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北京城建设计发展集团股份有限公司

BEIJING URBAN CONSTRUCTION DESIGN & DEVELOPMENT GROUP CO., LIMITED

Beijing Urban Construction Design & Development Group Co., Limited
北京城建设计发展集团股份有限公司

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

(Stock Code: 1599)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

The board of directors (the “**Board**”) of Beijing Urban Construction Design & Development Group Co., Limited (the “**Company**”) is pleased to announce the audited results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2021 (“**2021**” or the “**Reporting Period**”) in conjunction with the comparative financial data of the previous year.

FINANCIAL SUMMARY

For the year ended 31 December 2021 (continuing operations and discontinued operation), the Group achieved revenue of RMB10,488 million, while the net profit for the Reporting Period amounted to RMB834 million.

The Group has two business segments, including principally the design, survey and consultancy segment as well as the construction contracting segment.

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

	For the year ended 31 December			
	2021 <i>RMB'000</i>	Percentage of operating revenue (%)	2020 <i>RMB'000</i>	Percentage of operating revenue (%)
Design, survey and consultancy	4,102,495	39.12	3,666,892	36.72
Construction contracting	6,385,615	60.88	6,317,999	63.28
Total	<u>10,488,110</u>	<u>100.00</u>	<u>9,984,891</u>	<u>100.00</u>

For the year ended 31 December 2021, the Group's revenue amounted to RMB10,488 million, representing an increase of RMB503 million or 5.04% compared to the same period of last year.

The financial information for the years 2017, 2018, 2019, 2020 and 2021 prepared by the Group in accordance with the International Financial Reporting Standards was summarized as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Total assets	24,227,932	21,059,511	20,458,847	16,402,288	14,341,844
Total liabilities	17,875,771	15,311,438	15,361,962	11,819,183	10,158,526
Non-controlling interests	266,682	297,963	264,601	265,254	262,742
Interests of the owners (excluding non-controlling interests)	6,085,479	5,450,110	4,832,284	4,317,851	3,920,576
Revenue	10,488,110	9,984,891	8,414,039	7,186,146	6,972,545
Gross Profit	2,010,397	1,896,527	1,679,197	1,423,801	1,343,218
Profit before tax	965,396	914,388	769,920	686,932	608,755
Profit attributable to owners of the parent	851,827	786,535	658,085	562,382	495,919

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY

In 2021, the Design & Development Group conscientiously implemented the various work arrangements of the Board, adhered to the strategy of design-oriented, industry-coordinated, and innovation-driven development, and expanded in depth around the entire industrial chain of rail transit to drive the coordinated growth of various businesses, thereby maintaining a steady development momentum.

As of 31 December 2021, the Group's revenue amounted to RMB10,488 million, representing an increase of RMB503 million or 5.04% compared to RMB9,985 million for last year. The Group's net profit amounted to RMB834 million, representing an increase of RMB26 million or 3.22% compared to the net profit of RMB808 million for last year.

DISCONTINUED OPERATIONS

Given the “discloseable transaction and connected transaction relating to the capital increase in Beijing Urban Construction Zhikong Technology Co., Ltd. (“**BUCZT**”) and deemed disposal of shareholding interests of BUCZT” passed by poll at the Group's 2021 first extraordinary general meeting on 29 December 2021, upon the completion of such disposal, the shareholding percentage of the Group would reduce from 60% to approximately 30.83%, and BUCZT would be no longer a subsidiary of the Company. On 4 January 2022, BUCZT completed the corresponding procedures. For further details on the capital increase, please refer to the announcement dated 10 November 2021 and the circular dated 10 December 2021 of the Company.

FINANCIAL REVIEW

Summary of Operating Results

	Year ended 31 December	
	2021 (RMB'000) (Audited)	2020 (RMB'000) (Audited)
Revenue	10,488,110	9,984,891
Cost of sales	(8,477,713)	(8,088,364)
Gross profit	2,010,397	1,896,527
Other income and gains	445,413	404,664
Selling and distribution expenses	(99,911)	(78,777)
Administrative expenses	(926,885)	(843,741)
Impairment losses on financial and contract assets, net	(383,577)	(289,041)
Other expenses	(16,607)	(16,773)
Finance costs	(286,662)	(245,956)
Share of profits of joint ventures	225,449	87,170
Share of (losses)/profits of associates	(2,221)	315
Profit before tax	965,396	914,388
Income tax expense	(131,163)	(106,836)
Profit for the year	834,233	807,552

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 engineering construction. For the year ended 31 December 2021, the Group achieved a revenue of RMB10,488 million, representing an increase of RMB503 million or 5.04% compared to RMB9,985 million for last year. The primary reason of such increase is that the Company adhered to design leadership and investment pulling, promoted the entire industrial chain layout of urban rail transit and resource synergy, vigorously expanded the scope of design, survey and consultancy segment, strengthened the overall promotion of production and contract performance, and continuously enhanced its service capabilities, driving the Company's revenue to grow steadily, with a view to ensuring the completion of major projects, such as the Winter Olympics branch line, bid 03 of Beijing Line 11, bid 05 of Line 14, bids 19 and 24 of Line 17, on schedule.

An analysis of revenue by segment is as follows:

	Year ended 31 December	
	2021	2020
	(RMB'000)	(RMB'000)
Products by industry	(Audited)	(Audited)
Design, survey and consultancy	4,102,495	3,666,892
Construction contracting	6,385,615	6,317,999
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Total	10,488,110	9,984,891
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Design, Survey and Consultancy Business Segment

The design, survey and consultancy segment includes design, survey and consultancy services for urban rail transit construction as well as industrial and civil construction and municipal engineering. The design, survey and consultancy segment has been the traditional and core business of the Group. In 2021, the Group intensively developed existing markets by fully utilizing the technical advantages in the industry, consolidated its dominant status in urban rail transit design, properly performed existing contracts and focused on following up state-level new areas and third-tier and fourth-tier cities, and expanded its business into dozens of new domestic and overseas cities, and improved the influence of its urban construction brand. In 2021, the Company won the bids and signed contracts for 8 overall design projects in Hangzhou, Ningbo, Wuhan, Zhengzhou, Qingdao, Jinan and Beijing, thereby continuing to consolidate its position in the rail transit design industry.

For the year ended 31 December 2021, revenue of the design, survey and consultancy segment of the Group amounted to RMB4,102 million, representing an increase of RMB435 million or 11.86% compared to RMB3,667 million for the corresponding period in 2020. Among which, the revenue of the urban rail transit construction segment amounted to RMB3,215 million, representing an increase of RMB407 million or 14.49% compared to RMB2,808 million for the corresponding period of last year. The revenue of the industrial and civil construction and municipal engineering segment amounted to RMB887 million, representing an increase of RMB28 million or 3.26% compared to RMB859 million for the corresponding period of last year.

Construction Contracting Business Segment

For the construction contracting business segment, in 2021, the Company won the bids for various projects including the bids 05 and 12 of Beijing Rail Transit Line 22, and the underground space integration project in Lize Business District, with various major projects completed on schedule, including Beijing Winter Olympics branch line, bid 03 of Beijing Line 11, bid 05 of Line 14, and bids 19 and 24 of Line 17, further consolidating its position in the Beijing market. The Company also actively explored external markets, and promoted the high-quality implementation of the projects in hand, with contracted projects covering various cities such as Beijing, Guangzhou, Nanjing, Urumqi, Suzhou, Wuhan, Zhuzhou and Zhengzhou.

For the year ended 31 December 2021, the Group's revenue from the construction contracting business segment was RMB6,386 million, representing an increase of RMB68 million or 1.08% compared to RMB6,318 million for the corresponding period of last year, with the overall commencement construction volume of the projects under construction basically the same with the previous year.

Cost of Sales

For the year ended 31 December 2021, the cost of sales incurred by the Group was RMB8,478 million, representing an increase of RMB390 million compared to RMB8,088 million for the corresponding period of last year. The increase of 4.82% in cost against the increase of 5.04% in revenue was mainly attributable to the enhanced cost control of the Company and the relatively higher proportion of revenue from the design business segment.

For the year ended 31 December 2021, cost of sales of the Group's design, survey and consultancy segment increased to RMB2,855 million for the year from RMB2,548 million for the corresponding period of last year, representing an increase of 12.05%. Among that, the cost of sales of the urban rail transit business of the Group's design, survey and consultancy segment increased to RMB2,187 million for the year from RMB1,925 million for the corresponding period of last year, representing an increase of 13.61%. The cost of sales of the industrial and civil construction and municipal engineering business of the design, survey and consultancy segment increased to RMB668 million for the year from RMB623 million for the corresponding period of last year, representing an increase of 7.22%.

For the year ended 31 December 2021, the cost of sales of the Group's construction contracting segment increased to RMB5,623 million for the year from RMB5,540 million for the corresponding period of last year, representing an increase of 1.50%, higher than the increase of 1.08% in revenue.

Gross Profit and Gross Margin

For the year ended 31 December 2021, the gross profit of the Group was RMB2,010 million, representing an increase of RMB113 million or 5.96% compared to RMB1,897 million for the corresponding period of last year, while the consolidated gross margin slightly increased to 19.16% from 19.00% for the corresponding period of last year.

Other Income and Gains

For the year ended 31 December 2021, other income and gains of the Group were RMB445.41 million, representing an increase of RMB40.75 million or 10.07% compared to RMB404.66 million for the corresponding period of last year, which was mainly attributable to the increase in the interest income of PPP projects.

Selling and Distribution Expenses

For the year ended 31 December 2021, selling and distribution expenses of the Group were RMB99.91 million, representing an increase of RMB21.13 million or 26.82% compared to RMB78.78 million for the corresponding period of last year, which was attributable to the greater efforts exerted by the Company in exploring the business opportunities in the suburban railway, intercity express and light rail markets, resulting in a corresponding increase in selling expenses..

Administrative Expenses

For the year ended 31 December 2021, administrative expenses of the Group were RMB926.89 million, representing an increase of RMB83.15 million or 9.85% compared to RMB843.74 million for the corresponding period of last year. Such increase was mainly attributable to the increase in administrative expenses resulting from increased investment in research and development in 2021.

Impairment Losses on Financial and Contract Assets

For the year ended 31 December 2021, the impairment losses on financial assets and contract assets of the Group amounted to RMB383.58 million, representing an increase of RMB94.54 million or 32.71% as compared to RMB289.04 million for the corresponding period of last year, which was mainly due to the increase in impairment losses on contract assets.

Other Expenses

For the year ended 31 December 2021, other expenses of the Group were RMB16.61 million, representing a decrease of RMB0.16 million compared to RMB16.77 million for the corresponding period of last year, which was mainly attributable to the decrease in other expenses resulting from the gains on the disposal of assets.

Finance Costs

For the year ended 31 December 2021, finance costs of the Group were RMB286.66 million, representing an increase of RMB40.70 million or 16.55% compared to RMB245.96 million for the corresponding period of last year, which was mainly attributable to the increase in interest expenses resulting from the increased financing of the Group.

Income Tax Expense

For the year ended 31 December 2021, the income tax expense of the Group was RMB131.16 million, representing an increase of RMB24.32 million or 22.76% as compared to RMB106.84 million for the corresponding period of last year, which was mainly attributable to the increase in the deferred income tax charges.

Profit for the Year

For the year ended 31 December 2021, the profit of the Group for the year was RMB834 million, representing an increase of RMB26 million or 3.22% compared to RMB808 million for the corresponding period of last year.

Cash Flows

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

	Year ended 31 December	
	2021 (RMB'000) (Audited)	2020 (RMB'000) (Audited)
Net cash inflows from operating activities	303,658	734,988
Net cash outflows from investing activities	(763,646)	(942,481)
Net cash inflows/(outflows) from financing activities	1,028,899	(127,391)
Net increase/(decrease) in cash and cash equivalents	<u>568,911</u>	<u>(334,884)</u>

The net cash inflows from operating activities in 2021 was RMB304 million, which was mainly attributable to the fact that the operating receipts exceeded operating payments during the year. The net cash outflows from investing activities was RMB764 million, which was mainly attributable to the increased investment of RMB130 million to joint ventures and associates, an expenditure of RMB279 million for acquisition of fixed assets and intangible assets and the borrowings of RMB204 million provided to related parties. The net cash inflows from financing activities was RMB1,029 million, which was mainly due to the issuance of medium notes and super short-term financing bonds of RMB1.3 billion in total by the Company, the receipt of long-term bank borrowings of RMB499 million and RMB320 million for PPP projects of Huangshan Jingjian Capital Construction Investment Co., Ltd. and Hunan Jingjian Capital Construction Investment Co., Ltd. during the year, respectively, the receipt of short-term bank borrowings and discount payments for bank notes of RMB194 million by Beijing Urban Rail Transit Construction Engineering Co., Ltd. and BUCZT during the year, the repayment of borrowings and interest expenses of approximately RMB941 million and the payment of dividends to shareholders of approximately RMB228 million for the year.

PLEDGE OF ASSETS

For the year ended 31 December 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 31 December 2021, the net pledged receivables were RMB7,024 million (as at 31 December 2020: RMB6,390 million).

CONTINGENT LIABILITIES

For the year ended 31 December 2021, there are no significant contingent liabilities of the Group.

CAPITAL COMMITMENT

The capital commitments of the Group as at 31 December 2021 and 31 December 2020 were as follows:

	31 December 2021 (RMB'000) (Audited)	31 December 2020 (RMB'000) (Audited)
Contracted, but not provided for:		
Property, plant and equipment	7,310	13,362
Equity investments	2,836,570	2,617,582

CAPITAL STRUCTURE AND FINANCIAL RESOURCES

The equity capital of the Group mainly comprises domestic shares and H shares. Indebtedness capital mainly consists of bank and other borrowings. In addition, ordinary business operation also provides the Group with source of funding. As of 31 December 2021, the net current assets of the Group were RMB1,404 million, among which cash and cash equivalents amounted to RMB4,086 million. The liquidity of the Group was sound and healthy and the Group had adequate cash and available banking facilities to satisfy its operating needs.

For the year ended 31 December 2021, the Group's interest-bearing bank and other borrowings were RMB7,182 million while the gearing ratio (gearing ratio represents the total interest-bearing borrowings as of 31 December 2021 divided by the total equity as at 31 December 2021) was 113.07%.

INDEBTEDNESS

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

	31 December 2021 (RMB'000) (Audited)	31 December 2020 (RMB'000) (Audited)
Bank borrowings		
Pledged	5,302,309	4,611,766
Non-pledged	99,388	110,689
Other borrowings		
Non-pledged	1,464,873	578,000
Lease liabilities		
Non-pledged	315,751	229,914
	7,182,321	5,530,369

As at 31 December 2021, the Group's borrowings were denominated in RMB with interest rates ranging from 2.95% to 5.11%.

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

	31 December 2021	31 December 2020
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	(Audited)	(Audited)
Within one year	2,363,745	558,553
In the second year	421,467	385,284
In the third to fifth years, inclusive	2,385,349	1,499,294
Over five years	2,011,760	3,087,238
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Total	7,182,321	5,530,369
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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.

EVENT AFTER THE BALANCE SHEET DATE

The capital increase in BUCZT had been considered and approved at the general meeting of BUCZT on 4 January 2022. After the completion of the capital increase, the shareholding percentage of the Company in BUCZT reduced from 60% to approximately 30.83%, and BUCZT was no longer a subsidiary but an associate of the Company.

COMPANY-WIDE MANAGEMENT MEASURES IN 2022

In 2022, the Company will continue to seek growth while maintaining stability. In line with the overall development objectives for the “14th Five-Year” period, the Company will strive to seize the new opportunities brought by the new infrastructure construction in China, adhere to philosophy of design-oriented, industry-coordinated, and innovation-driven development, further expand the design and consultancy business, strengthen the overall engineering contracting business, actively expand new business, focus on business synergy along the entire industry chain, integrate advantageous resources, optimize market layout, and consolidate management from the foundation to steadily promote the high-quality development of the Design & Development Group.

The Company’s specific management measures in 2022 include the following five areas:

1. *Sparing no effort to expand design and consultancy business with greater performance*

In terms of rail transit design business, the Company will give full play to the core advantages of rail transit, gather all forces to focus on economically developed areas such as the Beijing-Tianjin-Hebei area, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, Chengdu-Chongqing Economic Circle, and focus all efforts on the urban rail transit market. In particular, the Company will follow up the network planning, construction planning and feasibility study in Nanjing, Hangzhou, Chongqing and Dalian, and keep an eye on the existing rail transit reconstruction market to capture market opportunities in advance. In terms of civil construction and municipal design business, the Company will give full play to the advantages in residential design characteristics and increase market share from multiple dimensions; deeply cultivate market segments such as military-civilian integration, EPC design, cultural tourism, TOD, transportation hubs, and national land planning; extend the survey, design and consultancy business by encouraging cross-segment designs and track international market trends, and steadily implement international business.

2. *Fully promoting the exploration of the engineering construction market*

The Company will strive for development by centering on the market, and will resolutely develop beyond Beijing to intensify the marketing efforts in the key areas of the Greater Bay Area, Jinan, Qingdao, Wuhan and Suzhou, with a view to capturing more market shares with all efforts. Besides, the Company will actively develop the EPC market in the field of light rail and modern trams, adjust the marketing model flexibly, strengthen external cooperation, and strive for more market orders.

3. *Actively cultivating new business*

The Company will adhere to the principle of “integration of investment, construction and operation”, continue to adapt to market demand, spare no effort to expand the markets of suburban railways and intercity express lines; accelerate the exploration of the market potential of urban renewal, smart engineering, ecological environment restoration, water environment management, new cultural creation and other businesses; innovate in investment and financing models, carry out deeper research on the revitalization and refinancing of the assets in stock, and actively promote the application of integrated, module-based and assembly-based technologies.

4. *Exerting greater efforts on innovation-driven development to create new growth points for the development of the Company*

The Company will keep market-oriented, support scientific and technological industrialization, and strive for more technological breakthroughs in the fields of new transportation, comprehensive energy conservation for subways, carbon emission peak and carbon neutrality, green construction, underground space, traffic emergency and digital engineering; strengthen external cooperation, build new platforms, and expand the innovative industrial cluster centered on national engineering research centers, thereby striving to make new achievements in the aspects of innovation platform applications, establishment of major scientific research projects, invention patents and standard formulation.

5. *Comprehensively upgrading management measures to ensure the leap-forward development of the Company*

The Company will implement in depth the action of “Three Reductions, One Decrease and One Promotion (三降一減一提升)” (namely to reduce leverage, reduce receivables and inventories and reduce costs, to decrease losses and to promote quality and efficiency) to promote the improvement of quality and efficiency of the Company; continue to promote internal structural optimization and resource integration, and promote the implementation of regional management of rail transit design business; deepen the construction of the assessment system, and fully implement the tenure and contract-based working systems for managers; continue to release the value of talents and deepen the construction of talent echelon; comprehensively improve the level of informatization, exert great efforts on the construction of ERP system and data mid-office construction, complete the development of a comprehensive data analysis and decision-making platform, and build a dynamic network security defense system; maintain the corporate brand image, take the Company’s development as the direction to expand and maintain the presence in the industry, enhance the think tank function to the government, expand the new media matrix, and further improve the influence in the industry.

BID WINNING

In 2021, with changes to the policy of urban rail transit development in China, the Company expanded the market across the entire rail transit industry chain by leveraging industry advantages and its technical strength. As of 31 December 2021, the Company has won bids of RMB28.07 billion. Among them, the design, survey and consultancy business segment won the bids of RMB5.2 billion, and the overall engineering contracting business segment won the bids of RMB22.87 billion.

EMPLOYEES

As of December 31, 2021, the Group had approximately 4,403 employees, of which approximately 61% were employees at parent company and approximately 39% were employees at subsidiaries. More than 56% of employees have served the Company for more than 5 years. The Company has 1 academician of the Chinese Academy of Engineering, 3 masters of survey and design, 7 experts enjoying government subsidies, middle and senior professional and technical personnel accounted for 71.1% of the total employees, and college graduates and above accounted for 91.2% of the total employees.

In 2021, the Company introduced more than 20 high-end and in-demand talents required for the Company's businesses and qualifications. By improving the intern recruitment and management, the retention rate of interns had "doubled", building up a pool of high-quality students for the Company in advance. The Company organized recruitment in 48 colleges and departments where the first-class disciplines are taught nationwide, and the recruitment and introduction rate of fresh graduates of key and difficult majors increased by 20% year-on-year.

In 2021, 914 employees were promoted in the Company, accounting for 14% of the total employees. In each year, the Company selects and rewards the employees who make remarkable annual achievements and outstanding performance. The Company has possessed a bunch of conscientious, hard-working, aggressive and selfless employees. In order to praise the employees with outstanding performance and set examples, follow the corporate values of "customer first, hard work-oriented, integrity and honesty, and pursuit of excellence", carry forward the corporate spirit of "ingenuity, responsibility, innovation and fighting will", and complete the Company's various work and tasks with better results in 2021, the Company selected 10 employees with outstanding performance as award winners and awarded them the 2021 President Incentive Bonus (院長獎勵基金), and selected 92 employees acting as role models and awarded them the 2021 Excellent Employees.

The Company attaches great emphasis to the staff development and cultivation. Staff training is conducted through our corporate training platform with the aims to establish a training system which adapts to the corporate development strategy and to build a learning organization. The training forms include internal training and external training. According to the Company's strategic business development goals and performance improvement needs, with consideration of the training needs of each unit, and from the four dimensions of the direction of course training, levels of training objects, majors involved and effects of course training, the Company focuses on industry frontiers, technological development, project management, management ability and general qualities to achieve a corporate training course system for all majors and levels under different training themes. Apart from attending the training in person, staff can participate in training by means of remote online training, downloading video and mobile learning, so as to enable the employees in other cities or on trips to participate in training.

In 2021, the Company organized nearly 900 corporate training courses covering all levels, majors and themes, and organized more than 30 expert lectures, bringing together 14 internal experts and 4 external academicians of the Chinese Academy of Engineering and survey and design masters, and a number of leaders of industry association, discipline leaders and peer technical experts. The Company paid attention to business needs and the career development of employees, and carried out a series of counseling activities for the technical title declaration of employees. With consideration of the requirements for the construction of the internal trainer system, the Company strengthened the inspection mechanism for internal trainers, continued to strengthen the training of new employees, and established a “four-in-one” training program of “unified training by the Company, required business training, mentorship and training platform”.

MARKET LANDSCAPE AND BUSINESS PROSPECT

In 2021, the Planning Outline for the National Comprehensive Three-dimensional Transportation Network (《國家綜合立體交通網規劃綱要》) (the “Planning Outline”) of the Central Committee of the Communist Party of China and the State Council proposed to basically complete the construction of a convenient, smooth, economical, efficient, green, intensive, intelligent, advanced, safe and reliable modern high-quality national comprehensive three-dimensional transportation network by 2035, to achieve international and domestic interconnection, three-dimensional and convenient transportation in major cities across the country, and effective coverage on county-level nodes, provide support for the “123 travel circle nationwide” (全國 123 出行交通圈), that is, 1-hour commute in metropolitan areas, 2-hour access to urban agglomerations, and 3-hour coverage of major cities across the country. The Planning Outline clarified the main tasks in three aspects: the first is to optimize the traffic layout by building a 700,000-kilometer traffic network, the main skeleton consisting of 6 axes, 7 corridors and 8 channels, and 100 cities as comprehensive transportation hubs, and improving the transportation network with global coverage. The second is to, in terms of promoting integrated development, promote the integrated development of various modes of transportation, the integrated development of transportation infrastructure networks, service networks and information networks, and the coordinated development of transportation between regions. The third is to, in terms of high-quality development, promote safe development, smart development and green development, and improve the level of transportation governance.

According to the Planning Outline for the National Comprehensive Three-dimensional Transportation Network, the governments at provincial and city levels successively released their local transportation plans, including various transportation networks including waterway, railway, highway, urban rail transit and aviation hubs, and proposed the integrated development of multi-level rail transit networks.

In April 2021, the National Development and Reform Commission issued the Key Tasks for New Urbanization and Urban-Rural Integrated Development in 2021 (《2021 年新型城鎮化和城鄉融合發展重點任務》), which, as regarding rail transit, mentioned the construction of urban agglomerations and metropolitan circles along rails, and stated to accelerate the planning and construction of intercity railways in key urban agglomerations such as the Beijing-Tianjin-Hebei, Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area, and support other qualified urban agglomerations for the rational planning and construction of intercity rail transit.

In 2021, the National Development and Reform Commission issued the Planning of Multi-level Rail Transit in the Yangtze River Delta (《長江三角洲地區多層次軌道交通規劃》) and the Development Plan for the Comprehensive Transportation in the Chengdu-Chongqing Economic Circle(《成渝地區雙城經濟圈綜合交通運輸發展規劃》), and approved the the development plan for Fuzhou Metropolitan Circle; the Development Plan for Nanjing Metropolitan Circle (《南京都市圈發展計劃》) was issued in Nanjing, the Opinions on Promoting the Accelerated Development of Metropolitan (Suburban) Railways was issued in Hebei Province (《關於推動都市圈市域(郊)鐵路加快發展實施意見》), and the “14th Five-Year” plan for comprehensive transportation was announced in Shanghai. Such policies show that urban express rail/urban (suburban) railways will become an effective link between urban and suburban areas/urban agglomerations, and that the importance and demand of urban express rail has significantly increased.

In October 2021, the China Association of Metros held the summit of major leaders in the urban rail transit industry in China, which focused on the digital transformation and high-quality development of the urban rail transit industry; in December of that year, the Ministry of Transportation issued the “14th Five-Year Plan” for Digital Transportation, which proposed digital perception of transportation facilities, making new steps for the construction of new transportation infrastructure, with the coverage of the traffic awareness network on important nodes greatly improved, and the all-round and full-cycle digitalization of the infrastructure of the main framework of the national comprehensive dimensional transportation network comprehensively promoted.

In October 2021, the State Council issued the Opinions on Exerting Great Efforts on Carbon Emission Peaking and Neutralization (做好碳達峰碳中和工作的意見) and the Action Plan for Carbon Peaking by 2030 (2030年前碳達峰行動方案), which required to promote the comprehensive green transformation of economic and social development, deeply adjust the industrial structure, accelerate the construction of a clean, low-carbon, safe and efficient energy system, accelerate the construction of a low-carbon transportation system, improve the quality of green and low-carbon development in urban and rural construction, strengthen the development, promotion and application of major green and low-carbon technologies, continue to consolidate and enhance carbon sink capacity, improve the level of green and low-carbon development in opening to the outside world, improve laws, regulations and standards and statistics monitoring systems, and improve policy mechanisms. The key tasks are: the “ten major carbon peaking actions”, including to carry out carbon peaking throughout the whole process and all aspects of economic and social development, focus on the implementation of energy green and low-carbon transformation actions, energy conservation, carbon reduction and efficiency enhancement actions, carbon peaking actions in the industrial field, carbon peaking actions for urban and rural construction, green and low-carbon transportation actions, circular economy-assisted carbon reduction actions, green and low-carbon technological innovation actions, actions to consolidate and improve carbon sink capacity, green and low-carbon actions for all, and actions to reach carbon peaks in an orderly manner in various regions.

URBAN RAIL TRANSIT

In 2021, the Company successively won the bids for the overall design projects for 8 lines, including the first phase of Ningbo Line 6, the starting point adjustment project of Wuhan Line 16, the K2 Municipal Railway of Zhengzhou, the Hangzhou-Deqing Intercity Railway Project, the second phase of Qingdao Metro Line 7, the first phase of Qingdao Metro Line 15, the supplementary design of the turnkey contract of Jinan Urban Rail Transit Line 6, and the southern extension line of Beijing Rail Transit Line 6. The cable finishing EPC of Beijing Line 1 and the EPC project of power supply network resource sharing of Line 6 created a new design-led EPC model, reflecting the dominant position of design in the overall project, and marking a new breakthrough in business field.

Winning the bids for the rail transit TOD projects such as the top-head development of Daguo Zhuang parking lot of Xuzhou Line 5, the top-head development of Xuhai Road Depot of Xuzhou Line 4, the top-head development of Binjiang Depot of Nanjing S2, the top-head development of Gaoling Depot of Xi'an Line 10 and the top-head development of the Woditan Depot of Suzhou Line 8 indicates that the Company has built up certain brand awareness in the rail transit and other industrial and civil construction integration market. The Company won the bids for the general contracting of civil air defense of Changchun Line 5 and the general contracting of civil air defense of Chongqing Line 15, indicating the continuous improvement of competitiveness in civil air defense design.

The Company implemented new digital technologies represented by BIM, which empowered the traditional survey and design industry with brand new means, contributed to the digital transformation of enterprises, and completed the construction of the value system, management system and standard system in the positive design and whole-process application of BIM. The Company won the bids for the BIM project of Jinan Line 6 and the BIM technology application service in Hangzhou, indicating that the BIM positive design application service level was recognized by the owners. The Company was awarded the highest level “Platinum Level (III) in the Maturity of BIM Implementation Capability” in the BIM implementation capability maturity evaluation of the National Technical Committee for the Digitalization and Standardization of Intelligent Buildings and Residential Areas (全國智標委).

RAIL TRANSIT SYNERGIZING WITH INNOVATIVE CONSTRUCTION

In August 2021, the Ministry of Transport and the Ministry of Science and Technology jointly issued the Opinions on Accelerating the Construction of a Strong Transportation Country Driven by Scientific and Technological Innovation (《關於科技創新驅動加快建設交通強國的意見》) (the “Opinions”). The Opinions proposed that by 2025, the basic research and applied basic research on transportation will be significantly strengthened, breakthroughs in key core technologies will be made, the integration of cutting-edge technologies and transportation will be accelerated, and a scientific and technological innovation system that will meet the needs of accelerating the construction of a strong transportation country will be initially established. By 2035, the basic research and original innovation capabilities in transportation will be comprehensively enhanced, key core technologies will be independently controllable, cutting-edge technologies will be fully integrated with transportation, and a scientific and technological innovation system that meets the needs of a strong transportation country will be basically established.

The national engineering laboratory led by the Company and jointly constructed and operated by Beijing Jiaotong University, Tsinghua University and Nanjing Metro Group successfully passed the acceptance of the National Development and Reform Commission, and passed the optimization and integration examination of the National Development and Reform Commission with excellent results, was officially included in the new sequence for management, and officially changed its name to the National Engineering Research Center for the Green and Safe Construction Technology of Urban Rail Transit (城市軌道交通綠色與安全建造技術國家工程研究中心), marking the official landing of the Company's national R&D platform.

The “environment-friendly technology for rail transit stations” (軌道交通車站環境友好技術) under the special subject of “advanced rail transit” (先進軌道交通) and the “key technology for improving the security performance of urban rail transit and supervision system and demonstration” (城軌交通安防性能提升關鍵技術與監管系統及示範) under the special subject of “public safety risk prevention and emergency-responding technology and equipment” (公共安全風險防控與應急技術裝備) of national key research and development programs successfully passed the performance evaluation of the high-tech center of the Ministry of Technology and completed the final acceptance.

For the first time, the Company obtained the subject of “research on the influence mechanism and coordinated release system of urban rail transit passenger flow induction information under emergency events” (突發事件下城市軌道交通客流誘導信息影響機理及協同發佈系統研究) awarded by the Beijing Natural Science Foundation (北京市自然科學基金). The postdoctoral research station was running well, with two postdoctoral fellows carrying out research in the station, and winning two national postdoctoral research funds.

The corporate innovation center, the rail structure center and the energy conservation center in Beijing all played leading roles in the industry to varying degrees.

The Li Jinlong's innovation studio established by the Company focuses on the innovative direction of the “integrated technical solutions for smart urban rail transit centered on the cloud platform of urban rail transit”; the Li Guoqing's innovation studio focuses on the innovative direction of the series of new technologies for “energy conservation in urban rail transit”, the integrated series of new technologies for smart, beautiful, environment-friendly and comfortable applications, and series of new technologies for environment-friendly ventilation and air-conditioning; and the Tang Chao's innovation studio focuses on the innovative direction of the new technologies such as “integrated intelligent detection of urban rail transit tunnels in full sections”.

The 3rd Scientific and Technological Innovation and Entrepreneurship Competition for Urban Rail Transit in China hosted by the Company set sail for upgrade, and was supported and attended by various governments and industry organizations, more than 20 academicians and survey masters, more than 20 universities and more than 40 rail transit construction units, during which, nearly 400 projects were selected to enter the national semi-finals, generating 96 outstanding project awards and 64 projects in the finalist, further promoting the technological innovation and development of the industry.

PPP AND CONSTRUCTION BY INVESTMENT

In 2021, the state focused on the construction of “Two New, One Major” (兩新一重) (new infrastructure, new urbanization and major projects) and weak points, expanded effective investment, strengthened systematic layout, accelerated the construction of 5G, industrial Internet, big data centers, etc., implemented urban renewal actions, promoted the renovation of old urban communities, supported the construction of affordable rental houses, strengthened the construction of urban flood control and drainage facilities, and promoted the construction of a number of major projects. Steady progress was made for infrastructure construction under the “Two New, One Major” program, which is conducive to enhancing the driving effect of effective investment.

Affected by factors such as the national macroeconomy and the COVID-19 epidemic, the growth rate of the national scale of fixed asset investment continued to decline in 2021, the market growth of the construction engineering industry was sluggish, and the growth rate of the PPP market slowed down due to the impact of the general environment, managing to make progress while maintaining stability. On the one hand, data from the China Public Private Partnerships Center of the Ministry of Finance showed that as of the end of November 2021, the management database included 10,209 projects in total with an investment of RMB16.1 trillion, and a total of 7,618 contracts were signed, with a landing rate of 78.8%. 4,748 construction projects commenced construction, accounting for 46.6%. The PPP market is still an important part of the infrastructure investment and financing market in China. On the other hand, the promulgation of the Notice on Amending and Issuing the Measures for the Administration of Information Disclosure on the Public-Private Partnership (PPP) Comprehensive Information Platform (Cai Jin [2021] No. 110) (《關於修訂發佈〈政府和社會資本合作(PPP)綜合信息平台信息公開管理辦法〉的通知》(財金[2021]110號)) further clarified the scope and content of information disclosure for PPP projects, indicating that the implementation of PPP projects was further standardized, and high quality and sustainability became the main theme in the market.

In the whole year of 2021, the Company made steady progress in the investment and financing business segment with remarkable highlights. Relying on the innovation in the investment and financing model, the Company successfully won the bid for the PPP project of the Bishan-Tongliang Line Project of the Suburban Railway in Chongqing. With product and service innovation, the work of the first phase of the T1 line of the Huangshan City Tourism Railway was solidly advanced. In addition, the equity investment in Beijing Jiuzhou First Rail Environmental Technology Co., Ltd. (北京九州一軌環境科技股份有限公司) was successfully completed, and the Company’s layout in the rail transit industry chain was further improved.

In 2022, under the unified deployment of the Central Economic Work Conference, “steady first and seeking progress while maintaining stability” will be the general keynote for the development of the market economy. Combined with the accelerated implementation of the “Two New, One Major” construction layout, deepening budget management, strengthening government debt management and control, and strictly controlling the debt risk trend of state-owned enterprises, the market-oriented reform of infrastructure investment and financing will be further deepened, against the backdrop of which, the PPP mode, as one of the means of infrastructure investment and financing marketization, and as an effective way to reduce the pressure on government financial debt, will continue to play an important role in the infrastructure construction field in China.

The ecological environment-oriented urban development model (EOD model) coordinates economic development, urban construction and ecological environment, and has become an important model and path for exploring sustainable urban development. The EOD model is applied to the PPP model to form a “PPP+EOD” model. The “PPP+EOD” model is a brand-new model, and is expected to be further actively explored and implemented in the market in the next few years.

CONSTRUCTION BUSINESS

The Report on the Current Status and Development Trend of China’s Civil Construction Industry (2021-2027) (中國民用建築行業現狀調研及發展趨勢分析報告(2021-2027 年)) released on www.cir.cn believes that, with the spread of the residential purchase restriction order across the country, some funds have been withdrawn from the residential market and flowed into office buildings, resulting in a remarkable increase in the sales of office buildings. It is expected that the favorable policies for office buildings will still exist until the purchase restriction order is withdrawn. At the same time, with the accelerated urbanization of second – and third-tier cities and the industrial transfer from first-tier cities to second – and third-tier cities, the demand for office buildings in second – and third-tier cities will greatly increase, which indicates that there will be huge business opportunities in second – and third-tier cities in the next 10 years. With the deepening of the reform of the medical and health system in China, the central and local governments have increased investment in the construction of medical institutions, especially the construction of primary health care institutions, and the market scale of new medical buildings in China will gradually expand.

In addition to core products such as urban rail transit vehicle depots and hubs, the key strategic direction in the future will be diversified and multi-dimensional in the fields of urban renewal, medical buildings, sports buildings and military-civilian integration projects.

In addition, the Company will actively explore and innovate in line with the requirements of green buildings, carbon emissions and energy conservation highly advocated by the government, to meet the needs of market development. Elements such as BIM, intelligence, and technological elements should be reflected in the design products, and efforts will be made to actively adapt to market changes. Only by embracing changes and making timely adjustments can we remain invincible in the market environment that is increasingly fierce.

ENGINEERING CONSTRUCTION

In line with the current market situation dominated by state-owned enterprises, the Company gave full play to the advantages of existing projects in local human, material, financial and various social resources, took the Beijing market as the core, and focused on the relatively mature areas such as the Beijing-Tianjin-Hebei area, Yangtze River Delta, Guangdong-Hong Kong-Macau Greater Bay Area, and Chengdu-Chongqing area, etc., paid close attention to market trends, and expand follow-up projects to promote the sustainable development of the regional markets.

The Company continued to expand the scope of rail transit projects undertaken, actively followed up the old line renovation projects of operating companies, and carried out maintenance and repair projects and other projects on hand, and strived to win more market shares with great contract performance.

INDUSTRIALIZATION

The impact of the global COVID-19 pandemic and the impact of Sino-US trade frictions have accelerated the formation of a new dual-cycle development pattern in China with domestic circulation as the mainstay plus international and domestic mutual promotion. The strengthening of domestic demand will provide strong support for the overall recovery of China's economy, and the supply for the construction of urban rail transit industry will continue to expand, especially with the benefit of the strategy of building a strong country with strong transportation and the guidance of the new infrastructure policy. Centered on the main themes of urban interconnection, regional ecosystem construction, and high-quality development of smart transportation, various types of rail transit construction investments will continue to catalyze.

Local government special bonds and PPP projects provide incremental funding sources, which promotes further investment in urban rail infrastructure. With the increase in mileage, urban rail industry chain companies maintain rapid growth, including train equipment and intelligent control systems. The emerging fields under the strong radiation of new infrastructure, represented by urban rail cloud and smart subways, have ushered in enormous development opportunities. As private capital enters a period of clarified policies, the construction of the rail transit industry gradually presents a diversified development pattern, providing space for the innovative application of new technologies and new models, and thereby making a good start for the development of urban rail transit during the 14th Five-Year Plan period.

INTERNATIONAL BUSINESS

In 2021, the COVID-19 pandemic was still spreading around the world, the international situation was not optimistic, and the economic situation in most countries was weak. However, from the needs of the actual situation of the countries with presence and the need for economic stimulus, as well as the contraction of China's domestic market, and with various companies driven by the model of development with dual engines and multi-directional development, the information of overseas rail transit projects did not decrease, but took on a trend of increase, which was mainly concentrated in Southeast Asia and the Middle East, with a small amount in Eastern Europe and South America, basically in line with the current regional economic development speed and regional development maturity; from the perspective of the distribution of cooperation, the partners mainly came from state-owned enterprises with supplementary resources such as CITIC Construction, China North Industries Corporation, China National Machinery Import & Export Corporation, China Machinery Engineering Corporation, China Communications Construction and China Power Construction.

According to the analysis of the overseas rail transit situation contacted in 2021, the construction mode of international rail transit had been transformed from the EPC+F mode to the PPP mode, and more and more projects had proposed the PPP construction mode; from the perspective of project type, on the one hand, there were large new rail transit projects in emerging countries, and on the other hand, many countries had put forward the demand for modernization. The main advantages of Chinese companies in acquiring projects in the fierce international rail transit market lie in capital investment such as financing, low project cost, excellent service quality, and flexible implementation policies.

PROFIT DISTRIBUTION AND DIVIDEND

On 25 March 2022, the Board of Directors proposed the distribution of a final dividend of RMB0.1679 per share (before applicable tax) for the year, after the appropriations to the statutory surplus reserve according to the relevant regulations. The proposal for the payment of the final dividend is subject to the approval of shareholders at the 2021 annual general meeting to be held on 27 May 2022. If approved, it is expected that dividend will be paid to the shareholders whose names appear on the register of shareholders of the Company dated 10 June 2022 before 26 August 2022.

The H Shares register of members of the Company will be closed from Sunday, 5 June 2022 to Friday, 10 June 2022 (both days inclusive). In order to be entitled to the final dividend, holders of H Shares of the Company must lodge all the transfer documents accompanied by the relevant H share certificates with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by 4:30 p.m. on Thursday, 2 June 2022.

PURCHASE, SALES AND REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities for the year ended 31 December 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company has complied with all code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), and adopted in its best practice proposed thereof as appropriate.

Beijing Infrastructure Investment (Hong Kong) Limited, the wholly-owned subsidiary of Beijing Infrastructure Investment Co., Ltd., a shareholder of the Company, has completed the acquisition of 68,222,000 H shares of the Company indirectly held by Beijing Capital Group Ltd. through its controlled corporations (the "**Share Transfer**") on 11 July 2017. The Share Transfer has resulted in the H share public float level of the Company falling to 23.69% upon completion of the key employee stock ownership scheme by the Company on 1 February 2018, which failed to meet the requirements on minimum public float under Rule 8.08(1)(a) of the Listing Rules. The Company is adopting appropriate measures to ensure that the public float is restored as soon as possible. For details, please refer to the announcement of the Company dated 2 March 2018.

SECURITIES TRANSACTIONS

During the Reporting Period, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct for dealings in the securities of the Company by all of our Directors and supervisors. Having made specific enquiry to all Directors and supervisors, all Directors and supervisors have confirmed that they have complied with the Code stated above during the Reporting Period.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's 2021 annual results and the consolidated financial statements for the year ended 31 December 2021 prepared in accordance with the IFRSs.

PUBLICATION OF THE ANNUAL RESULTS AND THE ANNUAL REPORT

This results announcement is published on the website of HKExnews of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company's website at <http://www.bju.cd.com>.

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

Beijing, the PRC, 25 March 2022

As at the date of this announcement, the executive Directors of the Company are Wang Hanjun and Li Guoqing; the non-executive Directors of the Company are Pei Hongwei, Shi Huaxin, Peng Dongdong, Li Fei, Wang Tao and Tang Qimeng; and the independent non-executive Directors of the Company are Wang Guofeng, Qin Guisheng, Ma Xufei and Xia Peng.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*Year ended 31 December 2021*

	<i>Notes</i>	2021 RMB'000	2020 RMB'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	4	9,501,471	9,453,562
Cost of sales	6	<u>(7,740,298)</u>	<u>(7,722,077)</u>
Gross profit		1,761,173	1,731,485
Other income and gains	4	445,034	401,514
Selling and distribution expenses		(72,534)	(58,425)
Administrative expenses		(773,870)	(743,280)
Impairment losses on financial and contract assets, net		(370,796)	(267,382)
Other expenses		(16,605)	(16,768)
Finance costs	5	(280,370)	(243,295)
Share of profits and losses of:			
Joint ventures		225,449	87,170
Associates		<u>(2,221)</u>	<u>315</u>
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	6	915,260	891,334
Income tax expense	7	<u>(130,159)</u>	<u>(108,236)</u>
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		785,101	783,098
DISCONTINUED OPERATION			
Profit for the year from the discontinued operation		<u>49,132</u>	<u>24,454</u>
PROFIT FOR THE YEAR		834,233	807,552
Profit attributable to:			
Owners of the parent		851,827	786,535
Non-controlling interests		<u>(17,594)</u>	<u>21,017</u>
		<u>834,233</u>	<u>807,552</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (expressed in RMB per share)			
For Profit for the year	9	<u>0.63</u>	<u>0.58</u>
For Profit from continuing operations	9	<u>0.60</u>	<u>0.57</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
PROFIT FOR THE YEAR	<u>834,233</u>	<u>807,552</u>
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	209	435
<i>Other comprehensive income that will not 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	(2,956)	(450)
Remeasurement (losses)/gains on defined benefit plans, net of tax	<u>(2,240)</u>	<u>4,370</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax	<u>(5,196)</u>	<u>3,920</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>(4,987)</u>	<u>4,355</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>829,246</u>	<u>811,907</u>
Attributable to:		
Owners of the parent	846,840	790,890
Non-controlling interests	<u>(17,594)</u>	<u>21,017</u>
	<u>829,246</u>	<u>811,907</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*31 December 2021*

		31 December 2021	31 December
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		829,412	827,745
Goodwill		5,741	5,741
Right-of-use assets		526,837	451,698
Intangible assets		558,873	405,552
Investments in joint ventures		1,876,372	1,640,923
Investments in associates		183,593	66,245
Financial assets at fair value through profit or loss		419,000	274,000
Equity investments designated at fair value through other comprehensive income		17,521	15,701
Deferred tax assets		247,924	241,944
Contract assets and financial receivables		5,305,972	5,166,721
Prepayments, other receivables and other assets		306,635	271,604
		<hr/>	<hr/>
Total non-current assets		10,277,880	9,367,874
CURRENT ASSETS			
Inventories		82,693	144,693
Trade and bills receivables	10	3,999,167	4,245,437
Prepayments, other receivables and other assets		904,985	556,795
Contract assets and financial receivables		3,842,391	3,171,538
Financial assets at fair value through profit or loss		8,602	–
Pledged deposits	11	41,217	39,181
Cash and bank balances	11	3,984,180	3,533,993
		<hr/>	<hr/>
		12,863,235	11,691,637
Assets of a disposal group classified as held for sale		1,086,817	–
		<hr/>	<hr/>
Total current assets		13,950,052	11,691,637
CURRENT LIABILITIES			
Trade and bills payables	12	4,443,096	4,512,247
Other payables and accruals		4,670,709	4,699,552
Interest-bearing bank and other borrowings		2,363,745	558,553
Provisions for supplementary retirement benefits		3,259	3,600
Tax payable		60,754	48,360
Provision		7,381	4,357
		<hr/>	<hr/>
		11,548,944	9,826,669
Liabilities directly associated with the assets classified as held for sale		997,504	–
		<hr/>	<hr/>
Total current liabilities		12,546,448	9,826,669
NET CURRENT ASSETS		1,403,604	1,864,968
TOTAL ASSETS LESS CURRENT LIABILITIES		11,681,484	11,232,842

		31 December 2021	31 December 2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,945	16,435
Interest-bearing bank and other borrowings		4,818,576	4,971,816
Provisions for supplementary retirement benefits		66,065	63,475
Other payables and accruals		406,529	366,839
Provision		36,208	66,204
		<hr/>	<hr/>
Total non-current liabilities		5,329,323	5,484,769
		<hr/>	<hr/>
Net assets		6,352,161	5,748,073
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital	13	1,348,670	1,348,670
Reserves		4,736,809	4,101,440
		<hr/>	<hr/>
		6,085,479	5,450,110
		<hr/>	<hr/>
Non-controlling interests		266,682	297,963
		<hr/>	<hr/>
Total equity		6,352,161	5,748,073
		<hr/> <hr/>	<hr/> <hr/>

Wang Hanjun
Director

Li Guoqing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

	Attributable to owners of the parent									Total equity RMB'000
	Share capital RMB'000	Capital reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Special reserve RMB'000	Statutory surplus reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 31 December 2020 and 1 January 2021	1,348,670	739,780	5,288	-	384,319	293	2,971,760	5,450,110	297,963	5,748,073
Profit for the year	-	-	-	-	-	-	851,827	851,827	(17,594)	834,233
Other comprehensive income for the year:										
Remeasurement losses on defined benefit plans, net of tax	-	(2,240)	-	-	-	-	-	(2,240)	-	(2,240)
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	(2,956)	-	-	-	-	(2,956)	-	(2,956)
Exchange differences on translation of foreign operations	-	-	-	-	-	209	-	209	-	209
Total comprehensive income for the year	-	(2,240)	(2,956)	-	-	209	851,827	846,840	(17,594)	829,246
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(5,012)	(5,012)
Final 2020 dividend declared	-	-	-	-	-	-	(211,471)	(211,471)	-	(211,471)
Dividend declared to non-controlling shareholders	-	-	-	-	-	-	-	-	(8,675)	(8,675)
Appropriation to statutory surplus reserve	-	-	-	-	77,236	-	(77,236)	-	-	-
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	-	-	(384)	-	-	-	384	-	-	-
Transfer to special reserve (note (i))	-	-	-	97,521	-	-	(97,521)	-	-	-
Utilisation of special reserve (note (i))	-	-	-	(95,302)	-	-	95,302	-	-	-
At 31 December 2021	<u>1,348,670</u>	<u>737,540*</u>	<u>1,948*</u>	<u>2,219*</u>	<u>461,555*</u>	<u>502*</u>	<u>3,533,045*</u>	<u>6,085,479</u>	<u>266,682</u>	<u>6,352,161</u>

Attributable to owners of the parent

	Share capital <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Fair value reserve of financial assets at fair value through other comprehensive income <i>RMB'000</i>	Special reserve <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i>	Exchange fluctuation reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
At 31 December 2019 and 1 January 2020	1,348,670	734,496	5,738	-	314,991	(142)	2,428,531	4,832,284	264,601	5,096,885
Profit for the year	-	-	-	-	-	-	786,535	786,535	21,017	807,552
Other comprehensive income for the year:										
Remeasurement gains on defined benefit plans, net of tax	-	4,370	-	-	-	-	-	4,370	-	4,370
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	(450)	-	-	-	-	(450)	-	(450)
Exchange differences on translation of foreign operations	-	-	-	-	-	435	-	435	-	435
Total comprehensive income for the year	-	4,370	(450)	-	-	435	786,535	790,890	21,017	811,907
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	24,989	24,989
Purchase of non-controlling interests	-	914	-	-	-	-	-	914	(3,772)	(2,858)
Final 2019 dividend declared	-	-	-	-	-	-	(173,978)	(173,978)	-	(173,978)
Dividend declared to non-controlling shareholders	-	-	-	-	-	-	-	-	(8,872)	(8,872)
Appropriation to statutory surplus reserve	-	-	-	-	69,328	-	(69,328)	-	-	-
Transfer to special reserve (note (i))	-	-	-	99,005	-	-	(99,005)	-	-	-
Utilisation of special reserve (note (i))	-	-	-	(99,005)	-	-	99,005	-	-	-
At 31 December 2020	<u>1,348,670</u>	<u>739,780*</u>	<u>5,288*</u>	<u>-*</u>	<u>384,319*</u>	<u>293*</u>	<u>2,971,760*</u>	<u>5,450,110</u>	<u>297,963</u>	<u>5,748,073</u>

* The reserve accounts comprise the consolidated reserves of RMB4,736,809,000 (31 December 2020: RMB4,101,440,000) in the consolidated statement of financial position as at 31 December 2021.

Note:

- (i) In the preparation of these consolidated financial statements, the Group has appropriated certain amounts of retained profits to a special reserve fund for each of the years ended 31 December 2020 and 2021 respectively, for safety production expense purposes as required by directives issued by the relevant People's Republic of China ("PRC") government authorities. The Group charged the safety production expenses to profit or loss when such expenses were incurred, and at the same time, the corresponding amounts of special reserve fund were utilised and transferred back to retained profits.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax			
From continuing operations		915,260	891,334
From the discontinued operation		50,136	23,054
Adjustments for:			
Finance costs		284,211	245,956
Foreign exchange differences, net		16,606	14,833
Interest income		(415,073)	(372,662)
Fair value gains of financial assets at fair value through profit or loss	4	(7,694)	(3,190)
Share of profits of associates and joint ventures		(223,228)	(87,485)
Gain on remeasurement of the previously held interest in an acquiree at its acquisition date in a step acquisition of a subsidiary	4	–	(12,881)
Depreciation of right-of-use assets		119,726	111,451
Depreciation of items of property, plant and equipment		77,274	50,465
Amortisation of intangible assets		16,308	7,541
Impairment of trade and bills receivables, net		291,170	208,611
Impairment of prepayments, other receivables, net		11,655	755
Impairment of contract assets and financial receivables, net		80,752	79,675
Provision for foreseeable losses on contracts, net	6	4,136	1,996
(Gains)/losses on disposal of items of property, plant and equipment and right-of-use assets, net	6	(2,944)	1,940
		<u>1,218,295</u>	<u>1,161,393</u>
Decrease/(increase) in inventories		54,624	(28,450)
(Increase)/decrease in contract assets and financial receivables		(699,485)	22,635
(Increase)/decrease in trade and bills receivables		(581,277)	316,064
(Increase)/decrease in prepayments, other receivables and other assets		(350,919)	632,606
Increase in pledged deposits		(3,053)	(10,312)
Increase/(decrease) in trade and bills payables		647,682	(189,353)
Increase/(decrease) in other payables and accruals		152,623	(1,086,457)
(Decrease)/increase in provision		(23,531)	11,884
Increase in provisions for supplementary retirement benefits		351	790
		<u>415,310</u>	<u>830,800</u>
Cash flows from operations		415,310	830,800
Interest received		30,269	44,806
Income tax paid		(141,921)	(140,618)
		<u>303,658</u>	<u>734,988</u>
Net cash flows from operating activities		<u>303,658</u>	<u>734,988</u>

	<i>Note</i>	2021 RMB'000	2020 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(148,919)	(130,719)
Purchases of intangible assets		(130,234)	(265,998)
Purchases of financial assets at fair value through profit or loss		(145,908)	(136,170)
Addition of investments in associates and joint ventures		(130,029)	(487,360)
Addition of equity investments designated at fair value through other comprehensive income		(7,020)	(1)
Proceeds from disposal of items of property, plant and equipment and intangible assets		5,758	2,904
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		–	1,130
Purchase of non-controlling interests		–	(2,858)
Dividends received from associates and joint ventures		1,718	193
Acquisition of subsidiaries, net of cash acquired		–	75,440
Withdraw of an investment to a non-controlling shareholder		(5,012)	–
Decrease in non-pledged time deposits with original maturity of more than three months		–	958
Loans provided to a joint venture		(204,000)	–
Net cash flows used in investing activities		(763,646)	(942,481)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(260,546)	(230,920)
Dividend paid to shareholders		(217,138)	(167,609)
Dividend paid to non-controlling shareholders		(11,125)	(7,075)
Principal portion of lease payments		(115,251)	(109,285)
New bank and other borrowings		2,313,648	760,989
Repayment of bank and other borrowings		(680,689)	(373,491)
Net cash flows from/(used in) financing activities		1,028,899	(127,391)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		568,911	(334,884)
Effect of exchange rate changes on cash and cash equivalents		3,533,750	3,883,735
		(16,397)	(15,101)
CASH AND CASH EQUIVALENTS AT END OF YEAR			
	11	4,086,264	3,533,750

NOTES TO FINANCIAL STATEMENTS

31 December 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 year, the Company and its subsidiaries (collectively referred to as the “**Group**”) were involved in the following principal activities:

- Design, survey and consultancy services for urban rail transit and urban rail transit related industrial and civil construction and municipal engineering projects;
- Construction contracting services for urban rail transit and the service concession arrangements under the build-operate-transfer (“**BOT**”) arrangements.

In the opinion of the directors of the Company (the “**Directors**”), the Company’s holding company and the ultimate holding company is Beijing Urban Construction Group Co., Ltd. (北京城建集團有限責任公司, “**BUCG**”), which is a state-owned enterprise.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Company name*	Notes	Place and date of registration and place of business	Registered capital	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
Beijing Urban Construction Exploration & Surveying Design Research Institute Co., Ltd. ("北京城建勘测設計研究院有限責任公司")		The PRC/Mainland China 3 May 1992	RMB30,000,000	100%	–	Surveying, designing and engineering exploration
Beijing Huan'an Engineering Inspection Co., Ltd. ("北京環安工程檢測有限責任公司")		The PRC/Mainland China 18 June 2008	RMB12,000,000	100%	–	Engineering consulting, monitoring and testing
China Metro Engineering Consulting Co., Ltd. ("中國地鐵工程諮詢有限責任公司")		The PRC/Mainland China 27 October 2006	RMB13,340,000	56.22%	–	Rail transit engineering consulting
Beijing Urban Construction Xingjie Commercial Operation Management Co., Ltd. ("北京城建興捷商業運營管理有限公司")		The PRC/Mainland China 21 November 2011	RMB500,000	100%	–	Property management
Beijing Urban Construction Xinjie Consulting Co., Ltd. ("北京城建信捷軌道交通工程諮詢有限公司")		The PRC/Mainland China 2 January 2004	RMB5,000,000	60%	40%	Rail transit engineering consulting
Beijing Urban Construction Zhikong Technology Co., Ltd. ("北京城建智控科技股份有限公司")	(i)	The PRC/Mainland China 10 October 2014	RMB70,000,000	60%	–	Technical consulting and technical services
Beijing Urban Construction Design (Hong Kong) Co., Ltd. ("北京城建設計(香港)有限公司")		The PRC/Hong Kong 5 January 2015	HKD3,000,000	100%	–	Advisory services
Anhui Jingjian Capital Construction Investment Co., Ltd. ("安徽京建投資建設有限公司")		The PRC/Mainland China 12 May 2015	RMB500,000,000	88%	–	Construction project investment, construction and operation maintenance
Beijing Urban Rail Transit Construction Engineering Co., Ltd. ("北京城建軌道交通建設工程有限公司")		The PRC/Mainland China 21 September 2015	RMB300,000,000	100%	–	Construction contracting
Rail Transit Energy Conservation Beijing Engineering Research Center Co., Ltd. ("軌道交通節能北京市工程研究中心有限公司")		The PRC/Mainland China 20 August 2015	RMB10,000,000	60%	–	Engineering services and development, consulting
Guizhou Jingjian Capital Construction Investment Co., Ltd. ("貴州京建投資建設有限公司")		The PRC/Mainland China 22 June 2016	RMB360,000,000	75%	–	Construction project investment, construction and operation maintenance
Yunnan Jingjian Capital Construction Investment Co., Ltd. ("雲南京建投資建設有限公司")		The PRC/Mainland China 28 July 2016	RMB386,980,000	90%	–	Construction project investment, construction and operation maintenance
Beijing Urban Infrastructure Construction Investment Management Co., Ltd. ("北京城建基礎設施投資管理有限公司")		The PRC/Mainland China 19 May 2016	RMB100,000,000	100%	–	Investment management and consultancy services

Company name*	Notes	Place and date of registration and place of business	Registered capital	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
Beijing Urban Construction Design Research Institute Co., Ltd. ("北京城建設計研究院有限公司")		The PRC/Mainland China 18 July 2016	RMB30,000,000	100%	–	Construction design
Beijing Jingjian Shuncheng Construction Investment Co., Ltd. ("北京京建順城建設投資有限公司")		The PRC/Mainland China 8 August 2017	RMB700,000,000	70%	–	Project investment and railway operation management
Beijing Anjie Engineering Consultants Co., Ltd. ("北京安捷工程諮詢有限公司")		The PRC/Mainland China 25 January 2007	RMB5,000,000	30%	21%	Engineering services and development, consultancy services
Huangshan Jingjian Capital Construction Investment Co., Ltd. ("黃山京建投資建設有限公司")		The PRC/Mainland China 8 August 2018	RMB100,000,000	90%	–	Construction project investment, construction and operation maintenance
Jiangsu Jingjian Capital Construction Investment Co., Ltd. ("江蘇京建投資建設有限公司")	(ii)	The PRC/Mainland China 19 September 2018	RMB50,000,000	90%	–	Construction project investment, construction and operation maintenance
Beijing Urban Construction Design & Development Group Guangzhou Construction Co., Ltd. ("北京城建設計發展集團廣州建設有限公司")		The PRC/Mainland China 22 November 2018	RMB10,000,000	100%	–	Construction contracting
Beijing Rail Transit Design and Research Institute Co., Ltd. ("北京市軌道交通設計研究院有限公司")		The PRC/Mainland China 15 November 2012	RMB10,000,000	50%	–	Construction design
Hunan Jingjian Capital Construction Investment Co., Ltd. ("湖南京建投資建設有限公司")		The PRC/Mainland China 25 September 2020	RMB149,973,200	70%	–	Construction project investment, construction and operation maintenance
Beijing Yaocheng Cultural and Creative Technology Development Co., Ltd. ("北京耀城文創科技發展有限公司")	(iii)	The PRC/Mainland China 26 September 2021	RMB10,000,000	100%	–	Technology development and consulting services

* The English names of the companies registered in the PRC represent the best efforts of the management of the Company in directly translating the Chinese names of the companies as no English names have been registered.

Notes:

- (i) On 28 September 2021, the Company entered into a share reform agreement of Beijing Urban Construction Zhikong Technology Co., Ltd. ("BUCZT") with other parties, including the Company's holding company and its affiliate. The registered capital of BUCZT was increased from RMB30,000,000 to RMB70,000,000.
- (ii) On 22 June 2021, Jiangsu Jingjian Capital Construction Investment Co., Ltd. was cancelled.
- (iii) On 26 September 2021, Beijing Yaocheng Cultural and Creative Technology Development Co., Ltd. was established by the Company. The Company directly owned a 100% equity interest in the entity.

BUCZT is a company limited by shares, and the other subsidiaries are limited liability companies.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) (which include all International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations) issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (early adopted)

The nature and the 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 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.
- (b) Amendment to IFRS 16 issued in March 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.

During the year ended 31 December 2021, certain monthly lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors as a result of the covid-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2021 and elected not to apply lease modification accounting for 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 year ended 31 December 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.

Year ended 31 December 2021

	Design, survey and consultancy <i>RMB'000</i>	Construction contracting <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue (note 4)				
Sales to external customers	4,102,495	5,398,976	–	9,501,471
Intersegment sales	28,563	–	(28,563)	–
Revenue from continuing operations	4,131,058	5,398,976	(28,563)	9,501,471
Segment results	759,361	20,098	(1,250)	778,209
Interest income	1,370	398,764	–	400,134
Finance costs	(30,650)	(249,720)	–	(280,370)
Profit of segments for the year from continuing operations	730,081	169,142	(1,250)	897,973
Income tax expense				(130,159)
Unallocated interest income				17,287
Profit for the year from continuing operations				785,101
Segment assets	10,060,467	12,289,012	(1,424,887)	20,924,592
Corporate and other unallocated assets				2,216,523
Assets related to the discontinued operation				1,086,817
Total assets				24,227,932
Segment liabilities	7,582,633	10,627,774	(1,394,838)	16,815,569
Corporate and other unallocated liabilities				62,698
Liabilities related to the discontinued operation				997,504
Total liabilities				17,875,771
Other segment information				
Share of profits and losses of:				
Joint ventures	225,449	–	–	225,449
Associates	(2,221)	–	–	(2,221)
Depreciation	162,045	17,349	–	179,394
Amortisation	7,840	5,979	–	13,819
Provision for				
– foreseeable losses on contracts	3,940	196	–	4,136
– impairment of trade and bills receivables, contract assets and financial receivables, other receivables, net	149,098	221,698	–	370,796
Investments in joint ventures	1,876,372	–	–	1,876,372
Investments in associates	183,593	–	–	183,593
Capital expenditure *				
– continuing operations	304,435	265,608	–	570,043
– discontinued operation				24,180

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

Year ended 31 December 2020

	Design, survey and consultancy <i>RMB'000</i>	Construction contracting <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue (note 4)				
Sales to external customers	3,668,778	5,784,784	–	9,453,562
Intersegment sales	19,579	–	(19,579)	–
Revenue from continuing operations	<u>3,688,357</u>	<u>5,784,784</u>	<u>(19,579)</u>	<u>9,453,562</u>
Segment results	513,819	247,208	3,445	764,472
Interest income	1,088	360,343	–	361,431
Finance costs	(8,213)	(235,082)	–	(243,295)
Profit of segments for the year from continuing operations	506,694	372,469	3,445	882,608
Income tax expense				(108,236)
Unallocated interest income				8,726
Profit for the year from continuing operations				<u>783,098</u>
Segment assets	6,828,904	13,743,173	(1,536,326)	19,035,751
Corporate and other unallocated assets				2,023,760
Total assets				<u>21,059,511</u>
Segment liabilities	6,669,188	10,121,734	(1,552,396)	15,238,526
Corporate and other unallocated liabilities				72,912
Total liabilities				<u>15,311,438</u>
Other segment information				
Share of profits and losses of:				
Joint ventures	87,170	–	–	87,170
Associates	315	–	–	315
Depreciation	136,079	11,716	–	147,795
Amortisation	7,521	–	–	7,521
Provision for				
– foreseeable losses on contracts	1,994	2	–	1,996
– impairment of trade and bills receivables, contract assets and financial receivables, other receivables, net	168,488	98,894	–	267,382
Investments in joint ventures	1,640,923	–	–	1,640,923
Investments in associates	66,245	–	–	66,245
Capital expenditure *				
– continuing operations	303,393	302,539	–	605,932
– discontinued operation				18,581

Geographical information

(a) Revenue from external customers

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
China	9,471,484	9,412,940
Other countries	29,987	40,622
	<u>9,501,471</u>	<u>9,453,562</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	31 December 2021 RMB'000	31 December 2020 RMB'000
	China	<u>9,570,746</u>

The non-current asset information of continuing operations above is located in China and exclude financial assets and deferred tax assets.

Information about major customers

During the years ended 31 December 2021 and 30 December 2020, there was one customer of the Group from which the revenue accounted for over 10% of the Group's total revenue, respectively.

Year ended 31 December 2021

	Design, survey and consultancy RMB'000	Construction contracting RMB'000	Total RMB'000
Customer A	<u>457,577</u>	<u>1,453,461</u>	<u>1,911,038</u>

Year ended 31 December 2020

	Design, survey and consultancy RMB'000	Construction contracting RMB'000	Total RMB'000
Customer B	<u>3,993</u>	<u>1,995,312</u>	<u>1,999,305</u>

4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue from continuing operations is as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
<i>Revenue from contracts with customers</i>	9,446,793	9,440,517
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases:		
Variable lease payments that do not depend on an index or a rate	51,861	4,948
Other lease payments, including fixed payments	2,817	8,097
	54,678	13,045
	9,501,471	9,453,562

Revenue from contracts with customers

(i) Disaggregated revenue information

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Types of goods or services		
Design, survey and consultancy	4,099,678	3,660,681
Construction contracting and others	5,347,115	5,779,836
	9,446,793	9,440,517
Timing of revenue recognition		
Services transferred at a point in time	61,565	41,694
Services transferred over time	9,385,228	9,398,823
	9,446,793	9,440,517
Geographical markets		
China	9,416,806	9,399,895
Other countries	29,987	40,622
	9,446,793	9,440,517

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

For the year ended 31 December 2021

Segment	Design, survey and consultancy <i>RMB'000</i>	Construction contracting <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with customers			
External customers	4,099,678	5,347,115	9,446,793
Intersegment sales	28,563	–	28,563
	<u>4,128,241</u>	<u>5,347,115</u>	<u>9,475,356</u>
Intersegment adjustments and eliminations	(28,563)	–	(28,563)
Total revenue from contracts with customers	<u><u>4,099,678</u></u>	<u><u>5,347,115</u></u>	<u><u>9,446,793</u></u>

For the year ended 31 December 2020

Segment	Design, survey and consultancy <i>RMB'000</i>	Construction contracting <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with customers			
External customers	3,660,681	5,779,836	9,440,517
Intersegment sales	19,579	–	19,579
	<u>3,680,260</u>	<u>5,779,836</u>	<u>9,460,096</u>
Intersegment adjustments and eliminations	(19,579)	–	(19,579)
Total revenue from contracts with customers	<u><u>3,660,681</u></u>	<u><u>5,779,836</u></u>	<u><u>9,440,517</u></u>

(ii) Performance obligations

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

Design, survey and consultancy services

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

Construction services

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

	Note	Year ended 31 December	
		2021 RMB'000	2020 RMB'000
Other income and gains			
Interest income	6	417,421	370,157
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
Fair value gains of financial assets at fair value through profit or loss	6	7,694	3,190
Government grants	6	5,310	4,891
Additional tax deduction for input VAT		5,425	2,673
Others		9,184	7,722
		<u>445,034</u>	<u>401,514</u>

5. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Interest on bank and other borrowings	266,268	232,051
Interest on lease liabilities	14,102	11,244
	<u>280,370</u>	<u>243,295</u>

6. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December	
		2021 RMB'000	2020 RMB'000
Cost of design, survey and consultancy services		2,855,442	2,552,949
Cost of construction contracting services and others		4,884,856	5,169,128
Total cost of sales		7,740,298	7,722,077
Depreciation of property, plant and equipment	(a)	70,737	45,798
Depreciation of right-of-use assets	(a)	108,657	101,997
Amortisation of intangible assets		13,819	7,521
Total depreciation and amortisation		193,213	155,316
Research and development costs		345,154	263,725
Impairment of trade and bills receivables, net		280,161	192,197
Impairment of contract assets and financial receivables, net		77,365	77,033
Impairment of other receivables, net		13,270	(1,848)
Provision for foreseeable losses on contracts, net		4,136	1,996
Provision for warranty			
Additional provision		17,245	17,245
Reversals of unutilised provision		(43,612)	–
Lease payments not included in the measurement of lease liabilities	(b)	372,770	196,827
Auditor's remuneration		3,380	3,380
Employee benefit expenses (excluding directors' and supervisors' remuneration):	(c)		
Wages, salaries and allowances		1,650,491	1,442,822
Retirement benefit costs			
– Defined contribution retirement schemes		154,610	116,425
– Defined benefit retirement schemes		3,949	3,860
Total retirement benefit costs		158,559	120,285
Welfare and other expenses		242,253	229,115
Total employee benefit expenses		2,051,303	1,792,222
Fair value gains of financial assets at fair value through profit or loss	4	(7,694)	(3,190)
Interest income	4	(417,421)	(370,157)
Government grants	4	(5,310)	(4,891)
Gain on remeasurement of the previously held interest in an acquiree at its acquisition date in a step acquisition of a subsidiary	4	–	(12,881)
(Gains)/losses on disposal of items of property, plant and equipment and right-of-use assets, net		(2,944)	1,940
Foreign exchange differences, net		16,605	14,829

Notes:

- (a) Depreciation of property, plant and equipment and right-of-use assets of approximately RMB96,304,000 (2020: RMB92,438,000) was included in cost of sales in the consolidated statement of profit or loss for the year ended 31 December 2021.
- (b) Lease payments not included in the measurement of lease liabilities of approximately RMB356,909,000 (2020: RMB163,778,000) were included in cost of sales in the consolidated statement of profit or loss for the year ended 31 December 2021.
- (c) Employee benefit expenses of approximately RMB1,529,487,000 (2020: RMB1,205,133,000) were included in cost of sales in the consolidated statement of profit or loss for the year ended 31 December 2021.

7. INCOME TAX

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 years ended 31 December 2021 and 2020 in accordance with the PRC Corporate Income Tax Law. Other entities within the Group in Mainland China were subject to corporate income tax at a statutory rate of 25%.

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits in Hong Kong during the years ended 31 December 2021 and 2020.

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax – Mainland China	107,366	159,205
Deferred income tax	22,793	(50,969)
Total tax charge for the year from continuing operations	130,159	108,236
Total tax charge/(credit) for the year from the discontinued operation	1,004	(1,400)
	131,163	106,836

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 years ended 31 December 2021 and 2020 is as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profit before tax from continuing operations	915,260	891,334
Profit before tax from the discontinued operation	50,136	23,054
	965,396	914,388
Income tax at the statutory income tax rate	241,349	228,597
Effect of different income tax rate for some entities	(20,516)	(67,070)
Tax effect of share of profits and losses of joint ventures and associates	(55,807)	(21,871)
Additional tax deduction for research and development expenditure	(41,114)	(31,406)
Expenses not deductible for tax purposes	8,243	3,281
Adjustments in respect of current tax of previous periods	2,581	1,437
Tax losses utilised from previous periods	(2,649)	(6,651)
Tax losses not recognised	–	519
Others	(924)	–
Tax charge for the year at the effective rate	131,163	106,836
Tax charge from continuing operations at the effective rate	130,159	108,236
Tax charge/(credit) from the discontinued operation at the effective rate	1,004	(1,400)

8. DIVIDENDS

The dividends during the years ended 31 December 2021 and 2020 are set out below:

	<i>Notes</i>	Year ended 31 December	
		2021	2020
		RMB'000	RMB'000
Declared:			
Final dividend – RMB0.1568 (2019: RMB0.1290) per ordinary share	(i)	211,471	173,978
Proposed:			
Final dividend – RMB0.1679 (2020: RMB0.1568) per ordinary share	(ii)	226,442	211,471

Notes:

- (i) At the annual general meeting held on 26 March 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 and was settled before December 2021.
- (ii) On 25 March 2022, the board of directors proposed the payment of a final dividend of RMB0.1679 per ordinary share in respect of the year ended 31 December 2021, based on the issued share capital of the Company of 1,348,670,000 shares. The proposed final dividend is subject to the approval of the Company's shareholders at the forthcoming general meeting.

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:

	31 December 2021 RMB'000	31 December 2020 RMB'000
Within 6 months	1,338,411	2,190,933
6 months to 1 year	740,662	370,051
1 to 2 years	1,007,178	865,115
2 to 3 years	442,388	479,685
3 to 4 years	355,149	280,020
4 to 5 years	108,827	54,767
Over 5 years	6,552	4,866
	<u>3,999,167</u>	<u>4,245,437</u>

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

	<i>Note</i>	2021 RMB'000	2020 RMB'000
At beginning of the year		766,025	552,011
Acquisition of a subsidiary		–	5,403
Impairment losses recognised	6	303,442	235,468
Impairment losses reversed	6	(12,272)	(26,857)
Impairment losses included in a discontinued operation		(41,970)	–
At end of the year		<u>1,015,225</u>	<u>766,025</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix:

As at 31 December 2021

	Expected credit loss rate	Gross carrying amount <i>RMB'000</i>	Expected credit losses <i>RMB'000</i>
Individually impaired	54.59%	<u>502,067</u>	<u>274,064</u>
Collectively impaired			
Within 6 months	0.55%	1,285,661	7,067
6 months to 1 year	4.04%	599,194	24,236
1 to 2 years	9.26%	1,109,948	102,773
2 to 3 years	16.72%	531,184	88,796
3 to 4 years	30.03%	504,218	151,439
4 to 5 years	50.02%	217,755	108,928
5 to 6 years	90.00%	64,428	57,985
Over 6 years	100.00%	<u>199,937</u>	<u>199,937</u>
	16.43%	<u>4,512,325</u>	<u>741,161</u>
Total	20.25%	<u><u>5,014,392</u></u>	<u><u>1,015,225</u></u>

As at 31 December 2020

	Expected credit loss rate	Gross carrying amount <i>RMB'000</i>	Expected credit losses <i>RMB'000</i>
Individually impaired	59.13%	<u>262,843</u>	<u>155,411</u>
Collectively impaired			
Within 6 months	0.48%	2,028,502	9,728
6 months to 1 year	3.97%	327,174	12,977
1 to 2 years	9.27%	953,482	88,393
2 to 3 years	16.51%	720,655	118,997
3 to 4 years	30.04%	399,617	120,044
4 to 5 years	50.04%	107,768	53,922
5 to 6 years	90.04%	48,867	43,999
Over 6 years	100.00%	<u>162,554</u>	<u>162,554</u>
	12.86%	<u>4,748,619</u>	<u>610,614</u>
Total	15.29%	<u><u>5,011,462</u></u>	<u><u>766,025</u></u>

11. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	31 December 2021 RMB'000	31 December 2020 RMB'000
Cash and bank balances	4,025,154	3,472,931
Time deposits	243	100,243
	4,025,397	3,573,174
Less: Pledged bank balances for bidding guarantees and performance guarantees	(41,217)	(39,181)
Cash and bank balances in the consolidated statement of financial position	3,984,180	3,533,993
Non-pledged time deposits with original maturity of more than three months when acquired	(243)	(243)
Cash and short term deposits attributable to a discontinued operation	102,327	–
Cash and cash equivalents in the consolidated statement of cash flows	4,086,264	3,533,750
Cash and bank balances and time deposits denominated in:		
– RMB	3,793,630	3,335,768
– Other currencies	231,767	237,406
	4,025,397	3,573,174

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks recognised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

12. TRADE AND BILLS PAYABLES

	31 December 2021 RMB'000	31 December 2020 RMB'000
Trade payables	4,393,096	4,377,140
Bills payable	50,000	135,107
	<u>4,443,096</u>	<u>4,512,247</u>

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

	31 December 2021 RMB'000	31 December 2020 RMB'000
Within 6 months	1,706,225	1,974,807
6 months to 1 year	902,402	741,565
1 to 2 years	710,578	769,076
2 to 3 years	340,204	595,326
Over 3 years	783,687	431,473
	<u>4,443,096</u>	<u>4,512,247</u>

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

13. SHARE CAPITAL

Shares

	31 December 2021 '000	31 December 2020 '000
Registered, issued and fully paid: 1,348,670,000 (2020: 1,348,670,000) ordinary shares	<u>1,348,670</u>	<u>1,348,670</u>