2021

22. RELATED PARTY TRANSACTIONS

- (a) The Group had the following material transactions with related parties for the six-month periods ended 30 June 2021 and 2020:

	Six-month period ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Design, survey and consultancy services provided to:		
Beneficial Shareholders and their affiliates	178,275	170,853
BUCG	28,192	32,228
Fellow subsidiaries	4,654	7,105
Associates of BUCG	1,980	2,993
A joint venture	1,050	1,142
A joint venture of BUCG	955	–
Associates	421	3,898
	215,527	218,219
Construction contracting services provided to:		
Beneficial Shareholders and their affiliates	810,099	263,910
Fellow subsidiaries	157,659	80,159
A joint venture	146,420	978,863
Associates of BUCG	14,317	–
BUCG	5,040	38,548
	1,133,535	1,361,480
Construction contracting services provided by:		
Fellow subsidiaries	168,555	21,887
Beneficial Shareholders and their affiliates	32,111	28,219
Associates of BUCG	17,714	12,817
BUCG	8,680	–
	227,060	62,923
Design, survey and consultancy services provided by:		
A joint venture	32,331	2,016
An associate of BUCG	15,160	1,857
Beneficial Shareholders	3,749	–
Fellow subsidiaries	3,703	–
Associates	–	8,457
	54,943	12,330

22. RELATED PARTY TRANSACTIONS (CONTINUED)

- (a) The Group had the following material transactions with related parties for the six-month periods ended 30 June 2021 and 2020: (continued)

	Six-month period ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Rental expenses and property management fees paid or payable to:		
Fellow subsidiaries	6,270	6,270
BUCG	1,649	1,617
	7,919	7,887
Construction in progress provided by :		
Fellow subsidiaries	–	1,903
Finance costs paid or payable to:		
A non-controlling shareholder	9,261	9,261
Interest income received or receivable from:		
A joint venture	2,206	–
Rental income from:		
A fellow subsidiary	2,182	2,377
Loans provided to:		
A joint venture	204,000	–

22. RELATED PARTY TRANSACTIONS (CONTINUED)

- (a) The Group had the following material transactions with related parties for the six-month periods ended 30 June 2021 and 2020: (continued)

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

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 2021 and 2020, 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.

22. RELATED PARTY TRANSACTIONS (CONTINUED)

- (a) The Group had the following material transactions with related parties for the six-month periods ended 30 June 2021 and 2020: (continued)

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

	Notes	Employee stock ownership scheme	
		30 June 2021	30 June 2020
		'000	'000
		(Unaudited)	(Unaudited)
Executive Directors			
Mr. Wang Hanjun (王漢軍) (Chief executive)		1,000	1,000
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 (于松偉)		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. Xia Xiujiang (夏秀江)	(ii)	620	–
Mr. Xu Chengyong (徐成永)	(ii)	660	–
Mr. Ma Haizhi (馬海志)		660	660
Mr. Yin Zhiguo (尹志國)		620	620
		8,910	7,630

Notes:

- (i) Mr. Wan Xuehong retired from key management of the Company in January 2020.
- (ii) Mr. Xia Xiujiang and Mr. Xu Chengyong were appointed as key management in January 2021.

- (b) **Outstanding balances with related parties**

Details of the outstanding balances with related parties are set out in notes 12, 15, 18, 19 and 20.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2021

22. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Compensation of key management personnel of the Group

	Six-month period ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short term employee benefits	2,834	2,322
Pension scheme	468	265
	3,302	2,587

(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 of the Beneficial Shareholders and their affiliates and a joint venture, the Company was engaged to build certain subways and the backlog as at 30 June 2021 amounted to RMB3,478 million (unaudited) (31 December 2020: RMB4,111 million).

Pursuant to certain design service contracts signed by the Company and certain of the 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 2021 amounted to RMB1,466 million (unaudited) (31 December 2020: RMB1,643 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 2021 amounted to RMB458 million (unaudited) (31 December 2020: RMB487 million).

23. 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 2021 RMB'000 (Unaudited)
Financial assets	
Financial assets at fair value through profit or loss:	
Financial assets at fair value through profit or loss	282,208
Financial assets at fair value through other comprehensive income:	
Equity investments designated at fair value through other comprehensive income	12,801
Financial assets at amortised cost:	
Trade and bills receivables	4,430,677
Financial assets included in prepayments, other receivables and other assets	408,119
Pledged deposits	31,504
Cash and bank balances	2,571,532
	7,736,841
Financial liabilities	
Financial liabilities at amortised cost:	
Interest-bearing bank and other borrowings (other than lease liabilities)	5,790,027
Trade and bills payables	4,465,222
Financial liabilities included in other payables and accruals	664,216
	10,919,465

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2021

23. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 December
2020
RMB'000

Financial assets

Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss 274,000

Financial assets at fair value through other comprehensive income:

Equity investments designated at fair value through other comprehensive income 15,701

Financial assets at amortised cost:

Trade and bills receivables 4,245,437

Financial receivables 4,978,217

Financial assets included in contract assets 1,005,566

Financial assets included in prepayments, other receivables and other assets 189,797

Pledged deposits 39,181

Cash and bank balances 3,533,993

14,281,892

Financial liabilities

Financial liabilities at amortised cost:

Interest-bearing bank and other borrowings (other than lease liabilities) 5,300,455

Trade and bills payables 4,512,247

Financial liabilities included in other payable and accruals 388,393

10,201,095

24. 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 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000
Financial assets				
Financial assets at fair value through profit or loss	282,208	274,000	282,208	274,000
Equity investments designated at fair value through other comprehensive income	12,801	15,701	12,801	15,701
Financial assets included in prepayments, other receivables and other assets, non-current portion	18,354	22,417	15,753	21,528
	313,363	312,118	310,762	311,229
Financial liabilities				
Interest-bearing bank and other borrowings, non-current portion (other than lease liabilities)	5,092,651	4,825,423	4,899,294	4,645,128
Financial liabilities included in other payables and accruals, non-current portion	9,855	6,892	9,406	6,734
	5,102,506	4,832,315	4,908,700	4,651,862

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2021

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

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 2021 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.

24. 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 2021

	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	–	–	282,208	282,208
Financial assets designated at fair value through other comprehensive income:				
Unlisted equity investments	–	–	12,801	12,801
	–	–	295,009	295,009

31 December 2020

	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	–	–	274,000	274,000
Financial assets designated at fair value through other comprehensive income:				
Unlisted equity investments	–	–	15,701	15,701
	–	–	289,701	289,701

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2021

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

Fair value hierarchy: (continued)

Assets for which fair values are disclosed:

30 June 2021

	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 included in prepayments, other receivables and other assets, non-current portion	–	15,753	–	15,753

31 December 2020

	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 included in prepayments, other receivables and other assets, non-current portion	–	21,528	–	21,528

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

Fair value hierarchy: (continued)

Liabilities for which fair values are disclosed:

30 June 2021

	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 (other than lease liabilities)	–	4,899,294	–	4,899,294
Financial liabilities included in other payables and accruals, non-current portion	–	9,406	–	9,406
	–	4,908,700	–	4,908,700

31 December 2020

	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 (other than lease liabilities)	–	4,645,128	–	4,645,128
Financial liabilities included in other payables and accruals, non-current portion	–	6,734	–	6,734
	–	4,651,862	–	4,651,862

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 June 2021

25. EVENTS AFTER THE REPORTING PERIOD

As at the date of this report, there has been no any significant subsequent event since 30 June 2021.

26. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 27 August 2021.