

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2022**

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 2022 (“**2022**” or the “**Reporting Period**”) in conjunction with the comparative financial data of the previous year.

FINANCIAL SUMMARY

For the year ended 31 December 2022, the Group achieved revenue of RMB10,600 million, while the net profit for the Reporting Period amounted to RMB911 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			
	2022 <i>RMB'000</i>	Percentage of operating revenue (%)	2021* <i>RMB'000</i>	Percentage of operating revenue (%)
Design, survey and consultancy	4,426,391	41.76	4,399,032	42.88
Construction contracting	6,173,454	58.24	5,859,547	57.12
Total	10,599,845	100.00	10,258,579	100.00

For the year ended 31 December 2022, the Group's revenue amounted to RMB10,600 million, representing an increase of RMB341 million or 3.32% compared to the same period of last year.

The financial information for the years of 2018, 2019, 2020, 2021 and 2022 prepared by the Group in accordance with the International Financial Reporting Standards was summarized as follows:

	As at 31 December/For the year ended 31 December				
	2022 <i>RMB'000</i>	2021* <i>RMB'000</i>	2020* <i>RMB'000</i>	2019* <i>RMB'000</i>	2018* <i>RMB'000</i>
Total assets	23,944,194	24,665,602	21,342,375	20,801,501	16,695,871
Total liabilities	16,946,746	18,250,489	15,543,537	15,668,594	12,081,492
Non-controlling interests	199,911	266,682	297,963	264,601	265,354
Interests of the owners (excluding non-controlling interests)	6,797,537	6,148,431	5,500,875	4,868,306	4,349,025
Revenue	10,599,845	10,258,579	10,353,962	8,782,263	7,555,930
Gross Profit	1,840,441	1,873,987	1,980,072	1,764,109	1,517,369
Profit before tax	1,027,882	993,806	1,011,123	786,209	710,260
Profit attributable to owners of the parent	972,251	920,641	883,078	672,979	584,583

* As a result of business combination under common control of Beijing Institute of Residential Building Design & Research Co., Ltd. (“**Residential Institute**”) and all assets and related creditor's rights and debts of the rail transit construction contracting department of BUCC (“**Asset Group Portfolio**”) in 2022, the financial results of the Residential Institute and the Asset Group Portfolio were included in the Group's consolidated financial statements in the design, survey and consultancy segment and the construction contracting segment, thus the figures for the corresponding period of previous years were adjusted simultaneously.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY

In 2022, facing many challenges such as market competition and the impact of the pandemic, the Group adhered to the general keynote of “making progress while maintaining stability”, stuck to scaling up survey and design consultancy, enhancing EPC business, and actively fostering and developing new businesses. Moreover, the Group strived to seize opportunities in the midst of challenges, integrate industry chain resources, go against the trend of development in design, make continuous efforts in survey, achieve fruitful results in civil engineering and planning business, and achieve quality improvement in stability.

For the year ended 31 December 2022, the Group’s revenue amounted to RMB10,600 million, representing an increase of RMB341 million or 3.32% compared to RMB10,259 million for last year. The Group’s net profit amounted to RMB911 million, representing an increase of RMB8 million or 0.89% compared to the net profit of RMB903 million for last year.

Summary of Operating Results

	Year ended 31 December	
	2022 (RMB’000) (Audited)	2021* (RMB’000) (Audited)
Revenue	10,599,845	10,258,579
Cost of sales	(8,759,404)	(8,384,592)
Gross profit	1,840,441	1,873,987
Other income and gains	836,060	499,815
Selling and distribution expenses	(77,576)	(75,560)
Administrative expenses	(878,272)	(855,063)
Impairment losses on financial assets and contract assets, net	(242,789)	(372,387)
Loss on derecognition of financial assets measured at amortized cost	(347,118)	–
Other expenses	–	(16,605)
Finance costs	(320,405)	(283,609)
Share of profits of joint ventures	189,992	225,449
Share of profits/(losses) of associates	27,549	(2,221)
Profit before tax from continuing operations	1,027,882	993,806
Income tax expense	(117,114)	(139,891)
Profit for the year from the discontinued operations	–	49,132
Profit for the year	<u>910,768</u>	<u>903,047</u>

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 2022, the Group achieved a revenue of RMB10,600 million, representing an increase of RMB341 million or 3.32% compared to RMB10,259 million for last year. The primary reason of such increase was due to the fact that the Company adhered to design leadership and investment pulling, continuously 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 with the completion of major projects including Winter Olympics branch lines on schedule, driving the Company's revenue to grow steadily.

An analysis of revenue by segment is as follows:

	Year ended 31 December	
	2022	2021*
	(RMB'000)	(RMB'000)
Products by industry	(Audited)	(Audited)
Design, survey and consultancy	4,426,391	4,399,032
Construction contracting	6,173,454	5,859,547
Total	10,599,845	10,258,579

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 2022, the Group further developed its rail transit business by undertaking the first post-construction assessment project for rail transit development in China (assessment for rail transit development and construction in Hangzhou) and the first green urban rail consultation project in China (consultation for action plan on green urban rail development of Nanjing metros), and continued to develop preliminary projects, including undertaking construction planning for five cities, namely Kunming, Chongqing, Chengdu, Nanjing and Jinhua, winning bids for feasibility studies on projects in Hangzhou, Nanning and Shenzhen, and obtaining several low-cargo network planning tasks in Xi'an, Zhengzhou, Lhasa, etc., all of which have created a first-mover advantage for subsequent market expansion of the Group. In 2022, the Company won the bids for 9 overall design projects in Beijing, Shijiazhuang and Chongqing and ranked first in the industry in terms of bids number, thereby continuing to consolidate its position in the rail transit design industry.

For the year ended 31 December 2022, revenue of the design, survey and consultancy segment of the Group amounted to RMB4,426 million, representing an increase of RMB27 million or 0.61% compared to RMB4,399 million for the corresponding period in 2021. In 2022, the Company overcame difficulties to keep projects moving smoothly and achieved a stable increase in revenue. Among them, the revenue of the urban rail transit construction segment amounted to RMB3,215 million, flating with RMB3,215 million for the corresponding period of last year; the revenue of the industrial and civil construction and municipal engineering segment amounted to RMB1,211 million, representing an increase of RMB27 million or 2.28% compared to RMB1,184 million for the corresponding period of last year.

Construction Contracting Business Segment

For the construction contracting business segment, in 2022, the Group won the bids for various construction projects including Beijing Line 3, Line 6 South Extension and Line 13 Split, won additional contracts for projects including Beijing New Airport Line and Guangzhou Line 10, expanded the construction general contracting business for section and metro flood control and drainage of Beijing existing lines. Our construction contracting projects were dotted in cities such as Beijing, Hebei, Guangzhou, Chongqing, Zhuzhou, Urumqi, Jinan and Wuhan.

For the year ended 31 December 2022, the Group's revenue from the construction contracting business segment was RMB6,174 million, representing an increase of RMB314 million or 5.36% compared to RMB5,860 million for the corresponding period of last year, mainly due to the increase in project construction works.

Cost of Sales

For the year ended 31 December 2022, the cost of sales incurred by the Group was RMB8,759 million, representing an increase of RMB374 million or 4.46% compared to RMB8,385 million for the corresponding period of last year. The increase is basically in line with the revenue.

For the year ended 31 December 2022, cost of sales of the Group's design, survey and consultancy segment increased to RMB3,146 million for the year from RMB3,097 million for the corresponding period of last year, representing an increase of 1.58%. Among that, the cost of sales of the urban rail transit business of the Group's design, survey and consultancy segment increased to RMB2,210 million for the year from RMB2,200 million for the corresponding period of last year, representing an increase of 0.45%. The cost of sales of the industrial and civil construction and municipal engineering business of the design, survey and consultancy segment increased to RMB936 million for the year from RMB897 million for the corresponding period of last year, representing an increase of 4.35%.

For the year ended 31 December 2022, the cost of sales of the Group's construction contracting segment increased to RMB5,613 million for the year from RMB5,288 million for the corresponding period of last year, representing an increase of 6.15%, higher than the increase of 5.34% in revenue, mainly due to the increase in project construction works of traditional rail transit construction projects.

Gross Profit and Gross Margin

For the year ended 31 December 2022, the gross profit of the Group was RMB1,841 million, representing a decrease of RMB33 million or 1.76% compared to RMB1,874 million for the corresponding period of last year, while the consolidated gross margin was 17.37%, representing a decrease from 18.27% of the corresponding period of last year, which was mainly due to the increase in costs as a result of difficulties overcome by the Group to ensure the fulfillment of projects in 2022. The gross profit of design, survey and consultancy segment decreased to RMB1,280 million for the period from RMB1,302 million for the corresponding period of last year, representing a decrease of RMB22 million or 1.69%, and the gross margin was 28.92%, representing a slight decrease as compared to 29.60% for the corresponding period of last year, which was mainly due to the increase in proportion of revenue from non-rail transit survey, design and consultancy business. The gross profit of construction contracting segment decreased to RMB561 million for the period from RMB572 million for the corresponding period of last year, representing a decrease of RMB11 million or 1.92%, and the gross margin decreased to 9.09% for the period from 9.76% for the corresponding period of last year.

Other Income and Gains

For the year ended 31 December 2022, other income and gains of the Group were RMB836.06 million, representing an increase of RMB336.24 million or 67.27% compared to RMB499.82 million for the corresponding period of last year, which was mainly attributable to the gain on disposal of Beijing Urban Construction Zhikong Technology Co., Ltd and gain on derecognition of financial liabilities measured at amortised cost.

Selling and Distribution Expenses

For the year ended 31 December 2022, selling and distribution expenses of the Group were RMB77.58 million, representing an increase of RMB2.02 million or 2.67% compared to RMB75.56 million for the corresponding period of last year, which was mainly due to the increase in corresponding expenses as a result of the increased market expansion by actively expanding the business of suburban railroads, urban express lines, intercity railroads and the renovation of existing lines.

Administrative Expenses

For the year ended 31 December 2022, administrative expenses of the Group were RMB878.27 million, representing an increase of RMB23.21 million or 2.71% compared to RMB855.06 million for the corresponding period of last year, which was mainly due to the increase in expenses as a result of increased investment in research and development by the Company.

Impairment Losses on Financial Assets and Contract Assets, Net

For the year ended 31 December 2022, the impairment losses on financial assets and contract assets of the Group amounted to RMB242.79 million, representing a decrease of RMB129.60 million or 34.80% as compared to RMB372.39 million for the corresponding period of last year, which was mainly due to the decrease in impairment loss on trade receivables.

Other Expenses

For the year ended 31 December 2022, no other expenses of the Group were recorded, representing a decrease of RMB16.61 million compared to RMB16.61 million for the corresponding period of last year, which was mainly attributable to the exchange gains in 2022 as compared to the exchange losses resulting from the volatility of foreign exchange rates in 2021.

Finance Costs

For the year ended 31 December 2022, finance costs of the Group were RMB320.41 million, representing an increase of RMB36.80 million or 12.98% compared to RMB283.61 million for the corresponding period of last year, which was mainly attributable to the increase in interest expenses resulting from the increased average interest-bearing borrowings balance of the Group.

Income Tax Expense

For the year ended 31 December 2022, the income tax expense of the Group was RMB117.11 million, representing a decrease of RMB22.78 million or 16.28% as compared to RMB139.89 million for the corresponding period of last year, which was mainly attributable to the increase of profit from subsidiaries entitled to a preferential income tax rate.

Profit for the Year

For the year ended 31 December 2022, the profit of the Group for the year was RMB911 million, representing an increase of RMB8 million or 0.89% compared to RMB903 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	
	2022	2021*
	(RMB'000)	(RMB'000)
	(Audited)	(Audited)
Net cash inflows from operating activities	1,149,443	383,738
Net cash outflows from investing activities	(323,426)	(703,872)
Net cash (outflows)/inflows from financing activities	(853,369)	1,017,715
Net (decrease)/increase in cash and cash equivalents	<u>(27,352)</u>	<u>697,581</u>

The net cash inflows from operating activities in 2022 were RMB1,149 million, which was mainly attributable to the fact that the Company focused on cash flow management by strengthening operating receipts and collection of receivables. The net cash outflows from investing activities were RMB323 million, which was mainly attributable to the increased investment of RMB239 million to joint ventures and associates, repayment of RMB294 million of loans from a joint venture and an associate, an expenditure of RMB204 million for acquisition of fixed assets and intangible assets and the payment of RMB89 million for business combination under common control. The net cash outflows from financing activities was RMB853 million, which was mainly due to the issuance of super short-term financing bonds of RMB1,000 million in total by the Company, the receipt of long-term bank borrowings of RMB80 million for PPP projects during the year, the receipt of short-term bank borrowings of RMB120 million, the repayment of borrowings and interest expenses of approximately RMB1,682 million and the payment of dividends to shareholders of approximately RMB258 million for the year.

PLEDGE OF ASSETS

For the year ended 31 December 2022, the contract assets, trade receivables and intangible assets of the Group were pledged to secure the certain bank borrowings granted to the Group. As at 31 December 2022, the net pledged receivables and intangible assets were RMB6,522 million (as at 31 December 2021: RMB7,024 million).

CONTINGENT LIABILITIES

For the year ended 31 December 2022, there are no significant contingent liabilities of the Group.

CAPITAL COMMITMENT

The capital commitments of the Group as at 31 December 2022 and 31 December 2021 were as follows:

	31 December 2022	31 December 2021*
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	(Audited)	(Audited)
Contracted, but not provided for:		
Property, plant and equipment	481,169	7,310
Equity investments	<u>1,580,591</u>	<u>2,836,570</u>

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 2022, the net current assets of the Group were RMB2,022 million, among which cash and cash equivalents amounted to RMB4,240 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 2022, the Group's gearing ratio was 70.78%.

INDEBTEDNESS

The table below sets forth the total borrowings of the Group as at 31 December 2022 and 31 December 2021. The Group generally settles the borrowings on time.

	31 December 2022	31 December 2021*
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	(Audited)	(Audited)
Bank borrowings		
Pledged	5,090,234	5,302,309
Guaranteed	–	13,804
Non-pledged and non-guaranteed	135,349	99,388
Other borrowings		
Non-pledged and non-guaranteed	1,360,630	1,464,873
Lease liabilities		
Non-pledged and non-guaranteed	317,545	316,627
	<u>6,903,758</u>	<u>7,197,001</u>

As at 31 December 2022, the Group's borrowings were denominated in RMB with interest rates ranging from 1.81% to 5.11%.

The table below sets forth the maturity of the Group's debts as at 31 December 2022 and 31 December 2021:

	31 December 2022	31 December 2021*
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	(Audited)	(Audited)
Within one year	1,428,700	2,377,549
In the second year	412,593	432,343
In the third to fifth years, inclusive	2,604,240	2,415,349
Over five years	2,458,225	1,971,760
	<u>6,903,758</u>	<u>7,197,001</u>
Total	<u>6,903,758</u>	<u>7,197,001</u>

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

COMPANY-WIDE MANAGEMENT MEASURES IN 2023

In 2023, the Company will stick to scaling up design consultancy, enhancing EPC business, and actively fostering and developing new businesses, while making every effort to push forward the upgrading and development of the enterprise, promoting the Company's transformation towards a resource allocation platform, cultivating more professional companies, and striving to develop a new path for high-quality development.

The Company's specific management measures in 2023 include the following four areas:

1. Continuing to upgrade and expand design and consultancy business

The Company will continue to consolidate its core business of rail transit design. Keeping abreast of the national strategies, we will step up our efforts to expand the markets in economically developed areas such as the Beijing-Tianjin-Hebei Region, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area and Chengdu-Chongqing Economic Circle, and focus on the development trend of multi-level rail transit system in metropolitan areas to actively seize the opportunities arising from markets such as suburban railways, city express lines, inter-city railways and existing line renovation. In terms of civil construction and municipal design business, the Company will continue to intensively develop Beijing market, and actively expand to markets outside Beijing while maintain the leading position of our residential design in Beijing. In addition, we will increase our efforts in developing design business including TOD integration, commercial complex, transportation hubs and the development of the upper cover, and explore potential projects such as planning and design, urban renewal, water environment management and construction cost consulting to constantly enrich the types of our design business. Moreover, we will expand high-end consultancy business and accelerate the development of a high-end consultancy service brand.

2. Fully promoting the exploration of the engineering construction market

With adhering to the nationalization strategy, we will propel the newly merged construction business to expand into markets across China and promote more projects to implement by taking integrated development as a new starting point. We will carry out an in-depth consolidation of management concept, namely "clear responsibility, clear objectives, clear process and clear results" and "be fair in meting out rewards or punishments" to enhance the performance capabilities and profitability of projects. In addition, we will resolutely adhere to the red line of safety production by ensuring safe and steady production, promoting safety management in a coordinated manner, strictly implementing the main responsibility of safety production, and tightening and solidifying various safety management measures.

3. *Actively cultivating science and technology industrialization business*

The Company will promote the layout of scientific research and innovation in place, ensure the completion and operation of the innovation base of Shunyi Industrial Park, and carry out research on key technologies such as urban rail transit business data base, urban disaster prevention and safety, urban rail intelligent construction and intelligent design platform, so as to boost the innovation and development of enterprises. Guided by the market, the Company will promote the incubation of transportation big data, intelligent operation and maintenance system and other products. Products such as the digital platform, intelligent operation and maintenance system, “urban simulation” data platform, shock mount, interior decoration industrialization will be deeply connected to the market, while the “non-inductive security check” products will achieve their product iteration for market expansion. Furthermore, the Company will deepen innovative development, enlarge the room for synergistic industrial growth, and give full play to the advantages of the industrial chain, in a bid to drive synergistic growth of new businesses such as scientific and technological products, and investment and financing. In addition, the Company will facilitate the first set of scientific and technological products landing by virtue of investment projects.

4. *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)”, strengthen the management of market value, internal control, audit and legal affairs, and improve the standard of corporate governance; deepen the regional reform by building regional institutes into a management center, technology center, performance center and cost center with a focus on three objectives of “market, performance and profit”, so as to promote regional self-development; deepen the construction of the assessment system, and fully implement the tenure and contract-based working systems for managers; continue to strengthen talent support by focusing on improving quality and efficiency and cultivating inter-disciplinary talents, with a view to match the growth of talents’ ability with the development of the enterprise; optimize its ERP system and advance information construction upgrade; and strengthen the construction of “website, Wechat, newspaper and book”, striving to provide more services in line with customers’ needs, and continuously expanding its brand influence.

BID WINNING

In 2022, 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 2022, the Company has won bids of RMB8.8 billion. Among them, the design, survey and consultancy business segment won the bids of RMB5.324 billion, and the overall engineering contracting business segment won the bids of RMB3.476 billion. As at the end of the reporting period, its contracts on hand amounted to RMB28.214 billion.

EMPLOYEES

As of 31 December 2022, the Group had approximately 4,946 employees, of which approximately 56% were employees at parent company and approximately 44% were employees at subsidiaries. The Company has 1 academician of the Chinese Academy of Engineering, 3 masters of survey and design, 6 experts enjoying government subsidies, middle and senior professional and technical personnel accounted for 73% of the total employees, and college graduates and above accounted for 92% of the total employees.

The size of the Company's staff has been effectively controlled, with stability of the staff increasingly improved. Specifically, the introduction rate of outstanding fresh graduates in key and difficult majors increased by 10% year-on-year; the proportion of non-production and management staff was reduced; and the proportion of personnel with senior professional titles or above and various registered professional qualifications further increased.

In terms of the construction for enterprise talents, the Company, focusing on young and middle-aged talents, innovated several cultivation measures and selected 146 young and middle-aged technical talents as reserve. Enterprise training was carried out in an orderly manner with nearly 1,500 training activities organised covering all levels, professions and themes to promote the enhancement of our employees' professional competence. The Company also organised expert lectures with many industry experts and leading figures of benchmarking enterprises invited to give lectures, so as to help employees broadening their horizons.

MARKET LANDSCAPE AND BUSINESS PROSPECT

In April 2022, the 11th meeting of the Central Finance and Economics Commission focused on the issue of comprehensively strengthening infrastructure construction. The meeting emphasized the position of “infrastructure is an important support for economic and social development”, and put forward the general requirements of “coordinating development and security, optimizing infrastructure layout, structure, function and development mode, and building a modern infrastructure system”. It is required to “strengthen the construction of urban infrastructure, create high-quality living space, promote the transportation integration of urban agglomeration, build a convenient and efficient inter-city railway network, develop municipal (suburban) railways and urban rail transit, promote the construction of urban comprehensive road transportation system, orderly promote the construction of underground comprehensive pipe gallery, and strengthen the construction of intelligent infrastructure”.

On 29 April, the meeting of the Political Bureau of the CPC Central Committee further clarified the general tone of macro policy of this year, and put forward clear requirements for “Epidemic Prevention, Economic Stability and Safe Development (疫情要防住、經濟要穩住、發展要安全)”. The first is that we should strengthen macro policy regulation to stabilize the economy solidly, and strive to achieve the expected goal of economic and social development throughout the year so that to stabilize the economic fundamentals. Specific measures include incremental policy tools, strengthening regulation, expanding domestic demand, giving play to the key role of effective investment, and comprehensively strengthening infrastructure construction. The second is that we should effectively control key risks and keep the bottom line of preventing systematic risks. It focuses on the insistence on the position of no speculation in housing. The third is that we should continue to promote economic transformation and upgrading. It is mainly to accelerate the construction of a new development pattern, deepen the supply side structural reform, solve the problems in development with reform methods, accelerate the realization of high-level scientific and technological self-reliance, and build a strong and resilient national economic cycle system.

On 25 May, the State Council held a teleconference on stabilizing the overall economic market nationwide. It is required to put stable growth in a more prominent position, focus on stabilizing market players to protect employment and people’s livelihood, protect economic resilience, and strive to ensure that the economy achieves reasonable growth and the unemployment rate decreases as soon as possible in the second quarter, so as to maintain the economic operation in a reasonable range. The meaning of supporting is obvious.

In December 2022, the CPC Central Committee and the State Council issued the “Strategic Planning Outline for Expanding Domestic Demand (2022-2035)” (《擴大內需戰略規劃綱要(2022—2035年)》) (the “Outline”). Subsequently, the National Development and Reform Commission issued the “Strategic Implementation Plan of the “14th Five-Year Plan” for Expanding Domestic Demand” (《“十四五”擴大內需戰略實施方案》) in accordance with the Outline. The implementation plan points out that it is required to develop urban public transportation, improve the urban slow-moving transportation system, and significantly increase the proportion of buses, trams and rail transit in motorized travel, as well as accelerate the construction of transportation infrastructure. In addition, it is necessary to promote the main framework construction of the national comprehensive three-dimensional transportation network, and enhance the construction of strategic key channels in the central and western regions and along the river and coast. Besides, it is important to increase the density of rail traffic in the central urban area of megacities and improve the urban road network.

URBAN RAIL TRANSIT

Great efforts were made to attract more investments and to further motivate domestic demand during the three years of pandemic, however, after the General Office of the State Council of the People's Republic of China issued the "Opinions on Further Strengthening Management of Urban Rail Transit Planning and Construction" (Guo Ban Fa [2018] No. 52), the National Development and Reform Commission did not loosen restrictions on the approval of construction plans. Despite the obtaining of approvals for network plans of rail transit in Foshan, Wuxi and Qingdao in 2021 and those in Suzhou and Dongguan in 2022. The total number of approved rail transit lines was much less than those of previous years.

The tenders for a total of 37 overall design contracting projects for new domestic rail transit lines were concluded in 2022. In 2022, 10 units won the bid for the overall design of urban rail transit lines, and the Company ranked first by being granted the overall design of 9 lines.

Over the past three years, cities calling for bids for the overall design contracting projects of new urban rail transit lines were mainly located in the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, the Chengdu-Chongqing Economic Zone and the Beijing-Tianjin-Hebei region, and the total number of tenders in such cities accounted for 66% of the total in 2021 and 75% in 2022. Bidding through consortia, increasing urban (suburban) railways and intercity lines and the trend of projects gravitating to the three and half metropolitan areas had become the distinctive features in recent years.

RAIL TRANSIT SYNERGIZING WITH INNOVATIVE CONSTRUCTION

In 2022, the Company was granted the special subject on the Risk Prevention and Control Technology for Deep Karst Collapse and Demonstrations (深部岩溶塌陷風險防控技術及示範應用) under Prevention and Control of Major Natural Disasters and Public Safety in 14th Five-Year Plan by the Ministry of Science and Technology, and passed the performance evaluation for the undertaken special subject on the Multi-dimensional Online Automatic Monitoring and Intelligent Identification Technology for Underground Infrastructure (地下基礎設施多維度在線自動監測與智能辨識技術) under Key Technologies and Demonstrations of Internet of Things and Smart City in 13th Five-Year Plan from the Ministry of Science and Technology.

The Company was approved by the China Association for Science and Technology as an expert team for decision consulting of "Innovation China – Innovation Base of Digital Intelligence and Green Technology for Urban Rail Transit"(科創中國-城市軌道交通數字智慧與綠色技術創新基地) and "High-quality Development of Urban Rail Transit"(城市軌道交通高質量發展); and obtained the development project of science and technology service brand institution from Beijing Municipal Science and Technology Commission and Zhongguancun Management Committee; and jointly established the "Union Center of Urban Disaster Prevention and Safety" (城市防災與安全聯合中心) with Tsinghua University.

The technology for assembled station construction was successfully listed into the “Excellent Case of Innovation in Engineering and Green and Low Carbon Development” (工程創新服務綠色低碳發展優秀案例) of the World Federation of Engineering Organizations in 2022 and the cases of Low Carbon Concrete Linings of the International Tunnelling and Underground Space Association (ITA), and the achievements of “Research and Application of Prefabricated and Assembled Construction Technology for Metro Stations” (地鐵車站預製裝配化建造技術研究與應用) was praised as global leading.

The Company’s post-doctoral program operated smoothly with one post-doctoral fellow completing the work and leaving and another two in progress of research.

Each of the National Engineering Research Center, the Beijing Enterprise Innovation Center (北京市企業創新中心), the Rail Structure Center (軌道結構中心) and the Energy Conservation Center (節能中心) had played a leading role in the industry to different degrees.

SURVEY AND MEASUREMENT

The geographic information industry in the survey business has been listed as a national strategic emerging industry, which belongs to the high and new technology service industry. According to the “China Geographic Information Industry Development Report (2022) (《中國地理信息產業發展報告(2022)》)” issued by China Association for Geospatial Industry and Sciences, the total output value of China’s geographic information industry in 2021 was RMB752.4 billion, an increase of 9.2% year-on-year. As one of the core industries of the digital economy, the geographic information industry has been a new growth pole of China’s digital economy. With the gradual expansion of the industry scale and the continuous enhancement of innovation capacity, China’s geographic information industry after more than 10 years of rapid development has now entered a high-quality development stage, and its industry scale is gradually growing.

As of the end of 2021, the number of enterprises engaged in China’s geographic information industry exceeded 164,000, and the number of personnel engaged in the industry was nearly 4 million. The innovation capability has been continuously enhanced, therefore, there is rapid iteration of new technology and new products in fields of Internet mapping, location-based service, digital world and commercial remote sensing satellite. At present, the integration and development effect of survey big data information industry is significant. The survey geographic information data and economic, social, cultural, national defense, natural and other data are interrelated and dynamically updated, constantly generating new industrial growth points, and forming a survey information big data application market in the fields of transportation, urban management, agriculture, security and tourism. With the increase of mileage of urban rail transit lines and the extension of operation time, more and more attention has been paid to the traffic safety of the lines. The purpose of urban rail transit inspection is to understand the current situation of urban rail transit structures affected by construction, provide actual measurement parameters for structural safety assessment before and after construction, provide basis for the design and construction of new projects, and also provide data support for strengthening the maintenance and management of existing urban rail transit facilities to ensure their safety and reliability.

INVESTMENT AND CONSTRUCTION

At the beginning of 2022, the State Council issued the “14th Five-Year Plan for the Development of Modern Comprehensive Transportation System”, putting forward “the goal of basically completing the “National 123 Travel Traffic Circle“ by 2035”(one hour commute in urban areas, two hours commute in urban agglomerations, and three hours coverage in major cities nationwide). In the future, the intercity transportation construction of key urban agglomeration will be strengthened through the construction of intercity railway and suburban railway. It is expected that the market growth in the field of urban rail transit will slow down in the future, but it will provide large development space for investment and financing projects in the construction of intercity railway and suburban railway.

Affected by factors such as the national macro economy and the COVID-19 epidemic, the growth rate of the national scale of fixed asset investment continued to decline in 2022, 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 effectively improve the market quality as a whole. On the one hand, data from the Public-Private Partnerships Center of the Ministry of Finance showed that as of the end of October 2022, the management database included 10,332 projects in total with an investment of RMB16.6 trillion, and a total of 8,448 contracts were signed, with a landing rate of 81.77%. 6,665 construction projects commenced construction, accounting for 64.5%. The PPP market is still an important part of the infrastructure investment and financing market in China. On the other hand, the Opinions on Further Revitalization of Reserve Assets to Expand Effective Investments (Guo Ban Fa [2022] No. 19) (《關於進一步盤活存量資產擴大有效投資的意見》(國辦發[2022]19號)) issued by the General Office of the State Council clearly puts forward and encourages the existing projects with long-term stable operating income to adopt PPP mode to revitalize the reserve assets. The successively promulgation of the Notice on Implementing the Specific Action for the Quality Improvement of Information on the National Project of Public-Private Partnership (PPP) Comprehensive Information Platform (Cai Ban Jin [2022] No. 45) (《關於開展全國PPP綜合信息平台項目信息質量提升專項行動的通知》(財辦金[2022]45號)) and the Notice on Promoting the Standardized Development and Sunshine Operation of the Public-Private Partnership (PPP) (Cai Jin [2022] No. 119) (《關於進一步推動政府和社會資本合作(PPP)規範發展、陽光運行的通知》(財金[2022]119號)) by the Ministry of Finance both showed that PPP is still one of the effective methods for the investment in and financing of the national projects. Meanwhile, the state has also enhanced the information management and control and standardized development, the PPP projects will therefore be high-quality in the future.

In 2023, 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 overall advancement of constructing the intercity railways and urban (suburban) railways in urban agglomerations such as the Beijing-Tianjin-Hebei area, Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area and Chengdu-Chongqing area, the PPP mode will continue to play an important role in the infrastructure construction field in China, while the proportion of PPP+TOD mode or other innovative modes will gradually increase in the investment and financing model.

INVESTMENT AND FINANCING

In 2022, with a focus to stabilize the overall economic market, the state has committed to ensuring “stability and guarantees in six aspects”. Leveraging on the infrastructure investment as a key factor, the state proactively introduced private capital to increase the issuance of special government bonds and strengthen the support on developmental and policy-oriented financial instruments, thereby supporting the overall stable development of China’s infrastructure market in an effective manner.

In 2023, infrastructure investment is still an important step towards boosting the economic development and restoring the market confidence. Meanwhile, under the requirements of the 20th National Congress of the Communist Party of China on implementing the new development concept and driving high-quality economic development, the pace of market economy reform will be further accelerated, the progress of market-oriented infrastructure investment will be further advanced, and the strength of investment by social capital will be further manifested.

ARCHITECTURAL DESIGN BUSINESS

In 2022, in active response to the aerospace superpower strategy and to promote the spatial aggregation and functional integration of aerospace industry, provinces, municipalities and autonomous regions introduced a series of policies for supporting the construction of major projects such as aerospace industry bases, general centres and regional tech-innovation centres. As an infrastructure project for aerospace-related industries, the Aerospace Zhuozhou Industrial Park Phase II Batch I construction project (design) is the first order of the Group serving the aerospace business of our nation, which underpinned the bidding of similar projects in performance.

According to the Guidelines on the Reform and Development of Museums (《關於推進博物館改革發展的指導意見》), China aims to basically develop itself as a global museum powerhouse by 2035. The Dabaotai Western Han Dynasty Tomb Site Preservation and Museum Renovation Project undertaken by the Company, another museum masterpiece after the Forbidden City Project, is one of the “Top 100 Archaeological Discoveries in a Century”, enhancing and publicizing the Company’s popularity and influence.

The Outline of the 14th Five-Year Plan for the National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People's Republic of China (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》) (the “**14th Five-Year Plan of PRC**”) proposed to implement the urban renewal initiatives and improve the urban spatial structure and quality. To maintain the competitiveness in the traditional private construction market, the Company strives to increase its coverage and capability in TOD and urban renewal sectors by undertaking the renovation and upgrading business of Beijing metro and vehicle sections, such as the Taiping Lake Vehicle Section Closed Renovation Project, the Metro Fuba Line Ceiling Renovation Project, and the upgrading and renovation of the Jinanqiao Station Square of Beijing Medium and Low Speed Maglev Demonstration Line (Line S1) Project.

In 2022, the residential related business market presented a sluggish trend as a whole due to, on one hand, factors such as increased downward pressure on economy and repeated epidemics in many places. According to the Bureau of Statistics, the floor area of commodity housing sold from January to October 2022 amounted to 1.11 billion sq.m., decreased by 22.3% year-on-year. On the other hand, under the guidance of the policy of “houses are for living in and not for speculation investment (房住不炒)”, the central government continued to support local governments’ optimization of real estate policies, and repeatedly proposed to allow local governments to flexibly utilize credit and other policies under the principle of “adoption of policies based on actual conditions of cities (一城一策)” to reasonably support rigid and improved housing demand.

Currently, various real estate policies are close to the laxest one in history, and may have a certain positive effect on the market in the future. Meanwhile, in 2023, against the backdrop of improving people’s living quality and promoting harmonious development between humanity and nature, the housing market will focus on the future trend of green, low carbon and high quality. Furthermore, the construction of the housing system with both rent and purchase will be fully accelerated in the next five years under the joint efforts of relevant entities.

CONSTRUCTION CONTRACTING

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 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.

Beijing-Tianjin-Hebei area: with its stronghold in the Beijing, the Company will pay close attention to the market of rail transit construction, and focus on the progress of phase I of Line M101 and Phase I of Rail Transit Line S6 (New Zone Connection Line). The Company will continue to follow up the bidding for extension of existing rail transit lines in Beijing, the upgrading and renovation projects of aged lines, and the metros in Shijiazhuang.

Yangtze River Delta area: the Company will pay attention to metro projects in Suzhou, Hangzhou, Shaoxing, Ningbo and Xuzhou, and focus on the progress of phase I of Urban Rail Transit Line 5 in Xuzhou.

Guangdong-Hong Kong-Macao Greater Bay Area: based on the Guangzhou Metro Line 10, the Company will pay attention on railways, namely Foshan-Guangzhou-Dongguan Intercity Railway, Nansha-Zhongshan-Zhuhai Intercity Railway and urban rail transit projects in Guangzhou.

Chengdu-Chongqing area: with the opportunity of construction of the Bishan-Tongliang Line, the Company will pay close attention to 8 municipal railways, including Yongchuan Line, Dazu Line and Nanchuan Line in Chongqing, and urban rail transit projects in Chongqing.

MUNICIPAL PUBLIC PROJECTS CONSTRUCTION

In terms of comprehensive competitiveness in the water environment treatment segment, the Company was early engaged in the industry and continuously focused on water environment products and services and the innovation of supply chain construction since its commencement, thus demonstrating remarkable advantages among numerous brands. Its continuously increased capital also leads to a steady rise in user coverage. In addition, the multi-dimensional layout of water environment products has addressed users' funding and other problems. Making use of big data and artificial intelligence technology, water environment segment has satisfied new and existing users' needs in this industry to the greatest extent, becoming the users' first choice with the strongest comprehensive competitiveness. The Company has to focus on users' needs, enhance technical layout and improve water environment products through new technology so as to steadily improve its ranking in comprehensive competitiveness.

In terms of underground space, during the "13th Five-Year Plan" period, China's accumulated new GFA of underground space amounted to 1.33 billion sq.m., with new GFA per capita of underground space of 1.47 sq.m., which was calculated based on the permanent urban population of 901.99 million shown on the Communiqué of the Seventh National Population Census in 2020. The development of underground space has grown at a faster pace in Central and Northeast China. Rapid growth of urban underground facility system, such as subway, utility tunnel and others has increased economic and social impact of cities, and fully reflected the development track of China's urban underground space. Specifically, the underground space construction has developed rapidly, with the gap of annual new GFA of underground space between Central and Northeast China and East China narrowing year over year; urban underground space management policies have been formulated from scratch and gradually improved, and the underground space governance system has been preliminarily established.

OVERSEAS OPERATIONS

In line with the national foreign policy and adhering to the “One Belt, One Road” initiative, the Company has been expanding its overseas markets and business.

PROFIT DISTRIBUTION AND DIVIDEND

On 24 March 2023, the Board proposed the distribution of a final dividend of RMB0.1898 per share (before applicable tax) for the year, after the withdrawal of 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 of the Company at the 2022 annual general meeting to be held on 25 May 2023. 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 7 June 2023 before 25 August 2023.

The H Shares register of members of the Company will be closed from Friday, 2 June 2023 to Wednesday, 7 June 2023 (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, 1 June 2023.

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 2022.

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 announcements of the Company dated 2 March 2018, 2 November 2022, 3 March 2023 and 13 March 2023.

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 2022 annual results and the consolidated financial statements for the year ended 31 December 2022 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, 24 March 2023

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

31 December 2022

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
CONTINUING OPERATIONS			
REVENUE	4	10,599,845	10,258,579
Cost of sales	6	<u>(8,759,404)</u>	<u>(8,384,592)</u>
Gross profit		1,840,441	1,873,987
Other income and gains	4	836,060	499,815
Selling and distribution expenses		(77,576)	(75,560)
Administrative expenses		(878,272)	(855,063)
Impairment losses on financial assets and contract assets, net	6	(242,789)	(372,387)
Loss on derecognition of financial assets measured at amortised cost	6	(347,118)	–
Other expenses		–	(16,605)
Finance costs	5	(320,405)	(283,609)
Share of profits and losses of:			
Joint ventures		189,992	225,449
Associates		27,549	(2,221)
		<u>1,840,441</u>	<u>1,873,987</u>
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	6	1,027,882	993,806
Income tax expense	7	<u>(117,114)</u>	<u>(139,891)</u>
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		910,768	853,915
DISCONTINUED OPERATION			
Profit for the year from the discontinued operation		<u>–</u>	<u>49,132</u>
PROFIT FOR THE YEAR		910,768	903,047
Profit attributable to:			
Owners of the parent	9	972,251	920,641
Non-controlling interests		(61,483)	(17,594)
		<u>910,768</u>	<u>903,047</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>0.72</u>	<u>0.68</u>
For profit from continuing operations	9	<u>0.72</u>	<u>0.65</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

31 December 2022

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
PROFIT FOR THE YEAR	<u>910,768</u>	<u>903,047</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	(536)	209
<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	(303)	(2,956)
Remeasurement losses on defined benefit plans, net of tax	<u>(2,190)</u>	<u>(2,240)</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax	<u>(2,493)</u>	<u>(5,196)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>(3,029)</u>	<u>(4,987)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>907,739</u>	<u>898,060</u>
Attributable to:		
Owners of the parent	969,222	915,654
Non-controlling interests	<u>(61,483)</u>	<u>(17,594)</u>
	<u>907,739</u>	<u>898,060</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2022

	<i>Notes</i>	31 December 2022 RMB'000	31 December 2021 RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		981,666	963,379
Goodwill		5,741	5,741
Right-of-use assets		533,248	527,685
Intangible assets		562,829	562,802
Investments in joint ventures		2,095,387	1,876,372
Investments in associates		631,714	183,593
Financial assets at fair value through profit or loss		433,794	427,602
Equity investments designated at fair value through other comprehensive income		15,121	21,666
Deferred tax assets		272,503	248,454
Contract assets		5,193,370	5,305,972
Prepayments, other receivables and other assets		229,177	306,654
		<hr/>	<hr/>
Total non-current assets		10,954,550	10,429,920
CURRENT ASSETS			
Inventories		67,919	127,051
Trade and bills receivables	<i>10</i>	3,765,400	4,072,927
Prepayments, other receivables and other assets		442,373	882,633
Contract assets		4,432,454	3,878,895
Pledged deposits	<i>11</i>	41,052	41,547
Cash and bank balances	<i>11</i>	4,240,446	4,145,812
		<hr/>	<hr/>
		12,989,644	13,148,865
Assets of a disposal group classified as held for sale		–	1,086,817
		<hr/>	<hr/>
Total current assets		12,989,644	14,235,682
CURRENT LIABILITIES			
Trade and bills payables	<i>12</i>	5,359,491	4,458,983
Other payables and accruals		4,108,400	5,006,941
Interest-bearing bank and other borrowings		1,428,700	2,377,549
Provisions for supplementary retirement benefits		3,760	3,259
Tax payable		62,580	68,673
Provision		5,083	7,381
		<hr/>	<hr/>
		10,968,014	11,922,786
Liabilities directly associated with the assets classified as held for sale		–	997,504
		<hr/>	<hr/>
Total current liabilities		10,968,014	12,920,290
NET CURRENT ASSETS			
		2,021,630	1,315,392
TOTAL ASSETS LESS CURRENT LIABILITIES			
		12,976,180	11,745,312

		31 December 2022	31 December 2021
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,808	1,945
Interest-bearing bank and other borrowings		5,475,058	4,819,452
Provisions for supplementary retirement benefits		68,173	66,065
Other payables and accruals		380,474	406,529
Provision		53,219	36,208
		<hr/>	<hr/>
Total non-current liabilities		5,978,732	5,330,199
		<hr/>	<hr/>
Net assets		6,997,448	6,415,113
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital	<i>13</i>	1,348,670	1,348,670
Reserves		5,448,867	4,799,761
		<hr/>	<hr/>
		6,797,537	6,148,431
		<hr/>	<hr/>
Non-controlling interests		199,911	266,682
		<hr/>	<hr/>
Total equity		6,997,448	6,415,113
		<hr/> <hr/>	<hr/> <hr/>

Wang Hanjun
Director

Li Guoqing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2022

	Attributable to owners of the parent									
	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	Total equity RMB'000
As at 1 January 2022 (as previously reported)	1,348,670	737,540	1,948	2,219	461,555	502	3,533,045	6,085,479	266,682	6,352,161
Effect of business combination under common control	-	6,000	-	-	-	-	56,952	62,952	-	62,952
As at 1 January 2022 (as restated)	1,348,670	743,540	1,948	2,219	461,555	502	3,589,997	6,148,431	266,682	6,415,113
Profit for the year	-	-	-	-	-	-	972,251	972,251	(61,483)	910,768
Other comprehensive income for the year:										
Remeasurement losses on defined benefit plans, net of tax	-	(2,190)	-	-	-	-	-	(2,190)	-	(2,190)
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	(303)	-	-	-	-	(303)	-	(303)
Exchange differences on translation of foreign operations	-	-	-	-	-	(536)	-	(536)	-	(536)
Total comprehensive income for the year	-	(2,190)	(303)	-	-	(536)	972,251	969,222	(61,483)	907,739
Consideration for the business combination under common control	-	(89,015)	-	-	-	-	-	(89,015)	-	(89,015)
Capital contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	45,206	45,206
Disposal of a subsidiary	-	-	-	(2,219)	-	-	-	(2,219)	(38,524)	(40,743)
Final 2021 dividend declared	-	-	-	-	-	-	(226,442)	(226,442)	-	(226,442)
Dividend declared to non-controlling shareholders	-	-	-	-	-	-	-	-	(11,970)	(11,970)
Appropriation to statutory surplus reserve	-	-	-	-	93,894	-	(93,894)	-	-	-
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	-	-	(378)	-	-	-	378	-	-	-
Transfer to special reserve (note (i))	-	-	-	116,791	-	-	(116,791)	-	-	-
Utilisation of special reserve (note (i))	-	-	-	(116,791)	-	-	116,791	-	-	-
Others	-	1,891	-	-	-	-	(4,331)	(2,440)	-	(2,440)
At 31 December 2022	<u>1,348,670</u>	<u>654,226*</u>	<u>1,267*</u>	<u>-*</u>	<u>555,449*</u>	<u>(34)*</u>	<u>4,237,959*</u>	<u>6,797,537</u>	<u>199,911</u>	<u>6,997,448</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 1 January 2021 (as previously reported)	1,348,670	739,780	5,288	–	384,319	293	2,971,760	5,450,110	297,963	5,748,073
Effect of business combination under common control	–	6,000	–	–	–	–	44,764	50,764	–	50,764
As at 1 January 2021 (as restated)	1,348,670	745,780	5,288	–	384,319	293	3,016,524	5,500,874	297,963	5,798,837
Profit for the year	–	–	–	–	–	–	920,641	920,641	(17,594)	903,047
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	920,641	915,654	(17,594)	898,060
Cancellation 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))	–	–	–	103,129	–	–	(103,129)	–	–	–
Utilisation of special reserve (note (i))	–	–	–	(100,910)	–	–	100,910	–	–	–
Others	–	–	–	–	–	–	(56,626)	(56,626)	–	(56,626)
At 31 December 2021	<u>1,348,670</u>	<u>743,540*</u>	<u>1,948*</u>	<u>2,219*</u>	<u>461,555*</u>	<u>502*</u>	<u>3,589,997*</u>	<u>6,148,431</u>	<u>266,682</u>	<u>6,415,113</u>

* The reserve accounts comprise the consolidated reserves of RMB5,448,867,000 (31 December 2021: RMB4,799,761,000(restated)) in the consolidated statement of financial position as at 31 December 2022.

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 2021 and 2022 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 2022

	<i>Notes</i>	2022 RMB'000	2021 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax			
From continuing operations		1,027,882	993,806
From the discontinued operation		–	50,136
Adjustments for:			
Finance costs		320,405	289,901
Foreign exchange differences, net		(20,195)	16,605
Interest income		(440,847)	(418,696)
Gain on disposal of equity investments at fair value through other comprehensive income		–	(1,318)
Gain on disposal of a subsidiary	4	(156,939)	–
Fair value gains of financial assets at fair value through profit or loss	4	(6,192)	(7,694)
Loss on derecognition of financial assets measured at amortised cost	6	347,118	–
Gain on derecognition of financial liabilities measured at amortised cost	6	(141,860)	–
Share of profits of associates and joint ventures		(217,541)	(223,228)
Depreciation of right-of-use assets		123,306	126,172
Depreciation of items of property, plant and equipment		76,654	90,937
Amortisation of intangible assets		36,478	17,014
Impairment of trade and bills receivables, net		149,048	292,230
Impairment of prepayments, other receivables, net		1,265	11,646
Impairment of contract assets, net		92,476	81,292
Provision for foreseeable losses on contracts, net	6	2,621	4,136
Gains on disposal of items of property, plant and equipment and right-of-use assets, net	6	(3,561)	(54,201)
Others		(15,693)	–
		1,174,425	1,268,738
Decrease in inventories		59,132	41,936
Increase in contract assets		(453,103)	(708,556)
Decrease/(Increase) in trade and bills receivables		58,439	(630,905)
Decrease/(Increase) in prepayments, other receivables and other assets		269,986	(317,603)
Decrease/(Increase) in pledged deposits		495	(3,053)
Increase in trade and bills payables		987,273	597,729
(Decrease)/Increase in other payables and accruals		(910,012)	269,254
Increase/(decrease) in provision		12,092	(23,531)
(Decrease)/Increase in provisions for supplementary retirement benefits		(83)	351
Cash flows from operations		1,198,644	494,360
Interest received		98,099	33,893
Income tax paid		(147,300)	(144,515)
Net cash flows from operating activities		1,149,443	383,738

	<i>Notes</i>	2022 RMB'000	2021 RMB'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received from an associate and a joint venture		11,622	–
Purchases of items of property, plant and equipment		(197,915)	(150,238)
Purchases of intangible assets		(6,344)	(131,272)
Purchases of financial assets at fair value through profit or loss		–	(145,908)
Disposal of a subsidiary		(102,327)	–
Addition of investments in associates and joint ventures		(239,145)	(130,029)
Addition of equity investments designated at fair value through other comprehensive income		–	(7,020)
Proceeds from disposal of items of property, plant and equipment and intangible assets		111	66,072
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		1,996	3,075
Dividends received from associates and joint ventures		3,761	460
Consideration for the business combination under common control		(89,015)	–
Repayment of loans from a joint venture and an associate		293,830	–
Withdrawal of an investment to a non-controlling shareholder		–	(5,012)
Loans provided to a joint venture		–	(204,000)
Net cash flows used in investing activities		(323,426)	(703,872)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(314,097)	(265,987)
Dividend paid to shareholders		(246,407)	(229,572)
Dividend paid to non-controlling shareholders		(11,614)	(11,125)
Principal portion of lease payments		(128,409)	(122,364)
New bank and other borrowings		1,215,350	2,327,452
Repayment of bank and other borrowings		(1,368,192)	(680,689)
Net cash flows (used in)/from financing activities		(853,369)	1,017,715
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
		(27,352)	697,581
Cash and cash equivalents at beginning of year		4,247,896	3,566,712
Effect of exchange rate changes on cash and cash equivalents		19,659	(16,397)
CASH AND CASH EQUIVALENTS AT END OF YEAR			
	<i>11</i>	4,240,203	4,247,896

NOTES TO FINANCIAL STATEMENTS

31 December 2022

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 Guancheng Technology Development Co., Ltd. ("北京冠城科技發展有限公司")	(i)	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 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") ("Guizhou Jingjian")		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
Beijing Urban Construction Transportation Design and Research Institute Co., Ltd. ("北京城建交通設計研究院有限公司")	(ii)	The PRC/Mainland China 18 July 2016	RMB30,000,000	100%	–	Construction design

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 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
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")		The PRC/Mainland China 26 September 2021	RMB10,000,000	100%	–	Technology development and consulting services
Beijing Institute of Residential Building Design&Research Co., Ltd. ("北京市住宅建築設計研究院有限公司")	(iii)	The PRC/Mainland China 20 August 1984	RMB40,000,000	100%	–	Architectural design

* 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 5 May 2022, Beijing Urban Construction Xingjie Commercial Operation Management Co., Ltd changed its name to Beijing Guancheng Technology Development Co., Ltd.
- (ii) On 6 December 2022, Beijing Urban Construction Design Research Institute Co., Ltd changed its name to Beijing Urban Construction Transportation Design and Research Institute Co., Ltd.
- (iii) On 22 February 2022, the Company entered into an equity transfer agreement with Beijing Uni.-Construction Group Co., Ltd. ("BUCC", a wholly-owned subsidiary of BUCG), and the Company agreed to acquire the entire equity interest of Beijing Institute of Residential Building Design & Research Co., Ltd. (the "Residential Institute", a wholly-owned subsidiary of BUCC).

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 2022. 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).

Generally, there is a presumption that a majority of voting rights results in control. 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 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRS Standards 2018-2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The nature and the impact of the revised IFRSs that are applicable to the Group are described below:

- (a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting* (the “**Conceptual Framework**”) issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 Inventories, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

- (d) *Annual Improvements to IFRS Standards 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendment that is expected to be applicable to the Group are as follows:
- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

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 2022

	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	4,426,391	6,173,454	–	10,599,845
Intersegment sales	18,485	–	(18,485)	–
Total revenue	4,444,876	6,173,454	(18,485)	10,599,845
Segment results	967,155	(53,461)	(6,254)	907,440
Interest income	3,961	413,169	–	417,130
Finance costs	(45,752)	(274,653)	–	(320,405)
Profit of segments for the year	925,364	85,055	(6,254)	1,004,165
Income tax expense				(117,114)
Unallocated interest income				23,717
Profit for the year				910,768
Segment assets	8,692,030	14,367,303	(1,292,161)	21,767,172
Corporate and other unallocated assets				2,177,022
Total assets				23,944,194
Segment liabilities	7,181,825	10,916,093	(1,263,397)	16,834,521
Corporate and other unallocated liabilities				84,422
Total liabilities				16,918,943
Other segment information				
Share of profits and losses of:				
Joint ventures	189,992	–	–	189,992
Associates	27,549	–	–	27,549
Depreciation	177,840	22,120	–	199,960
Amortisation	9,138	27,340	–	36,478
Provision for				
– foreseeable losses on contracts	2,514	107	–	2,621
– impairment of trade and bills receivables, contract assets and other receivables, net	148,138	94,651	–	242,789
Investments in joint ventures	2,095,387	–	–	2,095,387
Investments in associates	631,714	–	–	631,714
Capital expenditure*	207,832	56,513	–	264,345

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

Year ended 31 December 2021(Restated)

	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	4,399,032	5,859,547	–	10,258,579
Intersegment sales	28,563	–	(28,563)	–
Revenue from continuing operations	<u>4,427,595</u>	<u>5,859,547</u>	<u>(28,563)</u>	<u>10,258,579</u>
Segment results				
Interest income	854,485	5,587	(1,250)	858,822
Finance costs	2,349	398,957	–	401,306
	<u>(32,613)</u>	<u>(250,996)</u>	<u>–</u>	<u>(283,609)</u>
Profit of segments for the year from continuing operations	824,221	153,548	(1,250)	976,519
Income tax expense				(139,891)
Unallocated interest income				<u>17,287</u>
Profit for the year from continuing operations				<u>853,915</u>
Segment assets				
Corporate and other unallocated assets	10,203,625	12,579,652	(1,421,545)	21,361,732
Assets related to the discontinued operation				<u>2,217,053</u>
				<u>1,086,817</u>
Total assets				<u>24,665,602</u>
Segment liabilities				
Corporate and other unallocated liabilities	8,136,266	10,315,959	(1,311,824)	17,140,401
Liabilities related to the discontinued operation				<u>112,584</u>
				<u>997,504</u>
Total liabilities				<u>18,250,489</u>
Other segment information				
Share of profits and losses of:				
Joint ventures	225,449	–	–	225,449
Associates	(2,221)	–	–	(2,221)
Depreciation	171,449	28,053	–	199,502
Amortisation	8,544	5,982	–	14,526
Provision for				
– foreseeable losses on contracts	3,940	196	–	4,136
– impairment of trade and bills receivables, contract assets and other receivables, net	150,689	221,698	–	372,387
Investments in joint ventures	1,876,372	–	–	1,876,372
Investments in associates	183,593	–	–	183,593
Capital expenditure				
– continuing operations	288,069	278,045	–	566,114
– discontinued operation				<u>48,419</u>

Geographical information

(a) Revenue from external customers

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
China	10,575,503	10,228,592
Other countries	24,342	29,987
	<u>10,599,845</u>	<u>10,258,579</u>

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

(b) Non-current assets

	31 December	31 December
	2022 RMB'000	2021 RMB'000 (Restated)
China	<u>10,119,666</u>	<u>9,709,490</u>

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

Information about major customers

During the year ended 31 December 2022, there were two (2021: one) customers of the Group from which the revenue accounted for over 10% of the Group's total revenue.

Year ended 31 December 2022

	Design, survey and consultancy RMB'000	Construction contracting RMB'000	Total RMB'000
Customer A	437,810	1,942,304	2,380,114
Customer B	1,047	2,017,548	2,018,595
	<u>438,857</u>	<u>3,959,852</u>	<u>4,398,709</u>

Year ended 31 December 2021 (Restated)

	Design, survey and consultancy RMB'000	Construction contracting RMB'000	Total RMB'000
Customer A	<u>462,802</u>	<u>1,915,732</u>	<u>2,378,534</u>

4. REVENUE, OTHER INCOME AND GAINS

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

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
<i>Revenue from contracts with customers</i>	10,578,131	10,188,494
<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	17,283	67,268
Other lease payments, including fixed payments	4,431	2,817
	<u>21,714</u>	<u>70,085</u>
	<u>10,599,845</u>	<u>10,258,579</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Types of goods or services		
Design, survey and consultancy	4,421,960	4,396,215
Construction contracting and others	6,156,171	5,792,279
	<u>10,578,131</u>	<u>10,188,494</u>
Timing of revenue recognition		
Services transferred at a point in time	117,445	116,278
Services transferred over time	10,460,686	10,072,216
	<u>10,578,131</u>	<u>10,188,494</u>
Geographical markets		
China	10,553,789	10,158,507
Other countries	24,342	29,987
	<u>10,578,131</u>	<u>10,188,494</u>

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 2022

Segments	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	4,421,960	6,156,171	10,578,131
Intersegment sales	18,485	–	18,485
	<u>4,440,445</u>	<u>6,156,171</u>	<u>10,596,616</u>
Intersegment adjustments and eliminations	(18,485)	–	(18,485)
Total revenue from contracts with customers	<u><u>4,421,960</u></u>	<u><u>6,156,171</u></u>	<u><u>10,578,131</u></u>

For the year ended 31 December 2021(Restated)

Segments	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	4,396,215	5,792,279	10,188,494
Intersegment sales	28,563	–	28,563
	<u>4,424,778</u>	<u>5,792,279</u>	<u>10,217,057</u>
Intersegment adjustments and eliminations	(28,563)	–	(28,563)
Total revenue from contracts with customers	<u><u>4,396,215</u></u>	<u><u>5,792,279</u></u>	<u><u>10,188,494</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	
		2022 RMB'000	2021 RMB'000 (Restated)
Other income and gains			
Interest income	6	440,847	418,593
Gain on disposal of a subsidiary	6	156,939	–
Fair value gains of financial assets at fair value through profit or loss	6	6,192	7,694
Government grants	6	11,543	5,311
Additional tax deduction for input VAT		31,045	5,858
Foreign exchange gains		20,195	–
Gain on disposal of items of property, plant and equipment and right-of-use assets, net	6	3,561	54,201
Gain on derecognition of financial liabilities measured at amortised cost	6	141,860	–
Others		23,878	8,158
		<u>836,060</u>	<u>499,815</u>

5. FINANCE COSTS

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

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Interest on bank and other borrowings	308,066	267,618
Interest on lease liabilities	12,339	15,991
	<u>320,405</u>	<u>283,609</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	
		2022 RMB'000	2021 RMB'000 (Restated)
Cost of design, survey and consultancy services		3,145,633	3,097,191
Cost of construction contracting services and others		5,613,771	5,287,401
Total cost of sales		8,759,404	8,384,592
Depreciation of property, plant and equipment	(a)	76,654	84,400
Depreciation of right-of-use assets		123,306	115,102
Amortisation of intangible assets		36,478	14,526
Total depreciation and amortisation		236,438	214,028
Research and development costs		385,984	355,681
Impairment of trade and bills receivables, net		149,048	281,219
Impairment of contract assets, net		92,476	77,847
Impairment of other receivables, net		1,265	13,321
Provision for foreseeable losses on contracts, net		2,621	4,136
Provision for warranty			
Additional provision		21,216	17,245
Reversals of unutilised provision		–	(43,612)
Lease payments not included in the measurement of lease liabilities	(b)	396,236	396,967
Auditor's remuneration		3,662	3,380
Employee benefit expenses (excluding directors' and supervisors' remuneration):	(c)		
Wages, salaries and allowances		1,641,024	1,727,394
Retirement benefit costs			
– Defined contribution retirement schemes		179,552	165,966
– Defined benefit retirement schemes		3,820	3,949
Total retirement benefit costs		183,372	169,915
Welfare and other expenses		287,341	296,328
Total employee benefit expenses		2,111,737	2,193,637
Fair value gains of financial assets at fair value through profit or loss	4	(6,192)	(7,694)
Interest income	4	(440,847)	(418,593)
Gain on disposal of a subsidiary	4	(156,939)	–
Government grants	4	(11,543)	(5,311)
Gains on disposal of items of property, plant and equipment and right-of-use assets, net	4	(3,561)	(54,201)
Loss on derecognition of financial assets measured at amortised cost	(d)	347,118	–
Gain on derecognition of financial liabilities measured at amortised cost	4, (d)	(141,860)	–
Foreign exchange differences, net		(20,195)	16,605

Notes:

- (a) Depreciation of property, plant and equipment and right-of-use assets of approximately RMB99,429,000 (2021(Restated): RMB96,304,000) was included in cost of sales in the consolidated statement of profit or loss for the year ended 31 December 2022.
- (b) Lease payments not included in the measurement of lease liabilities of approximately RMB388,917,000 (2021(Restated):RMB385,985,000) were included in cost of sales in the consolidated statement of profit or loss for the year ended 31 December 2022.
- (c) Employee benefit expenses of approximately RMB1,576,128,000 (2021(Restated): RMB1,609,150,000) were included in cost of sales in the consolidated statement of profit or loss for the year ended 31 December 2022.
- (d) A subsidiary of the Company (“the Subsidiary”) entered into a service concession agreement in 2016, pursuant to which the Subsidiary is required to build, operate, and transfer a service concession asset (“PPP Project”). In August 2022, the Subsidiary and the counter party agreed to make amendments to certain terms of the service concession agreement, since then, the total contract amount has been revised and the operation period has been extended.

The Subsidiary recalculated the future cash flows (“consideration receivable”) based on the amendments of the service concession agreement, and the difference of RMB347,118,000 between the carrying amount (net of original amount of financial assets and accumulated impairment losses) of the contract asset and trade receivable arising from the PPP Project and the consideration receivable was recognised as a loss on derecognition of financial assets measured at amortised cost in 2022.

In addition, in order to facilitate the development of the PPP Project, the Subsidiary signed a loan agreement in 2017, and the loan amount was secured by the right of future contract asset and trade receivable arising from the PPP Project. In September 2022, the loan agreement has also been revised and the loan term has been extended to match the changes in the service concession agreement.

The Subsidiary recalculated the future cash flows (“consideration payable”) based on the amendments of the loan agreement, and the difference of RMB141,860,000 between the carrying amount of the loan and consideration payable was recognised as a gain on derecognition of financial liabilities measured at amortised cost in 2022.

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 2022 and 2021 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 2022 and 2021.

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
		(Restated)
Current income tax – Mainland China	141,257	162,869
Deferred income tax	(24,143)	(22,978)
Total tax charge for the year from continuing operations	<u>117,114</u>	<u>139,891</u>
Total tax charge for the year from the discontinued operation	<u>–</u>	<u>1,004</u>
	<u>117,114</u>	<u>140,895</u>

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 2022 and 2021 is as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000 (Restated)
Profit before tax from continuing operations	1,027,882	993,806
Profit before tax from the discontinued operation	–	50,136
	<u>1,027,882</u>	<u>1,043,942</u>
Income tax at the statutory income tax rate	256,971	260,986
Effect of different income tax rate for some entities	(74,311)	(71,063)
Tax effect of share of profits and losses of joint ventures and associates	(54,385)	(55,807)
Additional tax deduction for research and development expenditure	(36,549)	(42,298)
Expenses not deductible for tax purposes	8,514	6,474
Adjustments in respect of current tax of previous periods	(2,954)	2,581
Tax losses utilised from previous periods	(2,583)	(3,430)
Effect of not recognised temporary difference	22,411	42,026
Tax losses not recognised	–	1,426
	<u>117,114</u>	<u>140,895</u>
Tax charge for the year at the effective rate	<u>117,114</u>	<u>139,891</u>
Tax charge from continuing operations at the effective rate	–	1,004
Tax charge from the discontinued operation at the effective rate	<u>–</u>	<u>1,004</u>

8. DIVIDENDS

The dividends during the years ended 31 December 2022 and 2021 are set out below:

	<i>Notes</i>	Year ended 31 December	
		2022	2021
		RMB'000	RMB'000
Declared:			
Final dividend – RMB0.1679 (2020: RMB0.1568) per ordinary share	<i>(i)</i>	<u>226,442</u>	<u>211,471</u>
Proposed:			
Final dividend – RMB0.1898 (2021: RMB0.1679) per ordinary share	<i>(ii)</i>	<u>255,978</u>	<u>226,442</u>

Notes:

- (i) At the annual general meeting held on 27 May 2022, the Company's shareholders approved the payment of the final dividend for the year ended 31 December 2021 of RMB0.1679 per share, which amounted to RMB226,442,000 and was settled before December 2022.
- (ii) On 24 March 2023, the board of directors proposed the payment of a final dividend of RMB0.1898 per ordinary share in respect of the year ended 31 December 2022, 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 2022 RMB'000	31 December 2021 RMB'000 (Restated)
Within 6 months	1,616,254	1,368,504
6 months to 1 year	374,560	759,228
1 to 2 years	762,184	1,023,349
2 to 3 years	519,104	449,629
3 to 4 years	291,520	356,613
4 to 5 years	190,024	109,052
Over 5 years	11,754	6,552
	<u>3,765,400</u>	<u>4,072,927</u>

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

	2022 RMB'000	2021 RMB'000 (Restated)
At beginning of the year	1,017,614	767,354
Impairment losses recognised	172,176	304,556
Impairment losses reversed	(23,128)	(12,326)
Impairment losses written off	(288,726)	–
Impairment losses included in the discontinued operation	–	(41,970)
At end of the year	<u>877,936</u>	<u>1,017,614</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.

Details of the written off in impairment losses of trade receivables are disclosed in note 6(d) to the financial statements.

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 2022

	Expected credit loss rate	Gross carrying amount <i>RMB'000</i>	Expected credit losses <i>RMB'000</i>
Individually impaired	33.69%	<u>217,694</u>	<u>73,342</u>
Collectively impaired			
Within 6 months	0.57%	1,626,897	9,259
6 months to 1 year	4.09%	389,080	15,904
1 to 2 years	8.98%	743,928	66,802
2 to 3 years	16.65%	553,689	92,213
3 to 4 years	28.34%	406,783	115,264
4 to 5 years	50.02%	376,867	188,509
5 to 6 years	90.00%	117,545	105,790
Over 6 years	100.00%	<u>210,853</u>	<u>210,853</u>
	18.18%	<u>4,425,642</u>	<u>804,594</u>
Total	18.91%	<u>4,643,336</u>	<u>877,936</u>

As at 31 December 2021 (Restated)

	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	0.56%	1,316,923	7,359
6 months to 1 year	3.96%	617,055	24,411
1 to 2 years	9.17%	1,126,625	103,277
2 to 3 years	16.57%	538,923	89,293
3 to 4 years	30.03%	506,309	152,066
4 to 5 years	50.02%	218,204	109,152
5 to 6 years	90.00%	64,428	57,985
Over 6 years	100.00%	<u>200,007</u>	<u>200,007</u>
	16.20%	<u>4,588,474</u>	<u>743,550</u>
Total	19.99%	<u>5,090,541</u>	<u>1,017,614</u>

11. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	31 December 2022 RMB'000	31 December 2021 RMB'000 (Restated)
Cash and bank balances	4,221,255	4,187,116
Time deposits	60,243	243
	4,281,498	4,187,359
Less: Pledged bank balances for bidding guarantees and performance guarantees	(41,052)	(41,547)
Cash and bank balances in the consolidated statement of financial position	4,240,446	4,145,812
Non-pledged time deposits with original maturity of more than three months when acquired	(243)	(243)
Cash and short term deposits attributable to the discontinued operation	–	102,327
Cash and cash equivalents in the consolidated statement of cash flows	4,240,203	4,247,896
Cash and bank balances and time deposits denominated in:		
– RMB	4,027,443	3,955,592
– Other currencies	254,055	231,767
	4,281,498	4,187,359

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 2022 RMB'000	31 December 2021 RMB'000 (Restated)
Trade payables	5,309,491	4,406,539
Bills payable	<u>50,000</u>	<u>52,444</u>
	<u>5,359,491</u>	<u>4,458,983</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 2022 RMB'000	31 December 2021 RMB'000 (Restated)
Within 6 months	2,731,051	1,710,768
6 months to 1 year	455,330	839,349
1 to 2 years	1,034,351	752,835
2 to 3 years	346,721	379,120
Over 3 years	<u>792,038</u>	<u>776,911</u>
	<u>5,359,491</u>	<u>4,458,983</u>

Trade payables are non-interest-bearing and are normally settled within six month.

13. SHARE CAPITAL

Shares

	31 December 2022 '000	31 December 2021 '000
Registered, issued and fully paid: 1,348,670,000 (2021: 1,348,670,000) ordinary shares	<u>1,348,670</u>	<u>1,348,670</u>

14. BUSINESS COMBINATION

(i) Residential Institute

On 22 February 2022, the Company entered into an equity transfer agreement with BUCC, pursuant to which the Company will acquire the entire equity interest of Residential Institute at a cash consideration of RMB69,769,600. Residential Institute is engaged in the architectural design business providing comprehensive design consulting services ranging from industry planning, planning and design, architectural design, project management to operation and maintenance management. The acquisition was made as part of the Group's strategy to expand its market share of architectural design.

The Business Combination was completed on 23 March 2022. Upon the completion of the acquisition, the Company held 100% of equity interests in Residential Institute, the Company then obtained control over Residential Institute.

Since the Company and Residential Institute are ultimately controlled by BUCG both before and after the above acquisition, the acquisition of Residential Institute is regarded as business combination involving enterprises under common control. The Group accounts for the combination applying the pooling of interest method, which means the assets and liabilities of Residential Institute are consolidated by the Group using the existing book values from the controlling parties' perspective. The comparative figures of this consolidated financial information have been restated.

The book values of Residential Institute's assets and liabilities as at 23 March 2022 were as follows:

	Book value as at the date of acquisition <i>RMB'000</i>
Property, plant and equipment	9,448
Right-of-use assets	17,278
Intangible assets	3,615
Deferred tax assets	530
Inventories	3,605
Trade and bills receivables	75,498
Prepayments, other receivables and other assets	94,075
Contract assets	55,217
Cash and cash equivalents	50,507
Trade and bills payables	(54,308)
Other payables and accruals	(160,754)
Interest-bearing bank and other borrowings	(30,798)
Tax payable	(20)
	<hr/>
Total identifiable net assets at carrying amounts	<u>63,893</u>

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<i>RMB'000</i>
Cash consideration	(69,770)
Cash and bank balances acquired	<hr/> 50,507
	<hr/>
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	<u>(19,263)</u>

(ii) Asset Group Portfolio

On 26 October 2022, the Company entered into an asset transfer agreement with BUCC in relation to the acquisition of all assets and related creditor's rights and debts of the rail transit construction contracting department of BUCC (the "Asset Group Portfolio") at a cash consideration of RMB19,244,700. The Asset Group Portfolio includes an input and a substantive process that together significantly contribute to the ability to create outputs, so the Group determines that it has acquired a business.

The Business Combination was completed on 7 December 2022. Since the Company and the Asset Group Portfolio are ultimately controlled by BUCG both before and after the above acquisition, the acquisition of the Asset Group Portfolio is regarded as business combination under common control. The Group accounts for the combination applying the pooling of interest method, which means the assets and liabilities of Asset Group Portfolio are consolidated by the Group using the existing book values from the controlling parties' perspective. The comparative figures of this consolidated financial information have been restated.

The book values of Asset Group Portfolio's assets and liabilities as at 7 December 2022 were as follows:

	Book value as at the date of acquisition <i>RMB'000</i>
Property, plant and equipment	119,573
Right-of-use assets	530
Intangible assets	128
Inventories	36,729
Trade and bills receivables	36,057
Prepayments, other receivables and other assets	22,348
Contract assets	65,095
Cash and cash equivalents	80,694
Trade and bills payables	(108,303)
Other payables and accruals	(252,408)
Interest-bearing bank and other borrowings	(443)
	<hr/>
Total identifiable net assets at carrying amounts	— <hr/> <hr/>

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<i>RMB'000</i>
Cash consideration	(19,245)
Cash and bank balances acquired	80,694
	<hr/>
Net inflow of cash and cash equivalents in respect of the acquisition of a subsidiary	61,449 <hr/> <hr/>

15. DISPOSAL OF A SUBSIDIARY

On 10 November 2021, the Company announced the decision of its board of directors to dispose of Beijing Urban Construction Zhikong Technology Co., Ltd. (“BUCZT”) by entering a capital increase agreement with BUCG and its affiliate, Beijing Chengke Yunchuang Enterprise Management Partnership (Limited Partnership) as well as other parties. As at 31 December 2022, the disposal of BUCZT was completed and BUCG became a controlling shareholder of BUCZT. The articles of association of BUCZT were revised accordingly upon the completion of the disposal. Therefore, the Group’s equity interests decreased from 60% to approximately 30.83%, and the Group lost its control over BUCZT. Upon the completion of such disposal, BUCZT was accounted as an investment in an associate in the consolidated statement of financial position of the Group.

The net assets of BUCZT disposed of as at 4 January 2022, the date of disposal, were as follows:

	<i>Note</i>	As at the date of disposal RMB’000
Property, plant and equipment		53,572
Right-of-use assets		38,142
Intangible assets		1,146
Deferred tax assets		12,073
Contract assets		210,764
Prepayments other receivables and other assets		136,007
Inventories		44,457
Trade and bills receivables		624,671
Pledged deposits		1,016
Cash and cash equivalents		102,327
Trade and bills payables		(675,839)
Other payables and accruals		(300,471)
Interest-bearing bank and other borrowings		(138,245)
Tax payable		(4,250)
Provision		(9,060)
		<hr/>
Total identifiable net assets at carrying amounts		<u>96,310</u>
Non-controlling interests		(38,524)
Net assets attributable to the parent company		57,786
Investment in an associate		(214,725)
Gain on disposal of a subsidiary	4	<u>156,939</u>
Satisfied by cash		<u>–</u>

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	<i>RMB’000</i>
Cash consideration	–
Cash and cash equivalents disposed of	<u>(102,327)</u>
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	<u>(102,327)</u>