



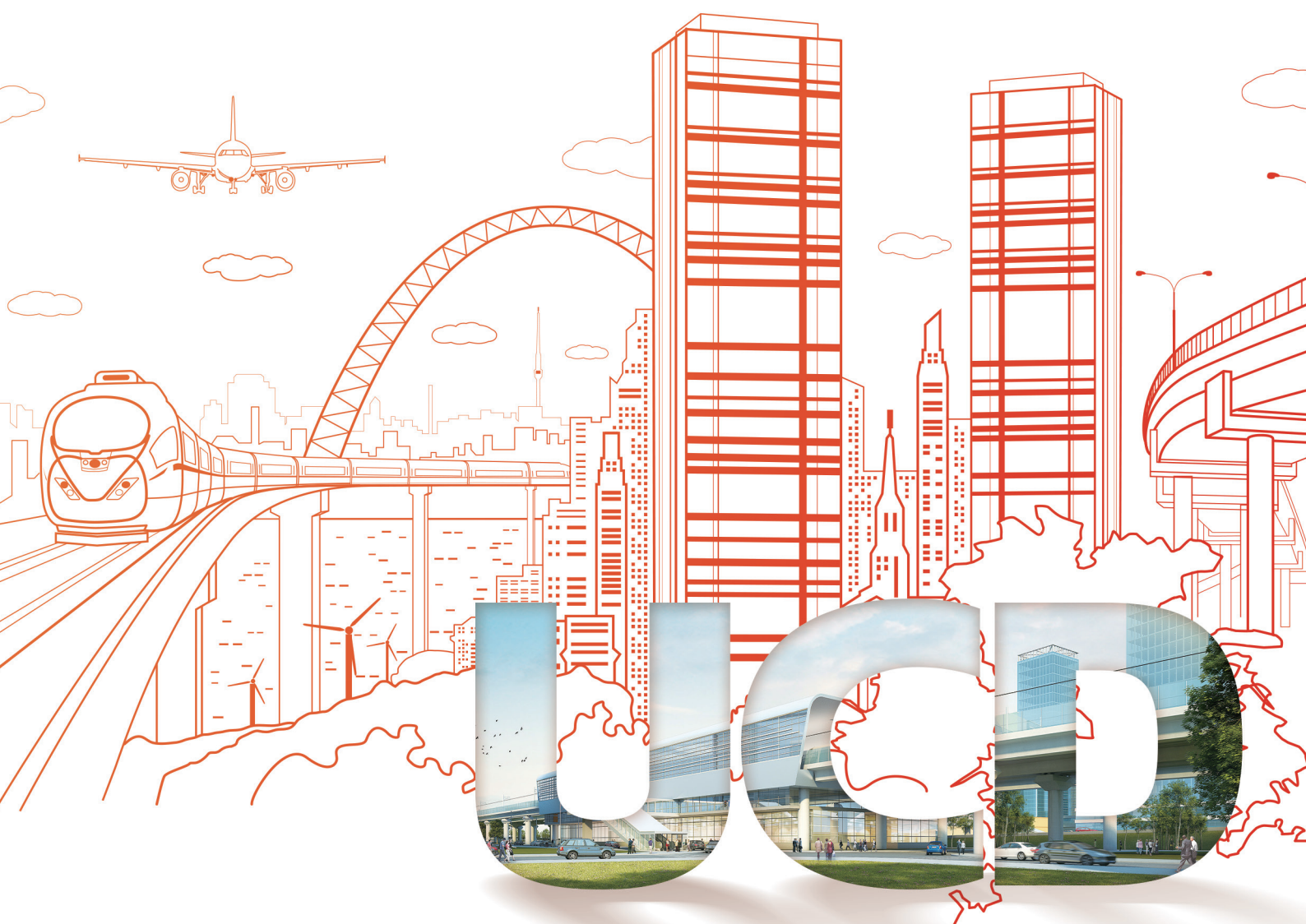
北京城建设计发展集团股份有限公司

BEIJING URBAN CONSTRUCTION DESIGN & DEVELOPMENT GROUP CO., LIMITED

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

Stock Code: 1599

DESIGN THE CITY BUILD THE FUTURE



2025 Annual Report



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DEFINITIONS

In this Annual Report, the following expressions shall have the following meanings unless the context otherwise requires:

"Articles of Association"	the Articles of Association of Beijing Urban Construction Design & Development Group Co., Limited
"Beijing Investment Company"	Beijing Infrastructure Investment Co., Ltd. (北京市基礎設施投資有限公司)
"Board" or "Board of Directors"	the board of directors of the Company
"Board of Supervisors"	the board of supervisors of the Company, which was dissolved on 25 November 2025
"BUCG"	Beijing Urban Construction Group Co., Ltd. (北京城建集團有限責任公司) (the controlling shareholder of the Company)
"Company"	Beijing Urban Construction Design & Development Group Co., Limited (北京城建設計發展集團股份有限公司)
"Company Law"	the Company Law of the People's Republic of China (中華人民共和國公司法), as may be amended, supplemented and otherwise modified from time to time
"Corporate Governance Code"	the corporate governance code as set out in Appendix C1 to the Hong Kong Listing Rules
"Director(s)"	director(s) of the Company
"Domestic Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are unlisted shares which are currently not listed or traded on any stock exchange
"Group", "us" or "we"	the Company and its subsidiaries
"H Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Hong Kong Stock Exchange
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China

DEFINITIONS (CONTINUED)

"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules
"MOF"	the Ministry of Finance of the PRC
"NDRC"	the National Development and Reform Commission of the PRC
"PRC" or "China"	the People's Republic of China
"Reporting Period" or "the Year"	for the year ended 31 December 2025
"RMB"	Renminbi, the lawful currency of the PRC
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) of the Company, including H Share(s) and Domestic Share(s)
"Supervisor(s)"	supervisor(s) of the Company
"%"	percent

CORPORATE INFORMATION

REGISTERED NAME:

Chinese:

北京城建設計發展集團股份有限公司

English:

Beijing Urban Construction Design &
Development Group Co., Limited

LISTING PLACE OF H SHARES:

The Stock Exchange of Hong Kong Limited

TYPE OF STOCK:

H Shares

STOCK NAME:

UCD

STOCK CODE:

1599

H SHARE REGISTRAR:

Computershare Hong Kong Investor Services Limited

REGISTERED OFFICE:

5 Fuchengmen North Street, Xicheng District
Beijing, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG:

40th Floor, Dah Sing Financial Centre,
No. 248 Queen's Road East,
Wanchai, Hong Kong

LEGAL REPRESENTATIVE:

Mr. Pei Hongwei

SECRETARY OF THE BOARD:

Mr. Xuan Wenchang

COMPANY SECRETARY:

Mr. Xuan Wenchang

WEBSITE:

www.bjucd.com

AUDITOR:

Da Hua Certified Public Accountants
(Special General Partnership)
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISORS:

As to Hong Kong Laws:

Clifford Chance

As to PRC Laws:

Beijing Ocean Law Firm

FINANCIAL SUMMARY

For the year ended 31 December 2025, the Group achieved revenue of RMB7,527 million, while the net profit for the Reporting Period amounted to RMB536 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			
	2025 RMB'000	Percentage of operating revenue (%)	2024 RMB'000	Percentage of operating revenue (%)
Design, survey and consultancy	4,088,966	54.32	4,392,107	50.65
Construction contracting	3,438,341	45.68	4,279,585	49.35
Total	7,527,307	100.00	8,671,691	100.00

For the year ended 31 December 2025, the Group's revenue amounted to RMB7,527 million, representing a decrease of RMB1,144 million or 13.20% compared to the same period of last year.

The financial information for the years of 2021, 2022, 2023, 2024 and 2025 prepared by the Group in accordance with the China Accounting Standards for Business Enterprises was summarized as follows:

	As at 31 December/For the year ended 31 December				
	2025 RMB'000 (Audited)	2024 RMB'000 (Audited)	2023 RMB'000 (Audited)	2022 RMB'000 (Audited)	2021 RMB'000 (Audited)
Total assets	24,187,113	24,541,925	24,849,539	23,861,836	24,655,780
Total liabilities	15,969,442	16,608,521	17,220,925	16,874,878	18,238,065
Non-controlling interests	253,439	237,582	227,494	199,976	266,747
Equity attributable to the owners (excluding non-controlling shareholders)	7,964,232	7,695,822	7,401,119	6,786,982	6,150,968
Revenue	7,527,307	8,671,691	10,389,376	10,467,986	11,395,326
Gross profit	1,494,048	1,568,022	1,913,932	1,867,438	2,149,074
Profit before tax	633,918	628,492	1,017,595	1,013,090	1,034,211
Profit attributable to owners of the Company	515,194	511,725	872,646	959,159	911,820

NOTE:

Given that the Board of the Company resolved on 15 May 2025 to adopt the China Accounting Standards for Business Enterprises for the preparation of financial accounting reports, both the Group's annual financial accounting report for 2025 and the comparative data for the previous years have been prepared in accordance with the China Accounting Standards for Business Enterprises.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of the Group, I am pleased to present the annual results report for 2025.

The year 2025 marked the successful completion of China's "14th Five-Year Plan", a year in which the Group strived forward under pressure and forged ahead with determination. As the global economy slowly recovered and the Chinese economy steadily advanced amid structural adjustments, the landscape of the industry accelerated its restructuring. Despite a complex and challenging external environment and various challenges, the Group had always adhered to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. It took serving national strategies and supporting the development of the capital in the new era as the fundamental guideline, concentrated efforts, overcame difficulties, and made steady and sustainable progress in high-quality development.

During the past year, **we had adhered to our primary responsibilities and core businesses, consolidated our leading advantages**. We continued to lead the industry in overall rail transit design and existing line renovation, continuously amplifying the influence of our "Urban Construction Design" brand. **We deepened industrial collaboration and enhanced value creation**, as reflected in the continuous structure optimization of our survey business; new breakthroughs in high-end consulting, demonstrated by leading the drafting of Hong Kong railway standards; simultaneous progress across different sectors, including civil construction, municipal engineering, engineering general contracting, scientific and technological industrialization, and operations; and further advancements in segments such as testing, evaluation, and inspection. **We adhered to corporate responsibility, maintained prudent operations**, and seamlessly integrated the ESG concept into corporate governance. We strictly observed safety and quality standards, and strived to ensure the Company's long-term stable development. During the Reporting Period, the Group achieved revenue of RMB7,527 million and net profit of RMB536 million, demonstrating its solid moves towards high-quality development.



CHAIRMAN'S STATEMENT (CONTINUED)

The year 2026 is the first year of the “15th Five-Year Plan”, a year in which the Group will advance its development into “an integrated service provider of urban construction directed by design”. On the new journey, where challenges and opportunities coexist, we will adhere to strategic guidance and anchor our development direction. We will focus on our primary responsibilities and core businesses to consolidate our key advantages, strengthen technological empowerment to develop new quality productive forces, deepen collaborative integration to release the value of the entire industrial chain, build a robust risk prevention system to ensure steady progress, and ultimately elevate the Group’s sustainable development to new heights.

“Design the City, Build the Future” has always been our original aspiration and mission. We will uphold the urban construction spirit of “craftsmanship, responsibility, innovation, and hard work”, pursue growth despite pressures, take on responsibilities and act proactively, and spare no effort to promote the Group’s high-quality development, so as to deliver satisfaction to customers, shareholders, and society.

I hereby would like to extend my most sincere gratitude to all shareholders, customers, and partners for their long-term trust and support in the Group’s development, as well as to all directors, management, and employees for their unwavering dedication to roles.



Pei Hongwei
Chairman

Beijing, 26 March 2026

GENERAL MANAGER'S STATEMENT

The year 2025 is a crucial year for the final sprint of the 14th Five-Year Plan and stands as a testament to the Company's resilience and dedication amidst industry pressures. Over the past year, adhering to the general principle of seeking progress while maintaining stability, we upheld the responsibilities of a state-owned enterprise, taking solid steps on the path of high-quality development and delivering an annual performance report characterized by steady progress and continuous improvement.

We deeply implemented the "customer first" philosophy, driving synergistic development across the entire industrial chain. In rail transit design, we consolidated our leading position by deepening existing markets and expanding into new ones. In civil construction and municipal engineering, we steadily extended our business based on differentiated needs, with a clearer path for characteristic development; in surveying business, we agilely seized market changes and made significant progress in transformation and upgrading; in engineering general contracting, we innovated the service model and steadily enhanced integrated delivery capabilities; in scientific and technological industrialization, we focused on customer concerns and accelerated the implementation of technological products; in operation services, we pursued excellence and continuously improved service quality and efficiency; in overseas business, we deepened our roots in local markets and steadily advanced market expansion.

We leveraged our expertise to inject new momentum into the industry's high-quality development. The Hong Kong Railway Standards, which we took the lead in compiling, were officially released. Thirteen metro lines designed and constructed with our participation were opened as scheduled. We hosted a series of high-end events, including the 33rd China Metro Academic Exchange Conference. The 4th Cross-Strait, Hong Kong, and Macao Science and Technology Forum was selected and included in the Directory of Important Academic Conferences by the China Association for Science and Technology. Our flagship journal, Urban Rail Transit (English Edition), achieved dual inclusion in SCI and EI databases, continuously enhancing our industry influence.



GENERAL MANAGER'S STATEMENT (CONTINUED)

We adhered to the philosophy of sustainable development and integrated ESG requirements into the entire process of our operations and management. From green design to low-carbon construction, and from smart operations to ecological protection, we demonstrated our responsibility as a state-owned enterprise in every step. The results of the nation's first "Quality Housing" Design Competition were implemented. A practical project on prefabricated interior finishing technology was selected as one of the Top Ten ESG Cases of State-Owned Enterprises in Beijing, and Kunming Metro Line 4 was recognized as a National Service Standardization Pilot. Moving forward, we will continue to deepen the construction of the ESG system and repay society's trust with higher-quality development.

The year 2026 is the inaugural year of the 15th Five-Year Plan. The Company will proactively adapt to the new industry landscape, adhere to the principle of seeking progress while maintaining stability, focus on high-quality development, and fully promote the implementation of all strategic initiatives.

Adhering to the customer-centric philosophy and continuously optimizing the market layout. The market is the lifeline of an enterprise and the source of value creation. We will closely follow industry trends, continuously optimize the marketing system, enhance customer service capabilities, deepen our presence in key regional markets, and strive to build a new market pattern characterized by synergy, efficiency, and enhanced risk resilience.

Focusing on the main line of value creation and comprehensively enhance the quality and efficiency of development. Based on our core business of rail transit, we will strengthen survey, design and consulting services, refine engineering general contracting services, specialize in niche areas, actively foster new business growth drivers, and strive to achieve reasonable growth in quantity and effective improvement in quality. With tangible results in value creation, we will lay a solid foundation for high-quality development.

Strengthening the leading role of strategy and continuously consolidating the foundation of management. Aligning closely with the strategic direction of the 15th Five-Year Plan, we will coordinate all aspects of enterprise development, focusing on enhancing core capabilities such as market linkage, resource integration, technological innovation, and integrated services. This will provide solid support for the Company's stable and sustained development. We will implement strategies with perseverance to ensure that all arrangements are implemented effectively, and convert our core capabilities into tangible competitive advantages.

In conclusion, I would like to extend my heartfelt gratitude to the investors, partners, and friends from all sectors of society who have cared about and supported the Company for so long. I wish you all the best in the new year and a win-win future!



Xia Xiujiang
General Manager

Beijing, 26 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY

In 2025, amid sustained downward pressure in the market, the Company stayed committed to high-quality development, rose to challenges with a pragmatic and responsible mindset, and focused on its core businesses. By fostering synergy across the entire industrial chain, the Company fulfilled the major goals and tasks of the 14th Five-Year Plan in a phased manner, accumulating strong momentum for accelerated development in the new journey.

For the year ended 31 December 2025, the Group's revenue amounted to RMB7,527 million, representing a decrease of RMB1,145 million or 13.20% compared to the revenue of RMB8,672 million for the same period of last year. The Group's net profit amounted to RMB536 million, representing an increase of RMB8 million or 1.52% compared to the net profit of RMB528 million for the same period of last year.

Summary of Operating Results

	Year ended 31 December	
	2025	2024
	(RMB'000) (Audited)	(RMB'000) (Audited)
Revenue	7,527,307	8,671,691
Operating cost	(6,033,259)	(7,103,669)
Gross profit	1,494,048	1,568,022
Tax and surcharge	(39,227)	(37,393)
Selling expenses	(49,634)	(63,199)
Administrative expenses	(458,248)	(509,414)
Research and development expenses	(306,457)	(325,156)
Finance costs	105,361	106,015
Other income	7,308	7,393
Investment income	56,325	49,101
Gain/(loss) on change in fair value	5,526	(3,210)
Credit impairment losses	(30,650)	(58,056)
Impairment losses on assets	(148,421)	(116,967)
Gains from disposal of assets	2,435	2,226
Operating profit	638,367	619,363
Non-operating revenue	2,341	11,351
Non-operating expenditure	(6,790)	(2,221)
Total profit	633,918	628,492
Income tax expense	(98,202)	(100,208)
Net profit	535,716	528,285

Note:

Given that the Board of the Company resolved on 15 May 2025 to adopt the China Accounting Standards for Business Enterprises for the preparation of financial accounting reports, both the Group's annual financial accounting report for 2025 and the comparative data for the year ended 31 December 2024 have been prepared in accordance with the China Accounting Standards for Business Enterprises.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Revenue

The Group generates its revenue from the design, survey and consultancy business segment as well as the construction contracting business segment where the Group provides services for project construction. For the year ended 31 December 2025, the Group achieved a revenue of RMB7,527 million, representing a decrease of RMB1,145 million or 13.20% as compared to the revenue of RMB8,672 million for the corresponding period of last year. The decrease was mainly due to the reduced commencement volume resulting from the overall downturn in the industry.

Revenue by business segment is as follows:

	Year ended 31 December	
	2025	2024
	(RMB'000)	(RMB'000)
Products by industry	(Audited)	(Audited)
Design, survey and consultancy	4,088,966	4,392,107
Construction contracting	3,438,341	4,279,584
Total	7,527,307	8,671,691

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 business segment has been the traditional and core business of the Group. In 2025, the Group won bids for key projects in the rail transit field including Chengdu Line 27 Phase II and Xiamen-Zhangzhou-Quanzhou Intercity Railway (Xiamen Section). Significant achievements were made in the existing line renovation market, with the Group winning bids for representative projects in Beijing, Nanjing, Harbin, Changchun, Shenyang and other cities, maintaining its leading market share. The brand influence of the Group's high-end consultancy services continued to emerge, with the successful undertaking of benchmark projects such as the Hong Kong railway standards and the technical standards for the Phase III rail network in Beijing, reflecting the steady enhancement of its professional service capabilities. Overseas business progressed steadily, with the Group continuing to secure orders in Hong Kong, Singapore, Angola, Kazakhstan and Colombia, and the value of newly signed contracts exceeding RMB100 million. In the fields of civil and municipal design, the Group pursued a differentiated development strategy, further deepening its presence in traditional sectors such as residential buildings, large-scale TOD developments, campuses and roads, while actively expanding into areas including exhibition and display facilities, urban renewal and water environmental management.

For the year ended 31 December 2025, revenue from the design, survey and consultancy segment business of the Group amounted to RMB4,089 million, representing a decrease of RMB303 million or 6.90% as compared to RMB4,392 million for the corresponding period in 2024. Among which, the revenue from the urban rail transit construction segment amounted to RMB2,938 million, representing a decrease of RMB191 million or 6.10% as compared to RMB3,129 million for the corresponding period of last year. Revenue from the industrial and civil construction and municipal engineering segment was RMB1,151 million, representing a decrease of RMB112 million or 8.87% as compared to RMB1,263 million for the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Construction Contracting Business Segment

For the construction contracting business segment which focuses on serving urban rail transit construction projects and related infrastructure construction projects, in 2025, the Group won the bids for the projects of Contract Section No. 01, No. 03 and No. 05 of M101 Line of the Northern Section of Beijing Railway Transit Line R4 Phase 1, Contract Section No. 03 of Suburban Railway Northeast Ring Line, further consolidating its core market position in Beijing. The construction contracting projects on hand are mainly located in cities such as Beijing, Guangzhou, Chongqing, Urumqi and Qingdao.

For the year ended 31 December 2025, the Group's revenue from the construction contracting business segment was RMB3,438 million, representing a decrease of RMB842 million or 19.67% compared to RMB4,280 million for the corresponding period of last year.

Operating Cost

For the year ended 31 December 2025, the operating cost incurred by the Group was RMB6,033 million, representing a decrease of RMB1,071 million or 15.08% compared to RMB7,104 million for the corresponding period of last year. This decline was 1.88 percentage points lower than the 13.20% decrease in revenue. The Company continued to strengthen comprehensive project budget control and strictly controlled unnecessary and non-urgent expenditures, achieving certain results in costs reduction and efficiency enhancement

For the year ended 31 December 2025, the operating cost of the Group's design, survey and consultancy segment decreased to RMB2,873 million for the year from RMB3,132 million for the corresponding period of last year, representing a decrease of 8.27%. Among that, the operating cost of the urban rail transit construction business of the Group's design, survey and consultancy segment decreased to RMB1,973 million for the year from RMB2,150 million for the corresponding period of last year, representing a decrease of 8.23%. The operating cost of the industrial and civil construction and municipal engineering business of the design, survey and consultancy segment decreased to RMB900 million for the year from RMB982 million for the corresponding period of last year, representing a decrease of 8.35%.

For the year ended 31 December 2025, the operating cost of the Group's construction contracting segment decreased to RMB3,161 million for the year from RMB3,972 million for the corresponding period of last year, representing a decrease of 20.42%, 0.75 percentage points lower than the decrease in revenue.

Gross Profit and Gross Margin

For the year ended 31 December 2025, the gross profit of the Group was RMB1,494 million, representing a decrease of RMB74 million or 4.72% compared to RMB1,568 million for the corresponding period of last year, while the consolidated gross margin was 19.85%, representing an increase of 1.77 percentage points as compared with 18.08% of the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Among that, the gross profit of design, survey and consultancy segment decreased to RMB1,216 million for the year from RMB1,260 million for the corresponding period of last year, representing a decrease of RMB44 million or 3.49%, and the gross margin was 29.75%, representing an increase as compared to 28.70% for the corresponding period of last year. The gross profit of construction contracting segment decreased to RMB278 million for the year from RMB308 million for the corresponding period of last year, representing a decrease of RMB30 million or 9.74%, and the gross margin increased to 8.08% for the period from 7.19% for the corresponding period of last year, mainly due to the enhanced cost control in design projects during the year.

Selling Expenses

For the year ended 31 December 2025, the selling expenses of the Group were RMB49.63 million, representing a decrease of RMB13.57 million or 21.46% compared to RMB63.20 million for the corresponding period of last year, which was mainly due to the full integration of marketing resources, utilization of the headquarters' marketing coordination functions and control over cost expenditures.

Administrative Expenses

For the year ended 31 December 2025, the administrative expenses of the Group were RMB458.25 million, representing a decrease of RMB51.16 million or 10.04% compared to RMB509.41 million for the corresponding period of last year, which was mainly due to the Group's strengthened budget management and strict control over non-operating expenditures.

Research and Development Expenses

For the year ended 31 December 2025, the research and development expenses of the Group were RMB306.46 million, representing a decrease of RMB18.70 million or 5.75% compared to RMB325.16 million for the corresponding period of last year, which was mainly due to the Group's integration of internal research and development resources, optimization of resource allocation, improvement in resource utilisation efficiency and effective control of research and development investment costs.

Finance Costs

For the year ended 31 December 2025, finance costs of the Group were RMB-105.36 million, representing a decrease of RMB0.66 million or 0.62% compared to RMB-106.02 million for the corresponding period of last year, which was mainly due to the decrease in interest expenses resulting from the repayment of long-term borrowings and a decrease in the comprehensive financing cost rate.

Investment Income

For the year ended 31 December 2025, the investment income of the Group was RMB56.33 million, representing an increase of RMB7.23 million or 14.73% compared to RMB49.10 million for the corresponding period of last year, which was mainly due to the increase in net profit of the investee Yunnan Jingjian Rail Transit Co., Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Credit Impairment Losses

For the year ended 31 December 2025, the credit impairment losses of the Group were RMB30.65 million, representing a decrease in credit impairment losses of RMB27.41 million or 47.21% as compared to RMB58.06 million for the corresponding period of last year, which was mainly due to the intensified collection efforts, resulting in the recovery of certain long-standing accounts receivable.

Impairment Losses On Assets

For the year ended 31 December 2025, the impairment losses on contract assets of the Group amounted to RMB148.42 million, representing an increase of RMB31.45 million or 26.89% as compared to RMB116.97 million for the corresponding period of last year, which was mainly attributable to the increase of long-aged contract assets, leading to the provision of impairment losses.

Income Tax Expense

For the year ended 31 December 2025, the income tax expense of the Group was RMB98.20 million, representing a decrease of RMB2.01 million or 2.01% as compared to RMB100.21 million for the corresponding period of last year, which was mainly attributable to the decrease in current income tax expense.

Net Profit

For the year ended 31 December 2025, the Group's net profit for the period was RMB536 million, representing an increase of RMB8 million or 1.52% as compared to net profit of RMB528 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	
	2025	2024
	(RMB'000)	(RMB'000)
	(Audited)	(Audited)
Net cash from operating activities	307,663	683,877
Net cash from investing activities	(182,504)	(188,985)
Net cash from financing activities	(569,013)	(763,872)
Net cash and cash equivalents	(443,854)	(268,980)

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The net cash inflows from operating activities in 2025 were RMB308 million, which was mainly attributable to the fact that the operating receipts were more than the operating payments during the period. The net cash outflows from investing activities were RMB183 million, which was mainly attributable to the increased investment of RMB139 million in associates, and an expenditure of RMB48 million for purchase of fixed assets and intangible assets. The net cash outflows from financing activities were RMB569 million, which was mainly due to a net decrease in the Company's bank borrowings of RMB145 million, interest paid on the borrowings of approximately RMB185 million during the year, and the payment of dividends to shareholders of approximately RMB145 million during the year.

PLEDGE OF ASSETS

For the year ended 31 December 2025, the contract assets, trade receivables and intangible assets of the Group were pledged to secure the certain bank loans granted to the Group. As at 31 December 2025, the net pledged trade receivables and intangible assets were RMB5,583 million (as at 31 December 2024: RMB6,224 million).

CONTINGENT LIABILITIES

For the year ended 31 December 2025, there were no other significant contingent liabilities of the Group.

CAPITAL COMMITMENTS

The Group had the following capital commitments as at 31 December 2025 and 31 December 2024:

	31 December 2025 (RMB'000) (Audited)	31 December 2024 (RMB'000) (Audited)
Contracted, but not provided for:		
Property, plant and equipment	141,353	150,149
Equity investments	843,443	1,083,871

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 2025, the net current assets of the Group were RMB2,709 million, among which cash and cash equivalents amounted to RMB2,593 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 2025, the Group's interest-bearing bank and other borrowings were RMB6,452 million while the gearing ratio (gearing ratio represents the total interest-bearing borrowings as of 31 December 2025 divided by the total equity as at 31 December 2025) was 78.52%.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

INDEBTEDNESS

The table below sets forth the total borrowings of the Group as at 31 December 2025 and 31 December 2024. The Group generally settles the borrowings on time.

	As at 31 December 2025 (RMB'000) (Audited)	As at 31 December 2024 (RMB'000) (Audited)
Bank borrowings		
Pledged	4,613,224	4,757,366
Non-pledged and non-guaranteed	214,380	429,529
Other borrowings		
Non-pledged and non-guaranteed	1,420,793	1,164,314
Lease liabilities		
Non-pledged and non-guaranteed	204,105	267,628
	6,452,502	6,618,837

As at 31 December 2025, the Group's borrowings were denominated in RMB with interest rates ranging from 1.69% to 4.90%.

The table below sets forth the maturity of the Group's debts as at 31 December 2025 and 31 December 2024:

	As at 31 December 2025 (RMB'000) (Audited)	As at 31 December 2024 (RMB'000) (Audited)
Within one year	1,522,577	1,599,023
In the second year	247,220	450,593
In the third to fifth years, inclusive	1,445,928	2,464,499
Over five years	3,236,777	2,104,722
	6,452,502	6,618,837

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

Save as disclosed in this report, the Group did not have any significant events after the balance sheet date.

COMPANY-WIDE MANAGEMENT MEASURES IN 2026

2026 marks the first year of the “15th Five-Year Plan” period. Facing profound changes in the market situation and arduous and heavy development tasks, we shall actively grasp strategic opportunities, proactively adapt to the new landscape of industry development, adhere to the general principle of pursuing progress while ensuring stability, focus on the theme of promoting high-quality development, take reform and innovation as the fundamental driving force, and anchor the strategic goal of becoming a “design-led comprehensive urban construction service provider”, ensuring a good start to the “15th Five-Year Plan” period.

The Company's specific management measures in 2026 include the following four areas:

1. *Excelling in survey, design and consulting services to consolidate the “core business”*

The Company will stabilize the growth of its rail transit design business by securing new lines and deeply exploiting existing ones, ensuring the “dual leadership” in both new line and existing line renovation markets. It will firmly pursue the characteristic and specialized development direction for its civil construction and municipal works businesses. For its survey business, the Company will focus on “maintaining scale and enhancing efficiency”, consolidating its advantages in the rail transit sector, specializing in niche segments, and actively laying out incremental markets such as forestry, water conservancy, energy, integrated inspection, maintenance and repair, and comprehensive land consolidation. Furthermore, it will expand into emerging blue ocean areas like urban operation and maintenance, urban regeneration, digital surveying, and green ecology to accelerate the release of new development potential.

2. *Refining EPC business to “stabilize scale and enhance quality and efficiency”*

The Company will deeply cultivate the Beijing market. While consolidating its core metro construction business, it will focus efforts on tackling specialized fields such as existing line renovation, electromechanical installation, and water leakage remediation, and actively expand its EPC business.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3. *Actively cultivating new business to forge new engine of growth*

The Company will vigorously promote the industrialization of technology, fully leverage the strengths of its specialized units, and accelerate the transformation of technology into products and products into applications. Key initiatives include advancing intelligent hazard identification equipment, AI digital products, interior industrialization, photovoltaic noise barriers, intelligent network operation map systems, and tunnel reinforcement technology and equipment, aiming to cultivate a range of technology products that are closely aligned with market demand and possess core competitiveness. Focusing on four major directions, namely existing line renovation, urban renewal, new energy development, and digital intelligence & urban lifeline safety engineering, the Company will proactively lay out new tracks. Specifically, the Company will nurture emerging markets such as smart rail transit operation and maintenance, tunnel disease management, rail transit energy storage, and the low-altitude economy, striving to build a new business development landscape characterized by diversified support and sustained growth.

4. *Deepening management innovation to activate endogenous drivers*

The Company will prepare its development plan for the “15th Five-Year Plan” period, optimizing the organizational system around the business development layout. The Company aims to strengthen the strategic leadership function of the headquarters and establish internal management practices that align with strategic coordination and development adaptability. The Company will enhance lean management to steadily improve operational quality and efficiency, comprehensively strengthen penetrating management, and fortify risk prevention lines. Company-wide, end-to-end cost control will be promoted, with special initiatives launched to improve quality and efficiency and unlock potential. The Company will undertake major original technological research to enhance the consistency of technical quality and reinforce the core foundation of technology. The Company will accelerate the building of a team of young expert talents recognized by clients and well-known in the industry, focus on cultivating a group of “leaders” in professional fields, and deepen cooperation with top experts, including academicians and national masters in engineering survey and design. Leveraging industry resources, the Company will create industry-brand events with high client participation and national, even international, influence.

BID WINNING

In 2025, the rail transit industry was confronted with sustained market downturn, significant reduction in bidding scale, intensified industry competition and rising uncertainties in the macroeconomic environment. The Company went all out to secure bids for new rail transit projects, with a particular focus on consolidating its market share in the Beijing region. While safeguarding its core business, the Company actively deployed into other high-potential segments including existing line renovation, urban renewal, energy, digitalization and smart solutions to adapt to market changes and enhance its risk resistance capacity. As of 31 December 2025, the Company has won the bids of RMB8.171 billion. Among them, the design, survey and consultancy business segment won the bids of RMB2.639 billion, and the EPC business segment won the bids of RMB5.532 billion. As at the end of the Reporting Period, the contracts on hand of the Company amounted to RMB25.143 billion.

EMPLOYEES

As of 31 December 2025, the Group had approximately 4,542 employees, with employees at headquarters accounting for 53% and those at subsidiaries accounting for 47%, representing a decrease of 4% as compared with that at the end of the corresponding period of last year. The Company has 3 National Engineering Survey and Design Masters and 4 experts enjoying the Special Government Allowance from the State Council. As of 31 December 2025, employees with bachelor's degree or above, employees with senior titles, employees with intermediate titles and employees with primary titles or below accounted for 94%, 45%, 36% and 19% of the total number of employees of the Group, respectively. Among which, the ratio of employees with senior titles has increased by 2% as compared with that at the end of the last year.

In respect of building talent pool, the Company continued to establish a talent development system featuring "cross-border integration and tiered empowerment". The Company held high-quality development forums on multi-system rail transit and industry expert exchange seminars on urban construction and development of China's rail transit, and invited experts from industry, university and research institutes to conduct cross-border exchanges. It organized DeepSeek series training to empower digital transformation and upgrading; launched specialized training programs for young and middle-aged cadres and backbones on operation and management to systematically improve their operational capabilities; and held expert lectures focusing on zero-carbon park policies, rail transit operation strategies and other topics to keep abreast of national strategies. Diversified platforms promoted mutual learning and continued to consolidate the talent foundation for the Company's high-quality development.

According to the national policies, the reform on gradually raising statutory retirement age has been implemented in 2025.

MARKET LANDSCAPE AND BUSINESS PROSPECT

In January 2025, the Central Committee of the Communist Party of China and the State Council issued the “Plan for All-around Rural Revitalization (2024-2027) 《鄉村全面振興規劃(2024-2027年)》”. The plan emphasizes promoting the upgrading of infrastructure. Great efforts should be made to improve the accessibility of the road network and accelerate the upgrading of the rural road backbone network and the extension and connection of the basic network, so as to deepen the high-quality development of “High-quality Rural Roads (四好農村路)” and integrated urban-rural transportation.

In May 2025, the General Office of the Central Committee and the General Office of the State Council issued the “Guidelines on Advancing Urban Renewal Campaign 《關於持續推進城市更新行動的意見》”. Great efforts should be made to strengthen the construction and renovation of urban infrastructure, comprehensively investigate risks and hidden dangers in urban infrastructure, promote the integrated development and comprehensive utilization of underground space, accelerate the construction and renovation of underground pipelines and networks for urban gas, water supply, drainage, sewage and heating, as well as integrated underground utility tunnels, and improve long-term management systems for construction, operation and maintenance.

In August 2025, the Ministry of Housing and Urban-Rural Development issued the Action Plan for Implementing the Opinions of the General Office of the CPC Central Committee and the General Office of the State Council on Promoting the Construction of New-type Urban Infrastructure and Building Resilient Cities (2025-2027). The plan advances the development of digital, networked, and intelligent new-type urban infrastructure, strengthens urban risk prevention, control and governance capacity, and refines implementation measures. These include promoting the construction and renovation of intelligent municipal infrastructure, advancing the coordinated development of smart city infrastructure and intelligent connected vehicles, developing smart residential communities, improving the intelligent management of buildings, launching digital home construction, promoting the integrated development of intelligent construction and construction industrialization, improving the urban information model (CIM) platform, and establishing and enhancing urban operation management and service platforms.

In September 2025, the Ministry of Transport, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the National Data Administration, the National Railway Administration, the Civil Aviation Administration of China, and the State Post Bureau jointly issued the Implementation Opinions on “Artificial Intelligence + Transportation”. The opinions stipulate that by 2027, artificial intelligence will be widely applied in typical scenarios of the transportation sector; a comprehensive transportation large model system will be deployed; a number of intelligent entities will be popularized; and a batch of landmark innovation projects for “Artificial Intelligence + Transportation” will be completed, making artificial intelligence a major driving force leading innovative development in transportation. By 2030, artificial intelligence will be deeply integrated into the transportation industry, and the intelligent comprehensive three-dimensional transportation network will be fully advanced. Key core technologies in smart transportation and smart logistics will achieve independent controllability, with overall performance among the world’s top tier. A host of new industries and business forms will be fostered, a relatively complete AI governance system for the transportation sector will take shape, and high-quality development and high-level safety in transportation will reach a new stage.

URBAN RAIL TRANSIT

In December 2025, the China Urban Rail Transit Association released the Research on the Development Ideas of Urban Rail Transit During the 15th Five-Year Plan Period. The research adopts a systematic “key-drive-supporting” logic and is structured around “three focuses”, being focus on framework guidance, focus on actionable goals and focus on all-round improvement.

The urban rail transit industry has entered a high-quality development stage characterized by “operation-centric, technology-driven” growth, with a structurally differentiated market outlook. The market for new construction continues to shrink. Meanwhile, demand for the renovation and smart upgrading of existing systems is expanding. A large number of early lines are in urgent need of modernization of signaling systems, power supply systems and train control systems to comply with the updated specifications for train operation and passenger services, and to improve efficiency and resilience. At the same time, the “AI + Transportation” policy will drive the post-operation service sectors such as smart operation and maintenance, vehicle-road-cloud integration, and energy management to become new growth engines.

RAIL TRANSIT SYNERGIZING WITH INNOVATIVE CONSTRUCTION

In 2025, the policy direction for the rail transit industry has shifted from scale expansion to high-quality and refined development. China has further tightened the approval process for new line construction plans, taking key operational indicators such as passenger flow intensity as core application criteria, forcing the industry to shift from “rapid expansion” to a sustainable development model with operational efficiency, intelligence and green development as its core competitiveness. Concurrently, policies are introduced to encourage enterprises to address key technological challenges through the “industry-university-research-application” collaborative innovation system, providing a clear pathway for the technological upgrading of the industry.

Looking ahead, industry development will increasingly focus on intelligent operation and maintenance (e.g., AI diagnostics, digital twins), vehicle-road-cloud integration, application of green and low-carbon technologies, and the multi-mode integration of “rail +” (e.g., synergy with the low-altitude economy). In light of these emerging market opportunities, the Company will continue to consolidate and expand its established strengths in intelligent integrated solution, interdisciplinary collaborative innovation platforms, and industry standard formulation and promote high-value business growth through cutting-edge technological innovation, thereby leading the industry towards a path of sustainable development.

MARKET LANDSCAPE AND BUSINESS PROSPECT (CONTINUED)

SURVEY AND MEASUREMENT

With the acceleration of urbanization, the demand for survey and measurement services in infrastructure construction is surging. The blooming demand for environmental governance and geological disaster prevention has put forward higher technical service requirements for high-precision and high-efficiency geological survey and measurement services. In the future, traditional surveying technologies are expected to rapidly evolve towards intelligent platforms, surveying big data, and the “One Map for Cities” frameworks and other new surveying services, laying a solid foundation for urban development.

Looking forward, the survey and measurement industry is set to maintain its growth trajectory, with new development opportunities driven by technological advancements and supportive policy measures, and accompanied by intense market competition and the constant challenge of technological iteration. The survey and measurement industry will become increasingly more dependent on intelligent and digital technologies, as well as the application of UAV aerial surveys, 3D laser scanning, and BIM. Meanwhile, the application of cloud platforms and big data analytics tools provides strong support for the storage, sharing, and in-depth mining of surveying and mapping data. Going forward, engineering surveying will depend more heavily on integrated solutions, with cloud computing and big data enabling design teams to collaborate remotely and share real-time project information.

INVESTMENT AND CONSTRUCTION

The mitigation of local government debt risks has been further deepened. In January 2025, the General Office of the State Council issued the Notice on Continuing to Advance Local Debt Risk Prevention and Debt Resolution Efforts (Guo Ban Han [2025] No. 3) 《關於持續推進地方債務風險防控與化債工作的通知》(國辦函[2025]3 號)). The core objective is to further expand the scope of application on the basis of debt resolution in 2024, incorporating additional provinces with medium level debt risks into the debt resolution support framework and strengthening the leading role of private capital in government-invested projects. As a result, infrastructure investment in certain prefecture-level cities with greater debt pressure has been subject to stricter constraints, and the approval of government-invested projects has become stricter. In contrast, by virtue of its capital flexibility, private capital has gained greater access to key projects, promoting the deepening of market-oriented investment and financing mechanisms.

In December 2025, the General Office of the State Council issued Several Opinions on Optimising the Management Mechanism of Local Government Special Bonds 《關於優化地方政府專項債券管理機制的若干意見》(Guo Ban Fa [2025] No. 61), and in August 2025, the General Office of the State Council issued a notice for the Ministry of Finance’s “Guiding Opinions on Standardizing the Construction and Operation of Existing Public-Private Partnership Projects” 《關於規範政府和社會資本合作存量項目建設和運營的指導意見》(Guo Ban Fa [2025] No. 84), the main contents of which include the dynamic adjustment of the negative list for special bonds, the expansion of capital utilisation to new infrastructure sectors, and the introduction of performance evaluation mechanisms, underscoring the country’s continued commitment to stimulating economic growth through fiscal instruments.

MARKET LANDSCAPE AND BUSINESS PROSPECT (CONTINUED)

With the launch of the “15th Five-Year Plan”, new opportunities are expected to arise in the investment and construction sector. The “Three Major Projects” will be advanced in depth, the scale of rationed-sale affordable housing will be expanded, and the application of the EPC model will be strengthened to ensure efficient implementation of urban renewal projects. The layout of rail transit within metropolitan clusters will be accelerated, with a focus on network development in the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area and the Chengdu-Chongqing economic circle. Innovative investment and financing models will be explored, concession arrangements and “investment + operation” integration will be deepened, and private capital will be guided towards sectors characterised by stable cash flows and efficient operations. Emerging businesses such as rail transit energy storage will be expanded, and integrated urban renewal models will be explored to consolidate multi-dimensional resources, including the renovation of old residential areas and the making up for the shortcomings of municipal infrastructure, thereby fostering new drivers for high-quality development.

ARCHITECTURAL DESIGN

On 19 January 2026, the National Bureau of Statistics announced that in 2025, national real estate development investment amounted to RMB8,278.8 billion, representing a year-on-year decrease of 17.2%, of which, residential investment was RMB6,351.4 billion, representing a decrease of 16.3%. In 2025, the construction area of properties by real estate development enterprises was 6,598.90 million square meters, representing a year-on-year decrease of 10.0%, among which, the construction area of residential properties was 4,601.23 million square meters, representing a decrease of 10.3%. The newly commenced area of housing was 587.70 million square meters, representing a decrease of 20.4%, of which, the newly commenced area of residential housing was 429.84 million square meters, representing a decrease of 19.8%. The completed area of housing was 603.48 million square meters, representing a decrease of 18.1%, of which, the completed area of residential properties was 428.30 million square meters, representing a decrease of 20.2%.

In December 2025, the National Housing and Urban-Rural Development Work Conference emphasised the vigorous implementation of urban renewal initiatives, enhancement of urban governance standards, promotion of high-quality development of the real estate sector, and acceleration of the quality improvement and upgrading of the construction industry. Systematic efforts will be made to advance the “Four Goods” construction: good houses, good neighborhoods, good communities, and good urban areas, with a view to building innovative, liveable, beautiful, resilient, civilised and smart modern cities for the people. The upgrading of the construction industry will focus on industrial transformation, the development of intelligent and green construction, the cultivation of a modern construction industry chain, accelerated research and application of new building materials, and the fostering of new growth drivers in green buildings.

MARKET LANDSCAPE AND BUSINESS PROSPECT (CONTINUED)

The architectural design sector is experiencing structural differentiation, with both opportunities and challenges emerging. The traditional commercial residential design market will continue contracting in line with the decline in investment, while policy-backed segments such as affordable housing (particularly rationed-sale projects) and urban village renovation are poised to become incremental growth markets with greater certainty. The core growth engine lies in urban renewal. The “Four Goods” initiative and high-quality urban renewal will generate systematic and integrated design demand for the revitalisation of old residential communities, adaptive reuse of industrial heritage and enhancement of infrastructure resilience. “Intelligent construction” and “green construction” have evolved from industry trends into baseline requirements for market participation.

CONSTRUCTION CONTRACTING

According to the 2025 urban rail transit operation data from the Ministry of Transport, by the end of 2025, the operating mileage of urban rail transit nationwide has exceeded 11,000 kilometers, covering 54 cities. It is expected that in 2026, the national rail transit market will continue its downturn, the approval of new projects will be further tightened, local financial pressure will intensify, and industry competition will become more intense. In addition, as early lines have entered a concentrated cycle of major maintenance and upgrading, the industry has entered a high-quality development stage centered on “controlling increment, optimizing stock, improving quality and efficiency”. When enterprises expand to markets outside Beijing, they are confronted not merely with market competition, but with multiple systemic challenges such as high regional barriers, business model reshaping, and a lack of comprehensive capabilities, significantly increasing the difficulty of breaking through.

Future market opportunities are still mainly concentrated on rail transit network improvement of core urban agglomerations such as Beijing-Tianjin-Hebei, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, Chengdu-Chongqing; urban (suburban) railway and existing line renewal and upgrading; intelligent and green construction technology solutions; underground space and interface works related to TOD comprehensive development. However, the barrier to capitalizing on these opportunities is constantly rising. The deep integration of technologies such as fully automated operation (FAO), BIM, digital twins, and prefabricated construction has made intelligence and green development essential prerequisites for competitiveness. Moreover, the “investment-construction-operation” integrated model is increasingly becoming the norm for large-scale projects, imposing more stringent demands on enterprises’ capital strength, full-cycle management capabilities, and resource integration capacity.

MUNICIPAL PUBLIC PROJECTS CONSTRUCTION

In 2025, the main task of urban development – shifting from incremental expansion to stock quality improvement – established at the Central Urban Work Conference was implemented throughout the year. The central government not only encouraged the systematic renovation of old residential communities, infrastructure, and transportation networks, but also clearly set forth eight key tasks in the Opinions on Continuously Advancing Urban Renewal Initiatives 《關於持續推進城市更新行動的意見》, including the redevelopment of old urban blocks, obsolete industrial zones, and urban villages, as well as the upgrading of urban infrastructure. These efforts aim to comprehensively enhance the livability, functionality, and resilience of cities. To this end, the state has established a special urban renewal fund and arranged for the issuance of ultra-long-term special treasury bonds, focusing on supporting the safety renovation of urban lifelines centered on underground pipeline networks and the rational development and utilization of underground space resources.

In this context, the municipal engineering sector is accelerating its transition toward green construction and sustainable development models, with the application of green building materials, energy-saving technologies, and renewable energy becoming central to project delivery. The advancement of smart cities is driving projects toward digitalization and intelligent transformation. Future projects will be built on urban information modeling platforms and leverage the Internet of Things, artificial intelligence, and big data technologies to achieve full lifecycle refined management of municipal facilities, including increasingly complex underground utility tunnels, underground transportation systems, and underground public service facilities. The industry focus has shifted from standalone above-ground engineering construction to the delivery of comprehensive solutions that integrate green concepts and smart technologies, while coordinating the synergistic development of above-ground and underground spaces for systematic urban renewal and long-term operation.

TECHNOLOGY INDUSTRIALIZATION

In 2025, China rolled out a series of major policies, laying a solid foundation for the industrialization of rail transit. The Government Work Report set forth the strategic direction of “promoting the deep integration of scientific and technological innovation and industrial innovation, and accelerating the cultivation and expansion of emerging and future industries”. The Ministry of Transport and nine other departments jointly issued the Guiding Opinions on Promoting the Integrated Development of Transportation and Energy 《關於推動交通運輸與能源融合發展的指導意見》, which aims to guide the deep integration of traditional transportation infrastructure and emerging industries. The Ministry of Industry and Information Technology introduced the “Four Strengthenings” initiatives to accelerate the commercialization of scientific and technological achievements and provide policy support for rail transit industrialization. Meanwhile, the State Council Report on Promoting the Transformation of Scientific and Technological Achievements 《國務院關於促進科技成果轉化工作情況的報告》 proposed measures to increase the supply of high-quality scientific and technological outcomes and strengthen the role of enterprises as the principal innovators, thereby deepening the leading role of scientific and technological innovation in industrial innovation.

MARKET LANDSCAPE AND BUSINESS PROSPECT (CONTINUED)

Guided by national strategic direction and industry transformation trends, to achieve industrialization of rail transit, the Group shall seize the opportunity presented by the surge in operational upgrades to deepen industry-university-research collaboration and the integration of internal and external resources with technological innovation as the fundamental driver of development, and make breakthroughs in key technologies spanning intelligent construction, smart operation and maintenance, and the monetization of data value by closely aligning with market and client demands for energy conservation, consumption reduction, and smart renovation, so as to develop dual-product service capabilities encompassing “physical construction + digital construction”. Concurrently, the Group will leverage its support capabilities in design leadership and digital transformation, focus on four core industrialization innovation directions, namely rail transit equipment, smart urban infrastructure and safety, green low-carbon development and energy management, as well as the emerging economy and industrial upgrading, and build an integrated “technology – product – market” development system by leveraging its technological expertise and comprehensive industry chain advantage. The Group will also seek to capture market opportunities by enhancing the quality of existing assets and fostering innovation in incremental areas and transform its technological strengths into core competitiveness and growth drivers, in order to create a second growth curve for its rail transit industrialization.

DATA SERVICES

The central government is advancing the “Digital China” initiative and driving the integration of artificial intelligence with the real economy, thereby injecting momentum into the development of new quality productive forces. The intelligent and green transformation within the infrastructure sector is accelerating, with BIM, digital twin, and AI technologies emerging as core drivers of industry upgrades.

Looking ahead, the Group will continue to advance the intelligent upgrade of the existing rail transit market by leveraging its accumulated technological advantages and benchmark projects in the fields of intelligence and internationalization, while capitalizing on policy opportunities such as urban renewal and green infrastructure to accelerate the scaled implementation of smart solutions across multiple sectors, which presents broad prospects.

DIRECTORS AND OTHER SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Xia Xiujiang (夏秀江), aged 46, professor-level senior engineer, the secretary of the Party Committee, executive Director and general manager of the Company. Mr. Xia was appointed as an executive Director of the Company with effect from November 2024. From July 2001 to February 2014, Mr. Xia successively served as the chief economist of Beijing Urban Construction Huasheng Construction Group Co., Ltd. (北京城建華晟建設集團有限公司) and the deputy chief economist of Beijing Urban Construction Road and Bridge Construction Group Co., Ltd. (北京城建道橋建設集團有限公司). From February 2014 to December 2025, Mr. Xia held various positions within the Company, including general manager of the Fujian branch, general manager of Anhui Jingjian Capital Construction Investment Co., Ltd. (安徽京建投資建設有限公司), the secretary of the general party branch and manager of the investment and construction management department, chairman of Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd. (雲南京建軌道交通投資建設有限公司) and vice chairman of Chongqing Yuxi Expressway Construction and Operation Co., Ltd. (重慶市渝西快線建設運營有限公司). From July 2020 to July 2024, he successively served as the secretary of the general party branch and manager of the investment and construction management department of the Company, assistant to the manager of the Company and deputy general manager of the Company. From July 2024 to October 2024, he served as the secretary of the Party Committee of the Company. Since October 2024, he has been serving as the secretary of the Party Committee, executive Director and general manager of the Company, and concurrently served as the secretary of the Party Committee and chairman of Beijing Urban Construction Exploration & Surveying Design Research Institute Co., Ltd. (北京城建勘測設計研究院有限責任公司) from November 2024 to October 2025. Mr. Xia obtained a bachelor's degree in construction engineering management from Harbin Institute of Technology in July 2001 and a master's degree in software engineering from Tianjin University in June 2014.

As at the date of this report, Mr. Xia holds 1,000,000 Domestic Shares in the Key Employee Stock Ownership Scheme.

DIRECTORS AND OTHER SENIOR MANAGEMENT (CONTINUED)

Non-executive Directors

Mr. Pei Hongwei (裴宏偉), aged 59, senior economist, chairman of the Company and a non-executive Director, currently serves as the director, general manager, deputy secretary of Party committee of Beijing Urban Construction Group Co., Ltd. Mr. Pei was appointed as a non-executive Director and chairman of the Company since December 2019. Mr. Pei had successively served as the cadre of Beijing-Shijiazhuang Highway Administration Institute of Beijing Highway Bureau (北京市公路局京石公路管理所) and assistant to the head of mechanized line from August 1989 to November 1993. He worked successively as the deputy head of mechanized engineering line, assistant to the chief, assistant to the chief and head of management division and deputy chief (section level) of Beijing-Shijiazhuang Division of Beijing Highway Bureau (北京市公路局京石分局) from November 1993 to August 2000; successively served as the deputy director and director of preliminary work department of Beijing Gonglian Highway Connect Line Co., Ltd. (北京市公聯公路聯絡線有限責任公司) from August 2000 to April 2006; the assistant to the general manager of Beijing Road and Bridge Construction Corporation (北京市公路橋樑建設公司) from April 2006 to January 2007. He served as the director and general manager of Beijing Road and Bridge Construction Group Co., Ltd. (北京公路橋樑建設集團有限公司) from January 2007 to June 2007, and successively served as the director and general manager of Beijing Municipal Road and Bridge Construction Holding (Group) Co., Ltd. (北京市政路橋建設控股(集團)有限公司) from June 2007 to November 2011. He successively served as the general manager, vice chairman and chairman of Beijing Municipal Road and Bridge Group Co., Ltd. (北京市政路橋集團有限公司) from November 2011 to November 2019. He served as the director, general manager and deputy secretary of Party committee of Beijing Urban Construction Group Co., Ltd. since November 2019, and acted as the secretary of Party committee of the Company from November 2023 to July 2024. Mr. Pei graduated from the Department of Civil Engineering of Southeast University (東南大學) majoring in highway and urban roads engineering in August 1989, and graduated from the Faculty of Architecture Engineering at Beijing University of Technology (北京工業大學) with a master's degree of engineering in transportation planning and management in June 2002. Mr. Pei obtained the qualification of grade-one constructor from Beijing Municipal Bureau of Personnel (北京市人事局) in April 2006.

Mr. Li Guoqing (李國慶), aged 59, chief senior engineer, vice chairman and non-executive Director of the Company. Mr. Li has been working for the Company since July 1990. He held the position of the secretary of Youth League Committee (團委書記) of the Company from April 1993 to August 1998 and was the vice president of Metro and General Municipal Institute (地鐵市政府) of the Company from August 1998 to September 1999. He worked as the vice president of the Company from September 1999 to March 2001, and was the secretary of the Party Committee and vice president of the Company from March 2001 to November 2002. He acted as the party secretary, deputy general manager and Director of the Company from November 2002 to November 2023, during which he also held the position of general manager in China Metro Engineering Consulting Co., Ltd., which is primarily engaged in engineering consultancy, between September 2006 and May 2012. He has served as a Director of the Company and the deputy chief engineer of BUCG since November 2023. Mr. Li obtained a bachelor's degree in engineering majoring in heating, ventilation and air conditioning from Tsinghua University in July 1990. He obtained a master's degree and a doctor's degree of engineering both majoring in heating, gas, ventilation and air conditioning engineering from Tianjin University in March 2009 and June 2012, respectively. He obtained his certificate of PRC registered utility engineer (中國註冊公用設備工程師) from the Ministry of Housing and Urban-Rural Development in October 2010. Mr. Li was a representative of the 15th, 16th and 17th People's Congress of Xicheng District, Beijing.

As at the date of this report, Mr. Li holds 48,000 H Shares and 1,000,000 Domestic Shares in the Key Employee Stock Ownership Scheme.

DIRECTORS AND OTHER SENIOR MANAGEMENT (CONTINUED)

Mr. Zhang Pengchao (張鵬超), aged 57, a professorate senior economist and a non-executive Director of the Company, currently serves as the head of the capital operation department of Beijing Urban Construction Group Co., Ltd. (北京城建集團有限責任公司), and concurrently serves as the secretary and director of Beijing Urban Construction Group Investment Co., Ltd. (北京城建集團投資有限公司). Mr. Zhang has been appointed as a non-executive Director of the Company with effect from January 2026. From July 1991 to May 1996, Mr. Zhang served as an employee of No. 1 Beijing Urban Construction & Development Co., Ltd (北京城建一建設發展有限公司). From May 1996 to March 1999, he served as an employee in the enterprise management department of Beijing Urban Construction Group Co., Ltd. From March 1999 to August 2006, he successively served as the business manager of the investment department and manager of the research and development department of Beijing Urban Construction Investment & Development Co., Ltd. (北京城建投資發展股份有限公司). From August 2006 to July 2010, he successively served as the manager of the general office, manager of the enterprise management department, assistant manager, general counsel and deputy general manager of Beijing Urban Construction Real Estate Development Co., Ltd. (北京城建房地產開發有限公司), and concurrently served as the secretary, director and general manager of Hebei Shangjing Real Estate Development Co., Ltd. (河北上京房地產開發有限公司). From July 2010 to October 2016, he served as the deputy general manager and general counsel of Beijing Urban Construction Real Estate Development Co., Ltd., and concurrently served as the secretary, chairman, director and general manager of Hebei Shangjing Real Estate Development Co., Ltd. From October 2016 to June 2024, he served as the director and general manager of Beijing Urban Construction Group Investment Co., Ltd. From June 2024 to July 2024, he served as the secretary, director and general manager of Beijing Urban Construction Group Investment Co., Ltd. From July 2024 to November 2025, he served as the secretary and director of Beijing Urban Construction Group Investment Co., Ltd. Since November 2025, he has been the head of the capital operation department of Beijing Urban Construction Group Co., Ltd., and concurrently serves as the secretary and director of Beijing Urban Construction Group Investment Co., Ltd. Mr. Zhang obtained a bachelor's degree in Electric System and Automation from Xi'an Jiaotong University in July 1991 and a master's degree in National Economics from Central University of Finance and Economics in June 2002.

Mr. Peng Dongdong (彭冬東), aged 49, a non-executive Director of the Company, currently serves as the general manager at the contract management department of Beijing Infrastructure Investment Co., Ltd. Mr. Peng was appointed as a non-executive Director of the Company since March 2022. From August 1999 to December 2002, Mr. Peng successively served as a construction worker, engineer and technical person in charge of the Beijing-Shijiazhuang Branch of the Beijing Highway Bureau (北京市公路局京石分局); from December 2002 to January 2004, he successively served as the technical project director and project manager of the Fifth Engineering Office of Beijing Highway and Bridge Construction Company (北京市公路橋樑建設公司第五工程處); from January 2004 to December 2006, he served as the manager of the Engineering Department of Beijing Highway and Bridge Construction Company; from December 2006 to March 2011, he served as the business director of the Engineering Management Department of Beijing Municipal Road and Bridge Construction Holdings (Group) Co., Ltd. (北京市政路橋建設控股(集團)有限公司); from March 2011 to September 2015, he served as the deputy director of the Engineering and Technology Management Department of Beijing Municipal Road and Bridge Construction Holdings

DIRECTORS AND OTHER SENIOR MANAGEMENT (CONTINUED)

(Group) Co., Ltd.; from September 2015 to July 2018, he served as the director of the Production and Operation Department of Beijing Municipal Road and Bridge Group Co., Ltd. (北京市政路橋集團有限公司); from July 2018 to April 2020, he served as the director of the Investment and Operation Department of Beijing Municipal Road and Bridge Group Co., Ltd. and the executive director of Beijing Municipal Road and Bridge Group Guangzhou Company; from April 2020 to April 2024, he has been the deputy general manager at the investment and development headquarters of Beijing Infrastructure Investment Co., Ltd. Mr. Peng concurrently served as a director of Xinjiang Urumqi-Beijing Railway Construction Rail Transit Co., Ltd. (新疆烏京鐵建軌道交通有限公司) in March 2021. Since April 2024, he has been the general manager at the contract management department of Beijing Infrastructure Investment Co., Ltd. Mr. Peng obtained a bachelor's degree in highway and urban roads from the Department of Road and Bridge Engineering of Changsha University of Science and Technology in July 1999; and obtained a master's degree in project management from the School of Economics and Management of Beijing University of Technology in July 2014; Mr. Peng was qualified as a grade-one constructor in November 2006.

Mr. Li Fei (李飛), aged 46, a non-executive Director of the Company, currently serves as the senior investment manager at the investment and development headquarter of Beijing Infrastructure Investment Co., Ltd. Mr. Li was appointed as a non-executive Director of the Company since March 2022. From September 2002 to December 2004, Mr. Li served as the investment and financing manager of Xinjie Investment Guarantee Co., Ltd. (信捷投資擔保有限公司); from December 2004 to June 2009, he was the investment director of Zhongxin Guolian Investment Co., Ltd. (中新國聯投資有限公司); from June 2009 to December 2011, he served as the investment director of Beijing Yingxinda Venture Capital Co., Ltd. (北京盈信達創業投資有限公司); since December 2011, he has successively served as the investment manager and senior investment manager at the investment and development headquarter of Beijing Infrastructure Investment Co., Ltd. Mr. Li concurrently served as a director of Traffic Control Technology Co., Ltd. (listed on the Shanghai Stock Exchange, stock code: 688015) in April 2021, a director of Beijing Information Infrastructure Construction Co., Ltd. from December 2021 to October 2024. Mr. Li has served as a director of Sheenpower Technology Co., Ltd. (北京北交新能科技有限公司) since March 2022, a director of Beijing Municipal Road and Bridge Co., Ltd. (北京市政路橋集團有限公司) since August 2024 and a director of Beijing Jiuzhouyigui Environmental Technology Co., Ltd. (listed on the Shanghai Stock Exchange, stock code: 688485) since September 2024. Mr. Li obtained a bachelor's degree in economics from Changsha University of Science and Technology in July 2002 and a master's degree in finance from the Institute of Finance and Banking, Chinese Academy of Social Sciences in July 2011.

DIRECTORS AND OTHER SENIOR MANAGEMENT (CONTINUED)

Mr. Wang Tao (汪濤), aged 49, a senior accountant, and a non-executive Director of the Company, currently serves as the Chief Accountant of Beijing Shoufa Investment Holding Group Co., Ltd.. Mr. Wang was appointed as a non-executive Director of the Company since October 2020. From July 1999 to August 2025, Mr. Wang has been working for Beijing Gonglian Highway Connect Line Co., Ltd. (北京市公聯公路聯絡線有限責任公司), which is principally engaged in the construction and management of urban roads and facilities. He has successively served as the chief financial officer of a wholly-owned subsidiary, Beijing Gonglian Anda Parking Management Co., Ltd. (北京公聯安達停車管理有限公司), the chief financial officer of a wholly-owned subsidiary, Beijing Gonglian Jieda Highway Maintenance Engineering Co., Ltd. (北京公聯潔達公路養護工程有限公司), the director of the fund settlement centre of Beijing Gonglian Highway Connect Line Co., Ltd. (北京市公聯公路聯絡線有限責任公司) and the head of the finance department of Beijing Gonglian Highway Connect Line Co., Ltd. (北京市公聯公路聯絡線有限責任公司). Mr. Wang has served as the Chief Accountant of Beijing Shoufa Investment Holding Group Co., Ltd. since August 2025. Mr. Wang graduated from Nanjing University of Economics, majoring in investment economics, with a bachelor's degree in economics in June 1999; and graduated from Xi'an University of Technology, majoring in business administration, with a master's degree in business administration in January 2013. Mr. Wang obtained the qualification of grade-one cost engineer in October 2018.

Ms. Tang Qimeng (唐其夢), aged 36, a non-executive Director of the Company, currently serves as the chairlady of Beijing Zhongcheng Hengxing Investment Management Co., Ltd. (北京忠誠恒興投資管理有限公司). Ms. Tang was appointed as a non-executive Director of the Company since March 2022. Ms. Tang served as the head of funds of CITIC Heye Investment Co., Ltd. (中信和業投資有限公司) from November 2012 to March 2016, and served as the senior manager of the bond financing department of Kaiyuan Securities Co., Ltd. (開源證券股份有限公司) from April 2016 to March 2017. From March 2017 to February 2021, she served as the deputy general manager of the Finance Department of Taitong Construction Co., Ltd. (太通建設有限公司), and since March 2021, she has served as the chairlady of Beijing Zhongcheng Hengxing Investment Management Co., Ltd. Ms. Tang obtained a bachelor's degree in management under the major of accounting (fully in English) from the business school of Beijing Technology and Business University in July 2011, and a master's degree in accounting under the major of international accounting and financial management in September 2012 from the University of Glasgow, UK. Ms. Tang is currently a member of the Youth Federation of Tongzhou District, Beijing.

DIRECTORS AND OTHER SENIOR MANAGEMENT (CONTINUED)

Independent non-executive Directors

Mr. Wang Guofeng (王國鋒), aged 67, a professor-level senior engineer, is an independent non-executive Director of the Company. Mr. Wang worked in the aeronautical survey team and the aeronautical survey and computer office of the Second Highway Survey and Design Institute (第二公路勘察設計院航測隊、航測電算室) under the Ministry of Communications from 1982 to 1986; he served as the deputy section chief and section chief of the personnel division, director of the Organisation Department of the Party Committee, deputy secretary of the Party Committee and senior engineer of the Second Highway Survey and Design Institute (第二公路勘察設計院) under the Ministry of Communications from 1986 to 1997; deputy director of Wuhan Municipal Transportation Committee (武漢市交通委員會) from 1997 to 1999; secretary of the Party Committee, chairman and general manager of China Highway Consulting Group Co., Ltd. (中國公路諮詢集團有限公司), as well as director of the R&D Centre of Spatial Information Application and Disaster Prevention Technology for the Transportation Industry (交通運輸行業空間信息應用與防災技術研發中心) from 1999 to 2016; deputy chief engineer of China Communications Construction Company Limited, and secretary of the Party Committee and chairman of China Communications Railway Design and Research Institute Co., Ltd. (中交鐵道設計研究總院有限公司) from 2016 to January 2018; and consultant of China Highway Engineering Consulting Corporations (中國公路工程諮詢集團有限公司) from January 2018 to December 2018, and retired after leaving his position. Mr. Wang Guofeng was appointed as an independent non-executive Director of the Company since October 2020. Mr. Wang Guofeng received a bachelor's degree in engineering from Wuhan Technical University of Surveying and Mapping in 1982; a master's degree in economics from Huazhong University of Science and Technology in 1996; and a doctorate degree in management engineering from Beijing University of Technology in 2006. Mr. Wang Guofeng was recognized as a researcher by the Specialised Technique Qualification Evaluation Committee of the State Bureau of Surveying and Mapping in September 2004. He received a practising certificate as a registered consulting (investment) engineer from the Development and Reform Commission in August 2003, a practising certificate as a registered constructor (Class A) from the Ministry of Housing and Urban-Rural Development of the People's Republic of China in April 2008, a practising certificate as a registered surveyor from the National Administration of Surveying, Mapping & Geoinformation in March 2009, and a practising certificate as a national registered civil engineer from Ministry of Human Resources and Social Security in April 2011.

DIRECTORS AND OTHER SENIOR MANAGEMENT (CONTINUED)

Mr. Xia Peng (夏鵬), aged 60, a chief senior accountant, an independent non-executive Director of the Company, currently serves as the chairman of Beijing Dahua Rongzhi Management Consulting Co., Ltd. (北京大華融智管理諮詢有限公司). Mr. Xia was appointed as an independent non-executive Director of the Company since March 2022. From July 1984 to September 1987, Mr. Xia taught at Hubei Provincial Institute of Education; from July 1990 to June 2003, he served as the vice-president and secretary-general of the Accounting Society For Foreign Economic Relations & Trade of China under the Ministry of Commerce, and the Editor-in-chief of the "Foreign Economics and Trade Accounting" (《對外經貿財會》) magazine; from June 2003 to November 2009, he served as the financial director and director of the financial center of Beijing Radio and Television Group; from November 2009 to December 2012, he served as the financial director and general manager of the investment and financing department of China Broadcasting Corporation; from December 2012 to August 2016, he served as the chairman and consultant of Beijing Shenhuaxin Co., Ltd. (北京深華新股份有限公司); since September 2016, he has been the chairman of Beijing Dahua Rongzhi Management Consulting Co., Ltd. Mr. Xia studied in Central China Normal College from September 1980 to July 1984 and obtained a bachelor's degree in science; from September 1987 to July 1990, he studied in Tianjin Institute of Finance and Economics and obtained a master's degree in economics; from September 2001 to January 2005, he studied at the Accounting Department of the Business School of Renmin University of China and obtained a doctorate degree in management. From December 2005 to October 2010, Mr. Xia studied in the first session of the National Accounting Leading Talent Enterprises (全國會計領軍人才企業一期班) of the Ministry of Finance and obtained the Certificate of National Accounting Leading Talent. Mr. Xia was qualified as a certified public accountant by the Ministry of Finance in May 1995. Mr. Xia served as an independent director of Inner Mongolia Dian Tou Energy Corporation Limited (內蒙古電投能源股份有限公司) from May 2018 to May 2024. Mr. Xia is currently an independent director of GRPIM Advanced Materials Co., Ltd. (有研粉末新材料股份有限公司) (stock code: 688456) and Global Infotech Co., Ltd. (高偉達軟件股份有限公司) (stock code: 300465).

DIRECTORS AND OTHER SENIOR MANAGEMENT (CONTINUED)

Mr. Frank Chan Fan (陳帆), aged 67, GBS, JP, a professor-level senior engineer and an independent non-executive Director of the Company, is currently a Hong Kong Deputy to the National People's Congress, a Senior Vice President of the Hong Kong Institution of Engineers, an Honorary Professor of the University of Hong Kong and an Honorary Advisor of the Hong Kong Federation of Electrical and Mechanical Contractors. Mr. Chan has been appointed as an independent non-executive Director of the Company with effect from June 2025. Mr. Chan is also the Founding Chairman of the Association for Engineering and Medical Volunteer Services, a Member of the Advisory Committee for Innovation and Technology for Aging of the Hong Kong Council of Social Service and the Vice-Chairman (Admission, Budget and Allocation Committee) of the Hong Kong Community Chest. Mr. Chan currently also serves as an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee, the Nomination Committee and the Sustainability Committee of China State Construction International Holdings Limited (stock code: 3311.HK, the shares of which are listed on the Hong Kong Stock Exchange), and serves as an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee, the Nomination Committee and the Corporate Governance Committee of China Resources Land Limited (stock code: 1109.HK, the shares of which are listed on the Hong Kong Stock Exchange). From July 2017 to June 2022, Mr. Chan was the former Secretary for Transport and Housing of the Hong Kong Special Administrative Region government, overseeing policy and strategy, development and implementation of housing, logistics, air services, land and maritime transport, the Chairman of the Hong Kong Housing Authority, the Hong Kong Maritime and Port Board, the Hong Kong Logistics Development Council and the Aviation Development and Three-runway System Advisory Committee; and a non-executive Director of MTR Corporation Limited (Stock Code: 66.HK, the shares of which are listed on the Hong Kong Stock Exchange) while serving as a board member of the Airport Authority Hong Kong and the Hong Kong Mortgage Corporation Limited. Prior to that, Mr. Chan was the Director of Electrical and Mechanical Services of the Hong Kong Special Administrative Region government, spearheading policy initiatives and law enforcement on energy efficiency and safety of railway, tramway, ropeway, gas, electricity, lift, escalator and nuclear power; and providing professional advice and engineering services. Mr. Chan was also the Steering Committee Chairman of the Growing Partners Project, the Vice-Chairman of the Engineers Registration Board, the Chairman of Electronics Division and a Council Member of the Hong Kong Institution of Engineers. Mr. Chan is a Fellow of Hong Kong Academy of Engineering, a Fellow of the Hong Kong Institution of Engineers and an Honorary Fellow of the Institution of Mechanical Engineers, United Kingdom. He received his Bachelor in Science (Engineering) and Master in Business Management from the University of Hong Kong, and Master in Medical Physics from the University of Aberdeen, United Kingdom. He attended the Advanced Management Programme at the Harvard Business School, Strategic Management of Regulatory and Enforcement Agencies at the Harvard Kennedy School, National Studies at the Tsinghua University and the Chinese Academy of Governance.

DIRECTORS AND OTHER SENIOR MANAGEMENT (CONTINUED)

Mr. Tian Aicheng (田挨成), aged 53, an independent non-executive Director of the Company, is currently a senior partner of Beijing Fengshi Law Firm (北京市逢時律師事務所) and a member of the Jiusan Society. Mr. Tian has been appointed as an independent non-executive Director of the Company with effect from December 2025. Mr. Tian worked at the Beijing Municipal Economic Commission from July 1994 to January 1998, and served as a full-time legal counsel for China Information Trust and Investment Corporation from February 1998 to July 1999. From March 1998 to September 1999, he worked as a part-time lawyer at Beijing Jinggong Law Firm (北京市京工律師事務所). Since October 1999, he has successively served as a lawyer and senior partner at Beijing Fengshi Law Firm. Mr. Tian is mainly specialized in company law, investment and financing, mergers and acquisitions, contract law, labor law, finance, commercial arbitration, and intellectual property, with his industry experiences spanning engineering construction, property management, stage machinery, public transportation, real estate, pipeline transportation, natural gas, and mineral resources. Currently, he is the principal legal counsel for dozens of enterprises, including China Geo-Engineering Corporation, PipeChina Group Beijing Pipeline Co., Ltd., the Asset Management Division of Beijing Public Transport Holdings, Ltd. (北京市公共交通控股(集團)有限公司資產管理分公司), Beijing Longdinghua Investment Group Co., Ltd. (北京龍鼎華投資集團有限公司), China National Geology Materials Corporation (中國地質物資有限公司), China Geological Mining Co., Ltd. (中國地質礦業有限公司), Beijing Urban Sweeping Service Co., Ltd. (北京城市機掃服務有限公司) and Beijing Shanjing Huiyuan Energy Technology Development Co., Ltd. (北京陝京匯園能源技術開發有限公司). He co-authored the "Social Security Law" (which won the National Excellent Books Award, published by China Renmin University Press) and "Chinese and Foreign Corporate Legal Counsel Systems". Mr. Tian obtained a bachelor's degree in law from the Law School of Renmin University of China in 1994, obtained the lawyer qualification in 1994, and the enterprise legal counsel qualification and the Beijing public office lawyer practicing certificate in 1995. In 2001, Mr. Tian obtained a master's degree in civil and commercial law from the Institute of Law, the Chinese Academy of Social Sciences.

OTHER SENIOR MANAGEMENT

Mr. Wang Liang (王良), aged 60, a senior engineer, is a deputy general manager of the Company and the party branch secretary of Huan'an Company of the Company. Mr. Wang acted as an assistant engineer, an engineer, the vice president, the president, the deputy director and the director of the Ministry of Railways Design Institute from July 1986 to March 2000. He also acted as the manager of the Shield Project Management Department of Shield Basis Branch and the assistant branch manager of BUCG from March 2000 to March 2004; the deputy chief engineer and the assistant manager of the construction contracting department of BUCG from March 2004 to June 2006; the deputy manager of construction contracting department of Civil Engineering of BUCG from July 2006 to October 2012; and the manager and deputy secretary of the Party Committee of the rail transit construction contracting department of BUCG in October 2012. In December 2012, the rail transit construction contracting department of BUCG was restructured and consolidated into the Company, and Mr. Wang remained in the same position. Since 16 December 2013, Mr. Wang has been serving as a deputy general manager of the Company and he has been the general manager and deputy secretary of the Party Committee of the Construction Contracting Department of the Company from September 2015 to November 2023. Mr. Wang obtained a bachelor's degree of engineering majoring in tunnel and subway from Southwest Jiaotong University in July 1986 and an MBA degree from Xi'an Jiaotong University in December 2003. Mr. Wang was awarded the grade-one constructor certificate from the Ministry of Construction of the PRC in September 2007.

DIRECTORS AND OTHER SENIOR MANAGEMENT (CONTINUED)

Mr. Ma Haizhi (馬海志), aged 58, a senior engineer, serves as the deputy general manager of the Company. Mr. Ma served as the project supervisor, squad leader, deputy captain and deputy director of the survey team of Beijing Urban Construction Surveying and Mapping Institute from July 1989 to March 2001; served as the director of the surveying engineering department, assistant to the dean, executive associate dean, dean, deputy secretary of the Party Committee, secretary of the Party Committee and chairman of 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) from April 2001 to May 2016. He has served as the chairman and secretary of the Party Committee of 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) from May 2016 to November 2024; and has been serving as the deputy general manager of the Company since August 2018. Mr. Ma graduated from Beijing University of Civil Engineering and Architecture in July 1989 with a bachelor's degree in engineering survey and obtained an executive master of business administration (EMBA) from the Tsinghua University School of Economics and Management in July 2008. On 31 December 2021, Mr. Ma was awarded the title of National Engineering Survey and Design Master by the Ministry of Housing and Urban-Rural Development of the People's Republic of China.

Mr. Liu Li (劉立), aged 58, a senior administrator of business administration, is the chief economist of the Company. Mr. Liu was a designer of the structure department of the Beijing Urban Construction Design Institute (北京城建設計院) from July 1990 to October 1996; the deputy general manager of Beijing Chengrong Waterproof Material Co., Ltd. (北京城融防水材料有限公司) from October 1996 to October 1998; the head of operating department and the assistant to president of Beijing Urban Construction and Design Institute (北京城建建築設計院) from October 1998 to December 2002; the head of operating department and the assistant to president of Beijing Urban Construction Design & Research Institute from December 2002 to September 2007; the vice president of the municipal department of Beijing Urban Construction Design & Research Institute from September 2007 to September 2009. Mr. Liu has been the deputy chief economist and the chief economist of the Company since September 2009. Mr. Liu graduated from Beijing University of Technology (北京工業大學) majoring in industrial and civil architecture in July 1990.

Mr. Xu Chengyong (徐成永), aged 52, a senior engineer, serves as the chief planner of the Company. From July 1995 to December 2017, Mr. Xu successively served as the designer of the Company (formerly known as Beijing Urban Construction Design and Research Institute (北京城建設計研究總院)), director of Shenzhen Branch, director of the Seventh Design Institute, deputy chief engineer, and director of the general affair department of Beijing Metro, and vice president of the Rail Transit Institute; served as Secretary of the Party Committee and Vice President of the Rail Transit Institute of the Company from September 2012 to January 2021; and has been serving as the chief planner of the Company since March 2021. Mr. Xu obtained a bachelor's degree in engineering from Shanghai Railway University (上海鐵道大學) majoring in railway engineering in July 1995, and a master's degree in engineering from Beijing Jiaotong University (北京交通大學) majoring in transportation in August 2007. Mr. Xu obtained the registered consulting engineer (investment) certificate from the Ministry of Human Resources and Social Security in January 2009; and obtained the certificate of registered urban and rural planner from the Ministry of Housing and Urban-Rural Development of the People's Republic of China in June 2019.

DIRECTORS AND OTHER SENIOR MANAGEMENT (CONTINUED)

Mr. Lu Weidong (魯衛東), aged 54, a senior engineer, serves as the chief engineer of the Company. Mr. Lu started his career in July 1993, and served as the designer, director of the office, deputy chief engineer, deputy chief engineer and director of the Third Institute of Beijing Urban Construction Design and Research Institute (北京城建設計研究總院), deputy chief engineer and technical director of Design & Development Group (設計發展集團). He has been the chief engineer of Beijing Urban Construction Design & Development Group Co., Limited (北京城建設計發展集團股份有限公司) since September 2022. Mr. Lu graduated from the School of Architecture and Civil Engineering of Beijing Jiaotong University (北京交通大學), majoring in structure and obtaining a master's degree in engineering.

Ms. Qian Jiahong (錢嘉宏), aged 56, a senior engineer and national registered architect (Class A), serves as the chief architect of the Company, also acted as the general manager, director and chief architect of 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). Ms. Qian worked at Beijing Institute of Chemical and Rubber Design (北京市化工橡膠設計院) from July 1991 to April 1998. Since 1998, she successively served as the professional leader, director of the office, assistant to president, deputy general manager, deputy chief architect, general manager and chief architect of 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). She has served as the chief architect of Beijing Urban Construction Design & Development Group Co., Limited (北京城建設計發展集團股份有限公司) since August 2022. Ms. Qian graduated from Southeast University and obtained a bachelor's degree in engineering in July 1991. Ms. Qian is currently a member of the 14th Beijing Committee of The National Committee of the Chinese People's Political Consultative Conference (政協北京市第十四屆委員會).

Mr. Wang Chen (王臣), aged 47, a senior engineer, serves as the deputy general manager of the Company, and concurrently the deputy party secretary and president of the Rail Transit Design & Research Institute (軌道交通設計研究院) of the Company. Mr. Wang was engaged in design in the Third Design Institute under the Rail Transit Design & Research Institute of Beijing Urban Construction Design & Development Group Co., Limited (北京城建設計發展集團股份有限公司) (the predecessor of which is Beijing Urban Construction Design and Research Institute (北京城建設計研究總院)) from July 2003 to May 2010, and successively served as the deputy chief engineer, chief engineer and president of the Rail Transit Design & Research Institute Changchun Sub-institute of Beijing Urban Construction Design & Development Group Co., Limited from May 2010 to May 2014. He concurrently served as the party branch secretary of Changchun Sub-institute in March 2015, deputy president of the Rail Transit Design & Research Institute in August 2018, general manager of Beijing Urban Construction Design & Development Group Co., Limited North East Branch in July 2019. He has been the deputy party secretary and president of the Rail Transit Design & Research Institute of Beijing Urban Construction Design & Development Group Co., Limited since January 2021, and the deputy general manager of Beijing Urban Construction Design & Development Group Co., Limited since January 2024. Mr. Wang obtained a bachelor's degree in engineering majoring in structural engineering from Harbin Institute of Technology in July 2001 and a master's degree in structural engineering from Harbin Institute of Technology July 2003.

DIRECTORS AND OTHER SENIOR MANAGEMENT (CONTINUED)

Ms. Shen Jia (沈佳), aged 50, a senior engineer, serves as the deputy general manager of the Company, and concurrently the president of the City Design & Research Institute (城市設計研究院) of the Company. Ms. Shen worked for the China Southwest Architectural Design and Research Institute (中國建築西南設計研究院), which is primarily engaged architectural design business, engaging in architectural design from July 1996 to August 2003; worked for Beijing Urban Construction Design & Development Group Co., Limited engaging in architectural design from June 2005 to August 2013; and has successively served as the deputy chief architect of the First Design and Development Centre and the director of the Second Construction Office, the director of the Technological Quality Office of the City Design & Research Institute, the deputy president of the City Design & Research Institute, and the president of the City Design & Research Institute in Beijing Urban Construction Design & Development Group Co., Limited (the predecessor of which is Beijing Urban Construction Design & Research Institute) since 2013. She has been the deputy general manager of Beijing Urban Construction Design & Development Group Co., Limited since January 2024. Ms. Shen obtained a bachelor's degree in engineering majoring in landscape architecture from Wuhan Institute of Urban Construction in June 1996 and a master's degree in Architecture from Tsinghua University in June 2005. Ms. Shen was qualified as Grade-1 Certified Architects conferred by the National Administrative Committee of Certified Architects (全國註冊建築師管理委員會) in April 2009.

Ms. Yang Yongjie (楊永潔), aged 47, a senior accountant, serves as the chief accountant of the Company. Ms. Yang worked as an accountant in the financial department of Beijing Urban Construction North Construction Co., Ltd. from July 2002 to October 2004; served as the financial manager of Beijing City Science Real Estate Development Co., Ltd. from October 2004 to January 2007; acted as the head of financial department for Beijing urban construction Land Company from January 2007 to July 2010; acted as the chief accountant of Beijing Changqing International Senior Apartment Co., Ltd. from July 2010 to September 2013; acted as the chief accountant of Beiyuan Project Development Department of Beijing Urban Construction Group Co., Ltd. from September 2013 to May 2016; served as the chief accountant of Beiyuan Project Development Department of Beijing Urban Construction Group Co., Ltd., and as the director, deputy chief accountant as well as manager of financial management department of Beijing Shiyuan Investment Development Co., Ltd. from May 2016 to September 2018; successively acted as the director, chief accountant and member of the Party Committee of Beijing Shiyuan Investment and Development Co., Ltd., the supervisor and executive director under Beijing Shiyuan Asset Operation and Management Co., Ltd. from September 2018 to August 2021; has served as a deputy head of the financial management department of Beijing Urban Construction Group Co., Ltd. from August 2021 to November 2021. She acted as the chief accountant of Beijing Urban Construction Zhikong Technology Co., Ltd. from November 2021 to February 2024; served as chief accountant of the International Division of Beijing Urban Construction Group Co., Ltd. from February 2024 to December 2024; has served as the chief accountant of Beijing Urban Construction Design and Development Group Co., Ltd. since December 2024. Ms. Yang obtained a bachelor's degree in Accounting from Harbin University of Commerce in July 2002. She obtained a master's degree in finance from the University of International Business and Economics in January 2015.

DIRECTORS AND OTHER SENIOR MANAGEMENT (CONTINUED)

Mr. Xuan Wenchang (玄文昌), aged 57, a senior accountant, serves as the secretary of the Board of the Company. Mr. Xuan worked with the 4th department of the No. 3 China Railway from July 1990 to December 1992; acted as the project financial manager for the Second Beijing Urban Construction Engineering Company Limited (北京城建二建设工程有限公司) from December 1992 to September 2000; acted as a manager under the finance department of Beiyuan Hotel of BUCG from September 2000 to September 2006; worked at Beijing Urban Construction Investment Management Company from September 2006 to April 2008 (during which acted as the chief financial officer for Beijing Haiya Jinyuan Environmental Protection Co., Ltd. from September 2006 to February 2008); has acted as the deputy chief accountant of the Company from June 2008 to December 2017; acted as the head of the Listing Preparation Office of the Company from August 2011 to October 2014; and has acted as the secretary of the Board and company secretary of the Company since December 2013. Mr. Xuan graduated in Finance and Accounting from Shanghai Institute of Railway Sciences, Shanghai in July 1990, and obtained an executive master of business administration from Renmin University of China. In June 2013, Mr. Xuan became a certified management accountant of the Institute of Certified Management Accountants in the U.S.

Mr. Yang Zhenyu (楊振宇), aged 52, is the General Counsel of the Company. Mr. Yang has successively served as the Deputy General Counsel and General Counsel of the Company since July 2019. Mr. Yang worked at the project management office of Beijing Urban Construction No. 1 Corporation (北京城建一公司) from July 1994 to June 2001; successively acted as the deputy director and director of the legal affairs department of Beijing Urban Construction No. 1 Construction & Engineering Corporation (北京城建一建设工程有限公司) from July 2001 to May 2006, and also acted as a general manager of Beijing Keyuan Real Estate Development Co., Ltd. (北京科源房地產開發有限公司) from October 2005 to May 2006. From June 2006 to September 2007, he served as the general counsel and director of the legal affairs department of Beijing Urban Construction Engineering Co., Ltd. (北京城建建设工程有限公司) and also the general manager of Beijing Keyuan Real Estate Development Co., Ltd. (北京科源房地產開發有限公司). From October 2007 to October 2009, he successively served as the leader of the Qingdao project team and the business manager under the project development department of Beijing Urban Construction Investment Development Co., Limited (北京城建投資發展股份有限公司). From November 2009 to June 2010, he acted as the deputy general manager of Beijing Urban Construction Xingda Investment Development Co., Ltd. (北京城建興達投資開發有限公司). He served as the assistant to general manager of Beijing Urban Construction Xinghua Real Estate Co., Ltd. (北京城建興華地產有限公司) from July 2010 to July 2019, and successively served as the deputy manager and manager of Qingdao Jingcheng Real Estate Development Co., Ltd. (青島京城房地產開發有限公司) from July 2010 to April 2012. Mr. Yang obtained a bachelor's degree in law from China University of Political Science and Law in July 2012. Mr. Yang obtained Enterprise Legal Adviser Qualification Certificate as approved and issued by Ministry of Human Resource and Social Security, State-owned Assets Supervision and Administration Commission and Ministry of Justice in October 2004, and was granted the qualification of second-level legal adviser to state-owned enterprises upon the evaluation of the State-owned Assets Supervision and Administration Commission of Beijing in December 2012.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents this report together with the audited financial statements of the Group for the year ended 31 December 2025.

BUSINESS REVIEW

Principal Business

The Group is principally engaged in the design, survey and consultancy businesses (mainly the provision of services for urban rail transit, industrial and civil construction and municipal engineering projects) and construction contracting business (mainly focusing on construction projects in the urban rail transit industry).

Operating Results and Financial Position

During the Reporting Period, the Company faced up to the complex internal and external situation, focused on development, and steadily promoted the high-quality development of the Company. For the year ended 31 December 2025, the Company recorded a revenue of RMB7.527 billion, a decrease of RMB1.144 billion or 13.20% from the corresponding period of last year. In particular, revenue from the design, survey and consultancy business segment amounted to RMB4.089 billion, and revenue from the construction general contracting business was RMB3.438 billion.

In line with its own development strategic plan for the “14th Five-Year Plan” period, the Company gave full play to the synergetic advantages of the whole industrial chain, opened up new models, new fields and new tracks to strengthen market expansion, transformation and upgrading, efficiency enhancement from operation and management improvement, which help accelerate the construction of a new development pattern. Also, we adhered to the corporate vision of “becoming an integrated service provider of urban construction directed by design”. We continued to expand design consultancy business, strengthen construction general contracting and expanded new businesses, so as to maintain reasonable growth in quantity, accelerate the effective improvement of quality and promote our steady and high-quality development.

Focusing on our main business and steadily promoting market expansion. In terms of rail transit design, the Company stabilized incremental growth and expanded existing stock. We won the bids for key projects including Chengdu Metro Line 27 Phase II and the Xiamen-Zhangzhou-Quanzhou Intercity Railway. It continued to strengthen its presence in the existing line renovation market and won a series of representative projects in cities such as Beijing, Nanjing, Harbin, Changchun, and Shenyang, further consolidating its industry position. **Civil construction and municipal design have developed distinctive characteristics.** While focusing on achieving excellence in traditional areas such as residential buildings, large-scale TOD (Transit-Oriented Development) projects,, campuses, and roads, the Company is actively expanding into new fields including exhibition design, urban renewal, water environment management, and high-standard farmland development. **Its brand effect of high-end consulting services continued to grow.** The Company has undertaken benchmark projects such as the Hong Kong Railway Standards and the Technical Standards of Beijing Rail Transit Phase III Network, steadily enhancing its professional service capabilities. **Its overseas operations were progressing steadily.** The Company has consistently secured orders in Hong Kong, Singapore, Angola, Kazakhstan, and Colombia, with newly signed contracts exceeding RMB100 million. **Its surveying business is demonstrating a new development pattern.** The Company has successfully broken its singular reliance on the traditional rail transit sector and established a diversified business system encompassing urban safety, intelligent engineering, ecological environment, agriculture, forestry, water conservancy, and energy engineering, marking significant achievements in its transformation and upgrading. The total value of newly signed contracts for the year exceeded RMB1.8 billion, with non-rail business accounting for 70%, demonstrating solid progress in the shift between old and new growth drivers. **Construction contracting business achieved synergy breakthroughs.** The annual contract value reached RMB5.5 billion, highlighting its crucial role as a scale supporter. The traditional metro construction foundation remained solid, with successful bids for projects such as Lot 01 and Lot 03 of the Beijing Line R4 Phase I (North Section), Lot 05 of the Beijing Subway Line M101, and Lot 03 of the Beijing Suburban Railway Northeast Ring Line, further consolidating the Company's position in the core Beijing market. The Company has made breakthroughs in multiple new fields, with successful EPC project implementations in areas like photovoltaics, culture and education, and municipal roads, injecting new momentum for sustainable development. **Technology products accelerated their commercialization.** Products in computing power, BIM, large AI models, transportation big data, rail components, interior industrialization, and intelligent hazard identification models generated revenue, with newly signed contracts exceeding RMB200 million.

The Company maintained a strong focus on key projects, strengthening and optimizing contract performance services. Ongoing projects remains stable. Ten national rail transit master design projects were completed and opened to traffic as scheduled. The Company has successfully delivered key design projects, including the Beijing WellTown TOD complex and service support for the September 3rd military parade. It has smoothly completed EPC projects such as the Qingdao Metro Photovoltaic Project and the Huaneng Reclaimed Water Heat Supplementation Project. Its construction projects like the southern extension of Beijing Metro Line 6 and Guangzhou Metro Line 10 were successfully opened to traffic. Its existing line renovation projects in cities like Changchun and Nanjing were implemented efficiently, and the "118" project progressed in an orderly manner. **Operations and maintenance services were further enhanced.** Kunming Rail Transit Line 4 maintained its leading service standards and was successfully recognized as a national pilot for service standardization. The Company has achieved high-standard operations for the Chongqing Rail Transit Bitong Line, the Zhuzhou ART, the Anqing North Outer Ring Road, the Dianzhong Airport Avenue, and the Donghuangshan Youyou Lake District.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Focusing on innovation and empowerment and injecting new impetus into comprehensive capabilities. The Company has achieved fruitful scientific research achievements, winning 20 National Excellent Survey and Design Awards and 2 Beijing Science and Technology Awards, and obtaining more than 200 intellectual property rights. The National Engineering Research Center has made phased progress in the optimization and reorganization evaluation. Throughout the year, the Company has obtained 26 external scientific research projects at the national and municipal levels, and launched 11 internal projects, with a total matching fund of RMB110 million. The Company has accelerated the incubation of key products such as complete sets of tunnel management equipment, intelligent mapping software and photovoltaic sound barrier, with a number of scientific and technological achievements transformed into real productivity.

Focusing on reform and innovation to promote the high-quality development of the Company. Promoting the strategic planning in an orderly manner. Advancing the high-quality preparation of the 15th Five-Year Plan. **Enterprise reform has been constantly deepened.** The Company has established Department of Science and Technology Industrialization and the Fire Protection Technology Center to continuously improve the organizational efficiency; obtained new qualifications for water conservancy and hydropower and exhibition, actively promoted joint venture cooperation with owners, and continued to expand market space. Its overall budget management has brought initial results, with strict management implemented and deepened. The total labour cost has dropped by 5% and the per capita profit has increased by 6%. **Risk mitigation was solid and powerful.** The Company was advancing the settlement and clearance of debts in a coordinated manner, achieving a contract settlement completion rate of 109% for the year. It effectively enhanced the collection of historical accounts, and improved the cash flow of enterprises. It has constantly optimized financing channels and issued the first tranche of scientific and technological innovation bonds of RMB500 million, with the comprehensive financing cost for the whole year decreased by 0.3 percentage point year on year. Its revitalization of assets has achieved remarkable results, and the income from renting idle real estate reached more than RMB5 million. The leased units moved into their own properties in a centralized manner, and were expected to save RMB20 million in annual costs. **Industry construction has been fruitful.** The Company has held a series of high-end activities such as the 33rd Metro Academic Exchange Conference; the 4th Cross-Strait, Hong Kong and Macao Science and Technology Forum was selected into the *List of Top Academic Conferences 2025* of China Association for Science and Technology, the first landing project of "Good House" design competition was reported by CCTV, and the paper of the sponsored journal *Urban Rapid Rail Transit* (English version) was included in SCI and EI. The Company was successfully selected as one of the top ten ESG cases of state-owned enterprises in Beijing, and its industry influence continues to elevate.

Financial Highlights and Discussion and Analysis of Operating Results and Financial Position

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 5 of this report. Please refer to the section headed "Management Discussion and Analysis" of this report for the discussion and analysis of the operating results and financial position of the Company.

Major Risks and Uncertainties

Risks on Macro Policy

2025 marks the conclusion of the 14th Five-year Plan and serves as a pivotal transition for the strategic planning for the “15th Five-Year Plan”. China’s economic development has entered a new normal of moderate growth, with the external environment remaining complex and severe. Geopolitical competition and the restructuring of global industrial chains continue to create uncertainties. Domestically, the economy performs stably overall, yet the coexistence of insufficient effective demand and pressures from local government debt resolution persists. The slowdown in traditional infrastructure investment was irreversible. China’s strategies are increasingly focused on “high quality development” and “new quality productive forces”. With the implementation of the “Two Priorities” and “Two Initiatives” policies, infrastructure renewal, transformation, and intelligent upgrading are poised to benefit directly. However, China maintains strict and cautious approach towards urban rail transit project approvals, rigorously controlling implicit local government debt. This indicates a decline in traditional large-scale subway construction projects and the urban rail transit industry is undergoing a critical and challenging transition from “incremental expansion” to “quality improvement of existing stock”.

In response to profound adjustments in the industry, the development logic of urban rail transit and municipal construction industry has undergone a historic transformation. The era of large-scale incremental construction has passed, and segments such as metropolitan railway, medium – and low-capacity rail transit, renovation of old urban communities, and urban lifeline safety projects will enjoy policy support. With population aging and urbanization entering their latter stages, public attention toward accessibility facilities, age-friendly retrofitting, and travel experience has significantly increased, driving the design industry to shift from mere engineering function toward refined and people-oriented services. Meanwhile, digital technologies are reshaping the industry’s underlying logic. AI large models, digital twins, and full lifecycle application of BIM have transcended their roles as mere tools to become core components in data assets production and governance. Furthermore, green and low-carbon technologies have evolved from optional subjects to implicit thresholds for industry entry. The hundred-billion-yuan market formed by existing line renovation, intelligent operation and maintenance, and system equipment renewal places higher demands on enterprises’ full-chain solution capabilities.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Countermeasures: Closely following the strategic planning direction of the “15th Five-Year Plan”, the Company will conduct in-depth analysis of market opportunities brought about by the “Two Priorities” and “Two Initiatives” policies, maintain strategic focus, and proactively adapt to the new normal of investment under strict national control on implicit debt. **Optimizing business layout to seize opportunities in the existing market:** As the rail transit sector has entered a phase emphasizing both construction and operation, the Company will focus on existing line renovation, intelligent operation and maintenance, and system equipment renewal markets. In municipal construction, the Company will actively engage in urban renewal, EOD models, and REITs-related consulting services. The Company will also integrate financial instruments with design and consultancy to acquire projects and build integrated, full-chain service capabilities encompassing “inspection-diagnosis-design-construction-operations”.

Deepening digital transformation to reshape productivity: The Company will accelerate the generational leap from “CAD drafting” to “BIM forward design + AI-assisted generation”. Taking the production, governance, and application of data assets as the core competitiveness, the Company will take advantages of AI technologies to enhance efficiency in scheme generation and cost estimation, so as to gradually progressively develop a disruptive competitive edge in the digital era and avoid being marginalized. **Adhering to innovation-driven growth and enhancing product value:** Responding to societal demands for high-quality living environments, the Company will integrate green and low-carbon technologies (such as photovoltaic, energy storage, direct current distribution and flexibility, and prefabricated construction) and age-friendly design into product standards, elevating the artistic and humanization qualities of products. Through technological innovation and optimized standards, the Company will continuously consolidate its leading position in the industry and strengthen resilience across the entire industrial chain.

Exchange Rate Risks

In the continuous operation of the Company’s overseas business, significant fluctuations in exchange rates may lead to various risks, such as the foreign exchange transaction risk from transactions denominated in foreign currencies due to the different exchange rates on the transaction date and the settlement date, and the risk of changes in the value of overseas business due to the fluctuations in exchange rates, etc.

Countermeasures: The Company shall enhance the awareness of risk prevention in relevant staff of the Company, transform the operation ideas, and take initiatives to respond to various exchange rate risks; meanwhile, the Company shall pay close attention to changes of domestic and overseas financial markets, and establish exchange rate risks prevention mechanism in each link.

Risks in Market Competitions

The rail transit industry has been in a continuous downturn with increasingly fierce competition. The competitive model has shifted entirely from the traditional reliance on low prices and established markets to a comprehensive competition centred on core technological, refined management and resource integration capabilities. This diversified competitive landscape has escalated the market competition, exposing the Company to comprehensive challenges from various types of competitors and significant pressure market expansion, project acquisition and other aspects.

Countermeasures: To solidify its rail transit business, the Company will increase resource investment and enhance its technological innovation capabilities, consolidating its position in the existing line operation and renovation market with high-quality products and services. For non-rail transit emerging businesses, the Company will actively conduct market research to precisely identify market demands and formulate targeted marketing strategies, swiftly penetrate the market to secure a certain share. Regarding the promotion and application of technological products, the Company will establish a dedicated promotion team to strengthen communication with customers, and enhance the visibility and market recognition of its technological products by identifying customers' needs and application scenarios. Concurrently, the Company will closely monitor developments in national key industry support policies to adjust its business layout in a timely manner and actively apply for projects aligned with policy directions, thereby providing robust support for the Company's project development in fields such as urban renewal, energy, digitalization and intelligence.

Future Development Prospects

During the "15th Five-Year Plan" period, the Company will adjust its development approach and promote the optimization and upgrading of its design and consultancy business: shifting from "pursuing scale" to "creating value". For the rail transit business, the Company will deeply engage in the existing market and enhance its service value actively, and expand the existing line renovation market on the basis of consolidating its traditional strengths. For the survey business, efforts will be made to achieve simultaneous improvement in both scale and quality. For civil construction and municipal engineering businesses, the Company will precisely target niche areas to develop competitive flagship products. For the engineering general contracting business, the Company will concentrate on refinement, with the core tasks centered on improving efficiency and maintaining scale. Concurrently, the Company will actively cultivate new businesses centered on its core business to build a second growth curve. Internally, the Company will advance productization transformation by upgrading mature technologies into standardized products. Externally, it will deeply integrate its technological innovation capabilities with customer application scenarios to foster innovative products. In addition, management enhancement will be pursued by further strengthening internal control systems, reinforcing the management chain with rigorous and pragmatic practices, thereby driving high-quality development.

The Company will fully put into practice the national decisions and deployments, comply with the requirements of relevant policies such as "a powerhouse in transportation", "new infrastructure", "carbon neutrality" and "carbon peaking", etc., and accelerate the construction of a new development pattern; strengthen the leading role in the development of the rail transit industry chain, and promote the construction of new infrastructure such as national intercity railways and urban rail transit. Moreover, the Company will continuously strengthen the value management of the entire industry chain, enhance social influence in all aspects by focusing on promoting industry influence, and exert great efforts on the performance of project contracts to shape a brand image. For a discussion on the future business development of the Company, please refer to the section headed "Management Discussion and Analysis" in this report.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

CORPORATE QUALITY, ENVIRONMENTAL AND OCCUPATIONAL HEALTH AND SAFETY POLICY AND PERFORMANCE

Based on GB/T19001-2016/ISO9001:2015 "Quality Management System Requirements", GB/T50430-2017 "Code for Quality Management of Engineering Construction Enterprises", GB/T24001-2016/ISO14001:2015 "Environmental Management System Requirements with Guidance for Use", GB/T45001-2020/ISO45001:2018 "Occupational Health and Safety Management System Requirements with Guidance for Use" standards, the Company established quality, environmental and occupational health and safety management systems, covering the Company's engineering consulting, engineering design, general contracting of municipal public projects construction, general contracting of architecture engineering and other businesses, and established quality management systems for engineering survey, geotechnical engineering (investigation, design, geophysical testing, detection and monitoring). The Company attached importance to the management construction work of the three systems to ensure that all projects within the scope of system certification were organized in strict accordance with the management system requirements and product quality met the requirements and would steadily improve. The Company accepted and successfully passed the audit of the third party Beijing Zhong She Certification Service Co., Ltd. every year, which fully affirmed our management concept and management effectiveness.

In 2025, the Company continued to monitor and analyze the internal and external environment, identify risks and grasp opportunities in response to the changes in the external environment, and focus on innovation and leadership as well as system construction. There were no major quality and safety accidents, customers were satisfied with product quality, the Company conducted compliance evaluation in accordance with the compliance of environmental and occupational health and safety laws and regulations as required, and there were no violations of laws and regulations, or environmental pollution and occupational health accidents.

• COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS OF MAJOR CONCERNS

The Company continues to adhere to the principle of compliance operation in accordance with laws and regulations, and it strictly complies with various relevant laws and regulations of China, industry rules and the Hong Kong Listing Rules for the regulation of its various operations. During the Reporting Period, there was no material breach of laws and provisions, and no penalty was imposed.

The Company has always been committed to fulfilling its corporate and social responsibilities, attaches great importance to occupational health and safety production, deeply implements and effectively operates the Occupational Health and Safety Management System (GB/T45001-2020/ISO45001:2018). Through routine oversight and continuous optimization, it has built a solid foundation for the safety and health of all employees. In recognition of our outstanding management performance, the Company has been awarded the title of "Benchmark Enterprise for Safety Production Standardization" in Beijing.

The Company regularly conducts safety publicity, education and training. Through diverse approaches such as hands-on operational skills training and dissemination of workplace safety laws and regulations, it has comprehensively enhanced employees' safety awareness and practical skills. Meanwhile, the Company has established and improved a comprehensive safety production responsibility system and supporting regulations, reinforcing accountability at all levels. The Company has developed and implemented a dual prevention mechanism combining risk classification and control with hidden hazard identification, enabling precise risk mitigation and closed-loop rectification of hazards to continuously enhance safety production management standards.

During the "Safety Production Month" and "Fire Safety Awareness Month", the Company organized various activities such as safety information day, safety knowledge competitions, firefighting skills competitions, safety production inspections, and comprehensive emergency response drills, with an aim to enhance the Company's safety production capabilities, strengthen the implementation of its primary responsibility for safety production, and foster a safe, efficient, and sustainable production environment.

During the Reporting Period, the Company had no production safety accidents.

Material Relationships between Employees, Clients and Suppliers

As an intelligence-intensive enterprise, employees are the key to success for the Company. The Company takes efforts to provide a favorable working environment and has established a fair training and promotion system for its staff. It provides competitive remuneration and benefit package (including but not limited to salaries, allowances and benefits in kind, performance-related bonuses, pension schemes, etc.) as well as various training programmes to continuously attract talents to serve for the Company, and provides a platform for its employees to display their talents.

The Company focuses on serving its customers and provides its customers with urban rail transit design general contracting services in respect of design, survey and consultancy business segments. As for the construction contracting business segment, customers are offered with urban rail transit construction general contracting services and services regarding construction, operation and delivery of municipal roads. The five largest customers in each of the segments of the Company are state-owned construction management companies, which have long-term good business and cooperation relationships with the Company. The five largest suppliers have good cooperation relationships with the Company and primarily provide professional sub-contracting services and machinery equipment for the rail transit construction contracting business for the Company. For relationships between the Company and major customers and suppliers, please refer to the section headed "Major Customers and Suppliers" below.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

RESULTS AND DIVIDEND

The results of the Group for the Year are set out in the Consolidated Statement of Income on pages 118 to 119 of this report.

The register of members of the Company will be closed from Tuesday, 26 May 2026 to Friday, 29 May 2026 (both days inclusive), during which period no transfer of Shares will be registered. Holders of H Shares and Domestic Shares whose names appear on the register of members of the Company as at Friday, 29 May 2026 shall be entitled to attend and vote at this annual general meeting. Holders of H Shares who wish to attend and vote at this annual general meeting shall lodge all transfer documents accompanied by the relevant H Share certificates with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 22 May 2026 for registration.

Due to the need for further study on the 2025 profit distribution proposal, the Board of Directors of the Company resolved to postpone the consideration of the proposal regarding the 2025 profit distribution proposal and the recommendation on the declaration of a dividend. The Company will convene a Board meeting as soon as practicable to consider the proposal regarding the 2025 profit distribution proposal and the recommendation on the declaration of a dividend. Following the Board's approval of the 2025 profit distribution proposal and the recommendation on the declaration of a dividend, they will be submitted to the 2025 annual general meeting for approval. The Company will announce the details of the 2025 profit distribution proposal and the relevant arrangements for convening the 2025 annual general meeting in due course.

The Board is not aware of any shareholders who has waived or agreed to waive any dividend.

PROFIT DISTRIBUTION POLICY

The Company distributes dividends in cash, in shares or in a combination of both cash and shares in accordance with the requirement of Articles of Association every year, of which the profit distribution in cash shall be given priority. The Company maintains the continuity and stability of the Company's profit distribution policy. The Company evaluates its profit distribution policy and the distribution in any specific year in light of their financial circumstances after due consideration of the returns of all Shareholders, long-term interests and sustainable development of the Company.

The Company shall calculate, declare and pay dividends and other amounts which are payable to holders of Domestic Shares in Renminbi within three months after the date of declaration. The Company shall calculate, declare and pay dividends and other payments which are payable to holders of foreign shares in Renminbi, and shall pay such amounts in foreign currency within three months after the date of declaration. The exchange rate shall be the average closing rate for the relevant foreign currency announced by the People's Bank of China five working days prior to the announcement of payment of dividend and other amounts. The Company shall pay foreign currency to holders of foreign shares in accordance with the relevant foreign exchange control regulations of the State. The distribution of dividends should be implemented by the Board under the authorisation of the general meeting by ordinary resolutions.

If the operation of the Company is materially affected as a result of war, natural disasters and other force majeure and significant changes in regulatory policies, or any change in its external operating environment, or there are any significant changes in its own operating conditions, the Company may adjust its profit distribution policy.

The Company will adjust its profit distribution policy after monographic studies by the Board and submit its relevant resolutions to the Shareholders' general meeting for consideration and approval.

WITHHOLDING AND PAYMENT OF FINAL DIVIDEND INCOME TAX

Withholding and Payment of Enterprise Income tax on Behalf of Overseas Non-resident Enterprises

Pursuant to the Enterprise Income Tax Law of the PRC 《中華人民共和國企業所得稅法》 and its implementing rules (hereinafter collectively referred to as the “**EIT Law**”), the tax rate of the enterprise income tax applicable to the income of non-resident enterprise deriving from the PRC is 10%. For this purpose, any H Shares registered under the name of non-individual enterprise, including the H Shares registered under the name of HKSCC Nominees Limited, other nominees or trustees, or other organizations or entities, shall be deemed as shares held by non-resident enterprise shareholders (as defined under the EIT Law). The Company will distribute the final dividend to non-resident enterprise shareholders subject to a deduction of 10% enterprise income tax withheld and paid by the Company on their behalf.

Withholding and Payment of Individual Income Tax on Behalf of Overseas Individual Shareholders

Pursuant to the Notice on Issues Relating to Individual Income Tax after the Abolishment of Guo Shui Fa [1993] No.045 《關於國稅發[1993]045 號文件廢止後有關個人所得稅徵管問題的通知》 published by the State Administration of Taxation, when overseas resident individual shareholders holding H Shares obtained dividend and/or bonus shares from the non-foreign invested enterprises incorporated in the PRC that issue H Shares in Hong Kong, the individual income tax is usually withheld at a uniform rate of 10%. The specific rate applied to overseas resident individual shareholders may be different according to his/her residential status and the tax treaties signed between the country of his/her residence and the PRC.

Should the holders of H Shares have any doubt as to the aforesaid arrangements, they are recommended to consult their own tax advisors on the relevant tax impact in China, Hong Kong and other countries (regions) on the possession and disposal of H Shares.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

DIRECTORS AND SENIOR MANAGEMENT

Details of the Directors and senior management of the Company are set out from pages 27 to 39 of this report.

CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Changes of Directors

At the 2024 Annual General Meeting held on 16 June 2025, the Company approved by ordinary resolutions that Mr. Xia Xiujiang was appointed as an executive Director; Mr. Pei Hongwei, Mr. Li Guoqing, Ms. Shi Huaxin, Mr. Peng Dongdong, Mr. Li Fei, Mr. Wang Tao and Ms. Tang Qimeng were appointed as non-executive Directors; and Mr. Wang Guofeng, Mr. Xia Peng, Mr. Frank Chan Fan and Mr. Zha Xiaodong were appointed as independent non-executive Directors. All of them were appointed as Directors of the fourth session of the Board. The term of office is three years commencing from 16 June 2025. Due to the Board arrangements, Mr. Qin Guisheng and Mr. Ma Xufei, Directors of the third session of the Board retired as Director on the same day. For details, please refer to the announcement of the Company dated 16 June 2025.

Mr. Zha Xiaodong tendered his resignation as an independent non-executive director, a member of of the Audit and Risk Committee of the Board and the Nomination Committee of the Board of the Company due to his personal career planning arrangements on 3 November 2025, with effect from the date of the election of a new independent non-executive director at the general meeting of the Company.

Ms. Shi Huaxin tendered her resignation as a non-executive Director of the Company on 23 December 2025, due to a change in her work arrangements, with effect from the date of the election of a new non-executive director at the general meeting of the Company.

At the 2025 second extraordinary general meeting held on 23 December 2025, Mr. Tian Aicheng was appointed as an independent non-executive Director of the Company and Mr. Zha Xiaodong ceased to be an independent non-executive Director of the Company, with immediate effect. Mr. Tian Aicheng has obtained a legal opinion as referred to in Rule 3.09D of the Hong Kong Listing Rules on 23 December 2025 and confirmed that he understands his obligations as a director of a listed issuer.

At the meeting of the Board held on 23 December 2025, Mr. Tian Aicheng was appointed as a member of the Audit and Risk Committee of the Board and a member of the Nomination Committee of the Board, with immediate effect.

At the 2026 first extraordinary general meeting held on 20 January 2026, Mr. Zhang Pengchao was appointed as a non-executive Director of the Company, and Ms. Shi Huaxin ceased to be a non-executive Director of the Company, with immediate effect. Mr. Zhang Pengchao has obtained the legal advice referred to under Rule 3.09D of the Hong Kong Listing Rules on 20 January 2026, and confirmed that he understands his obligations as a director of a listed issuer.

Details of the above changes are set out in the Company's announcements dated 15 May 2025, 16 June 2025, 3 November 2025, 1 December 2025, 23 December 2025 and 20 January 2026, as well as the Company's circular dated 26 May 2025, 3 December 2025 and 29 December 2025.

Changes of Supervisors

At the 2024 Annual General Meeting held on 16 June 2025, the Company approved by ordinary resolutions that Mr. Hu Shengjie, Ms. Zhong Hua, Mr. Fang Binjia and Mr. Fu Yanbing were appointed as Supervisors of the fourth session of the Board of Supervisors, who will serve together with employee representative Supervisors, i.e., Mr. Liu Hao, Ms. Liu Xiaobo and Mr. Li Zhiyu to form the fourth session of the Board of Supervisors. The term of office is three years commencing from 16 June 2025. Due to the rotation of the Board of Supervisors, Ms. Nie Kun, Mr. Li Yan, Ms. Yang Huiju and Mr. Ban Jianbo retired as Supervisor on the same day. For details, please refer to the announcement of the Company dated 15 May 2025 and 16 June 2025, and the circular of the Company dated 26 May 2025.

The resolution on amendments to the articles of association of the Company was considered and approved at the 2025 first extraordinary general meeting of the Company convened on 25 November 2025. The Board of Supervisors of the Company was dissolved effective from the date of the amended articles of association taking effect, and the fourth session of the Board of Supervisors of the Company retires accordingly. For details, please refer to the Company's circular dated 5 November 2025, as well as the Company's announcements dated 30 October 2025 and 25 November 2025.

Change of the Chairman of the Board

The Board elected Mr. Pei Hongwei as the chairman of the fourth session of the Board and Mr. Li Guoqing as the vice chairman of the fourth session of the Board at the Board meeting held on 16 June 2025, with immediate effect.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Appointment of Members of Board Committees

Nomination Committee

Chairman: Pei Hongwei

Members: Wang Guofeng, Tian Aicheng

Audit and Risk Committee

Chairman: Xia Peng

Members: Li Fei, Wang Guofeng, Tian Aicheng

Remuneration and Appraisal Committee

Chairman: Wang Guofeng

Members: Frank Chan Fan, Xia Xiujiang

Strategic and Investment Committee

Chairman: Pei Hongwei

Members: Wang Guofeng, Xia Xiujiang

Change of the Chairman of the Board of Supervisors

Mr. Hu Shengjie was elected as the chairman of the fourth session of the Board of Supervisors by the Board of Supervisors at the meeting of the Board of Supervisors held on 16 June 2025, with immediate effect.

The resolution on amendments to the articles of association of the Company was considered and approved at the 2025 first extraordinary general meeting of the Company convened on 25 November 2025. The Board of Supervisors of the Company was dissolved effective from the date of the amended articles of association taking effect, and the chairman of the fourth session of the Board of Supervisors of the company retires accordingly.

Change of Senior Management

At the Board meeting held on 3 January 2025, Mr. Yu Songwei ceased to act as the deputy general manager of the Company due to work arrangement, with immediate effect.

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

Mr. Pei Hongwei (*Chairman, Non-executive Director*)
Mr. Li Guoqing (*Vice Chairman, Non-executive Director*)
Mr. Xia Xiujiang (*Executive Director*)
Mr. Zhang Pengchao (*Non-executive Director*)
Mr. Peng Dongdong (*Non-executive Director*)
Mr. Li Fei (*Non-executive Director*)
Mr. Wang Tao (*Non-executive Director*)
Ms. Tang Qimeng (*Non-executive Director*)
Mr. Wang Guofeng (*Independent Non-executive Director*)
Mr. Xia Peng (*Independent Non-executive Director*)
Mr. Frank Chan Fan (*Independent Non-executive Director*)
Mr. Tian Aicheng (*Independent Non-executive Director*)

FINANCIAL, BUSINESS AND FAMILY RELATIONSHIPS AMONG DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Save as disclosed in this annual report, the Company is not aware of any other financial, business, family or other material or relevant relationships among the Directors, Supervisors and senior management of the Company.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Company did not enter into any service contracts, which are not determined by the Company within one year without payment of compensation (other than statutory compensation), with the Directors and Supervisors.

PENALTIES OR INVESTIGATIONS OF DIRECTORS AND SUPERVISORS OF THE COMPANY

During the Reporting Period, no Directors or Supervisors of the Company has been subject to penalties or investigations by competent authorities causing a material impact on the operations of the Company.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS, AND CONTRACTS

For the year ended 31 December 2025, there was no transaction, arrangement and contract of significance to which the Company, its holding company, its subsidiary or a fellow subsidiary was a party and in which a Director, Supervisor or their connected entity has or had at any time during that period, in any way, whether directly or indirectly, a material interest.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

THE INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2025, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) as notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements of the Model Code, were as follows:

Name	Position	Capacity	Class of Shares	Number of Shares (Shares)	Nature of interests	Approximate percentage of total issued Share capital of H Share (%)	Approximate percentage of total issued Share capital (%)
Li Guoqing	Vice chairman and non-executive Director	Personal interest	H Share	48,000	Long position	0.01	0.004

Notes:

1. Mr. Li Guoqing subscribed for 1,000,000 Domestic Shares under a Key Employee Stock Ownership Scheme and Mr. Xia Xiujiang subscribed for 620,000 Domestic Shares under the employee stock ownership scheme on 29 December 2017.
2. Mr. Xia Xiujiang increased his subscription to 1,000,000 Domestic Shares under the employee stock ownership scheme on 27 January 2025.

Save as disclosed above, as at 31 December 2025, none of the other Directors had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) as notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements of the Model Code.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year ended 31 December 2025, none of the Directors of the Company had interests in any business that competes or is likely to compete, either directly or indirectly, with the Company's business.

EQUITY-LINKED AGREEMENTS

In 2025, no equity-linked agreement was entered into by or subsisted in the Company, and there was no provision to enter into any agreements which will or may result in the Company issuing Shares.

PERMITTED INDEMNITY PROVISION

In 2025, no permitted indemnity provision was made or in force for the benefit of the Directors of the Company (whether entered into by the Company or otherwise) or any directors of the associated companies of the Company (if entered into by the Company).

The Company has purchased insurances for Directors in respect of the legal liabilities arising from their office, and the applicable laws of the relevant policies are PRC laws.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, details of remuneration of the Directors, Supervisors and senior management for the Year are set out in notes XII.(5)5. to the financial statements.

For the year ended 31 December 2025, the remuneration of other senior management members by bands is set out as follows:

Remuneration Band	Number of person
RMB500,001-1,000,000	11

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

RIGHTS OF DIRECTORS AND SUPERVISORS TO ACQUIRE SHARES OR DEBENTURES

During the Reporting Period, no arrangements to which the Company, any of its subsidiaries, its holding company or subsidiaries of its holding company is or was a party enabling the Directors or Supervisors of the Company to acquire benefits by means of acquisition of Shares in or debentures of the Company or other body corporate.

KEY EMPLOYEE STOCK OWNERSHIP SCHEME

The Company formulated the Key Employee Stock Ownership Scheme in order to establish a long-acting incentive and restraint mechanism between employees and Shareholders for sharing revenue, risks and responsibilities and jointly operating business, maintaining the stability of core employee team and improving the cohesion of employees and the competitiveness of the Company, so as to further optimize the equity structure and improve the corporate governance mechanism to promote a long-term development of the Company.

On 1 February 2018, the Company completed the registration with China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司) of the issue of 76,000,000 Domestic Shares under special mandate, with the nominal value of RMB1.00 per Share and the issue price of RMB3.43 per Share. Such 76,000,000 Domestic Shares correspond to the total 76,000,000 share options under the key employee stock option scheme subscribed by the eligible participants under such scheme. The proceeds received by the Company pursuant to the issue price (i.e. the net proceeds from the issuance) totalled RMB260 million.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2025, so far as was known to the Directors, the interests or short positions of the following persons (other than the Directors or the chief executive of the Company) in the Shares and underlying shares of the Company as notified to the Company and the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under section 336 of the SFO were as follows:

Domestic Shares

Name of shareholder	Capacity	Number of Domestic Shares	Nature of interests	Approximate percentage of total issued Domestic Share capital (%)	Approximate percentage of total issued Share capital (%)
BUCG ¹	Beneficial owner	571,031,118	Long position	59.44	42.34
Beijing Investment Company ²	Beneficial owner	87,850,942	Long position	9.14	6.51
Beijing Chengtong Enterprise Management Center (General Partnership)	Beneficial owner	76,000,000 ³	Long position	7.91	5.64

Notes:

1. BUCG was incorporated by the Beijing Municipal Government.
2. Beijing Investment Company is a wholly state-owned enterprise funded and established by the State-owned Assets Supervision and Administration Commission of the Beijing Municipal People's Government. On 4 August 2020, a merger and restructuring was conducted between Beijing Investment Company and Beijing MTR Construction Administration Corporation (北京市轨道交通建设管理有限公司) ("**MTR Corporation**"). After the merger and restructuring, Beijing Investment Company held, directly and indirectly, 199,998,412 Shares of the Company in aggregate, including 131,776,412 Domestic Shares and 68,222,000 H Shares of the Company, representing approximately 14.83% of the issued Shares of the Company. Please refer to the announcement of the Company dated 10 August 2020 for details.
3. Among which, 18,270,000 Domestic Shares were issued for connected subscriptions. For details, please refer to the circular published by the Company on 7 December 2017 and the announcement published by the Company on 5 February 2018.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

H Shares

Name of shareholder	Capacity	Number of H Shares	Nature of interests	Approximate Percentage of total issued H Share capital (%)	Approximate percentage of total issued Share capital (%)
Amundi Asset Management	Investment Manager	83,171,000	Long position	21.44	6.17
Amundi Ireland Ltd	Investment Manager	81,494,000	Long position	21.01	6.04
Beijing Investment Company ¹	Interest of controlled corporations	68,222,000	Long position	17.59	5.06
Beijing Infrastructure Investment (Hong Kong) Limited ¹	Beneficial owner	68,222,000	Long position	17.59	5.06
CRRC Group	Interest of controlled corporations ²	23,722,000	Long position	6.11	1.76

Notes:

1. Beijing Investment Company indirectly held interests in 68,222,000 H Shares of long position of the Company through its wholly-owned subsidiary, Beijing Infrastructure Investment (Hong Kong) Limited (京投(香港)有限公司).
2. CRRC Group (formerly known as CSR Group Limited) held interests in 23,722,000 H Shares through its controlled corporations, CRRC Corporation Limited (formerly known as CSR Corporation Limited) and CRRC (Hong Kong) Co., Ltd. (formerly known as CSR (Hong Kong) Co., Ltd.).

Save as disclosed above, as at 31 December 2025, the Directors are not aware of any other person (other than the Directors or the chief executive of the Company) who had interests or short positions in the Shares and underlying shares of the Company as otherwise notified to the Company and the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under Section 336 of the SFO.

SHARE CAPITAL

The Company's share capital structure as at 31 December 2025 was as follows:

Class of Shares	Number of Shares as at 31 December 2025	Percentage of total number of Shares in issue as at 31 December 2025 (%)
Domestic Shares	960,733,000	71.24
Foreign-invested Shares (H Shares)	387,937,000	28.76
Total	1,348,670,000	100

PURCHASE, SALES AND REDEMPTION OF SECURITIES

During the year ended 31 December 2025, the Company and its subsidiaries did not purchase, sell or redeem any securities of the Company (including sale of any treasury shares (as defined in the Hong Kong Listing Rules)).

As of 31 December 2025, the Company did not hold any treasury shares.

PRE-EMPTIVE RIGHTS

There are no provisions in respect of pre-emptive rights under the Articles of Association and the laws of the PRC.

TAX RELIEF OR EXEMPTION

The Company is not aware of any tax relief or exemption available to any existing Shareholder by reason of his/her holding of the securities of the Company.

PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment are set out in note V.14, 15, 19 to the financial statements.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

RESERVES

Details of change in reserves of the Group for the Year are set out in the consolidated statement of changes in equity and note V.41, 42, 43, 44, 45 to the financial statements. As at 31 December 2025, the Company's reserves available for distribution, calculated in accordance with the provisions of the Company Law of the PRC, amounted to approximately RMB483,601,857.44.

DISTRIBUTABLE RETAINED EARNINGS

As at 31 December 2025, the Company had distributable retained earnings of RMB483,601,857.44.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, sales to the five largest major customers of the design, survey and consultancy business of the Group accounted for 14.17% of the Group's total sales of the Year, of which, sales to the largest customer accounted for approximately 4.16% of the Group's total sales. Sales to the five largest major customers for the construction contracting business accounted for 41.19% of the Group's total sales of the Year, of which, sales to the largest customer accounted for approximately 19.03% of the Group's total sales. To the knowledge of the Directors of the Company, except Beijing Investment Company, a Shareholder holding more than 5% of the share capital of the Company, none of the Directors, Supervisors of the Company and their respective associates and other shareholders holding more than 5% of the share capital of the Company has any interest in the above major customers.

During the Reporting Period, the amount of purchases from the five largest major suppliers of the Group accounted for not more than 30% of the Group's total amount of purchases.

SUBSIDIARIES AND ASSOCIATES

During the Reporting Period, the Company did not engage in any activities related to the establishment or acquisition of subsidiaries or associates.

SIGNIFICANT INVESTMENT

The main business of Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd. is the investment, construction and operation & maintenance of construction projects. Holding the shares of Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd. is conducive to promoting the need of the Company to enhance profitability, and is conducive to the Company’s market expansion and industrial chain integration. As at 31 December 2025, the investment amount was RMB2,105 million, accounting for 8.70% of the total asset value as at 31 December 2025, and the details of this significant investment by the Company are as follows:

Company name	Main business	Number of shares held by the Company	Shareholding of the Company	Cost of investment (RMB'000)	Income on investment for the year (RMB'000)
Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd.	Construction management of urban rail transit construction (section B), investment and financing related to operation, operation and management, mechanical and electrical equipment renovation, ticket management, commercial property development along the line, house lease along the line, advertising design, production, agency and release along the line, resource development of rail transit station and underground space, development, operation and management of import and export resources of Kunming Rail transit Line 4 (projects that must be approved legally can only be carried out after approval from relevant authorities).	78,280,000	78.28%	1,634,327	43,402

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

CONNECTED TRANSACTIONS

Pursuant to the Hong Kong Listing Rules, the transactions between the Company and its connected person (as defined under the Hong Kong Listing Rules) constitute connected transactions of the Company. The Company has monitored and managed its connected transactions in strict compliance with the Hong Kong Listing Rules and the Administrative Measures on Connected Transactions of the Company. The non-exempt connected transactions conducted by the Group during the Reporting Period are set out below.

Non-exempt Continuing Connected Transactions

The annual caps for the non-exempt continuing connected transactions of the Group in 2025 and the actual transaction amounts of such continuing connected transaction of the Group in 2025 are set out below:

	For the year ended 31 December 2025	
	Actual amount (RMB million)	Annual cap (RMB million)
1. Renewed Integrated Services Framework Agreement:		
(1) Revenue generated by the Group from providing services to BUCG, its subsidiaries and/or associates	193.59	883.3
(2) Expenditure incurred by BUCG, its subsidiaries and/or associates for provision of services to the Group	120.91	1,101.1
2. Property and Land Leasing Framework Agreement:		
Expenditure incurred by the Group for leasing the property and land from BUCG, its subsidiaries and/or associates	18.13	41
3. BI Integrated Services Framework Agreement:		
(1) Revenue generated by the Group for providing survey, design and consultancy services to Beijing Investment Company, its subsidiaries and/or associates	418.12	600
(2) Revenue generated by the Group for providing construction contracting services to Beijing Investment Company, its subsidiaries and/or associates	2,174.46	5,800
(3) Expenditure incurred by Beijing Investment Company, its subsidiaries and/or associates for providing survey, design and consultancy services to the Group	0	1.4
(4) Expenditure incurred by Beijing Investment Company, its subsidiaries and/or associates for providing construction contracting services to the Group	0.2	51.5
4. Property and Land Leasing Framework Agreement:		
Expenditure incurred by the Group for leasing the property and land from Beijing Investment Company, its subsidiaries and/or associates	7.2	7.6

Continuing Connected Transactions Contemplated between the Group and BUCG under the Renewed Integrated Services Framework Agreement

The Integrated Services Framework Agreement between the Company and BUCG as approved at the 2019 second extraordinary general meeting held on 30 December 2019 has expired on 31 December 2022. Subject to the approval by the Company at the 2023 first extraordinary general meeting on 3 March 2023, the Company and BUCG renewed the Integrated Services Framework Agreement for a term of three years commencing from 1 January 2023 and ending on 31 December 2025, and set the annual caps for the continuing connected transactions, for both revenue and expenditure, contemplated thereunder for the next three years ending 31 December 2025. For details, please refer to the announcement of the Company dated 16 December 2022 and the circular dated 13 February 2023.

The aforementioned Integrated Services Framework Agreement has expired on 31 December 2025. Subject to the approval by the Company at the 2025 second extraordinary general meeting held on 23 December 2025, the Company and BUCG renewed the Integrated Services Framework Agreement (the “**Renewed Integrated Services Framework Agreement**”) for a term of three years commencing from 1 January 2026 to 31 December 2028, and set the annual caps for the continuing connected transactions contemplated thereunder for the three years ending 31 December 2028. For details, please refer to the announcement of the Company dated 24 October 2025 and the circular dated 3 December 2025.

Pursuant to the Integrated Services Framework Agreement, the Supplemental Agreement II to the Non-competition Agreement dated 29 October 2015 (the “**Supplemental Agreement II to the Non-competition Agreement**”), and the Supplemental Agreement III to the Non-competition Agreement dated 10 November 2021 (the “**Supplemental Agreement III to the Non-competition Agreement**”) between the Company and BUCG, it was agreed between BUCG and the Group that:

- (a) The integrated services to be provided by BUCG, its subsidiaries and/or associates to the Group include but not limited to engineering construction related services (such as subway construction and industrial park renovation), including but not limited to services such as the output of laborers engaged in basic physical work of engineering projects, the supply of engineering construction raw materials, and the leasing of engineering construction machinery and equipment; and training services related to the aforementioned and other services required by the Group to carry out its business; and the “Research and Development, Production, Sales and Integration Services Businesses of Products Related to the Rail Transit” provided by BUCG, its subsidiaries and/or associates to the Group under the Supplemental Agreement III to the Non-competition Agreement.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

- (b) The integrated services to be provided by the Group to BUCG, its subsidiaries and/or associates include but not limited to: (i) services relating to construction survey, design and consultancy, including but not limited to measurement, test, inspection of construction drawings, as well as training services and other services required by BUCG, its subsidiaries and/or associates to carry out their business; and (ii) project sub-contracting and/or specialized services, including but not limited to project management and equipment leasing services, etc., pursuant to Situations (2) and (3) of the Supplemental Agreement II to the Non-competition Agreement. Pursuant to Article 3.9 of the Supplemental Agreement III to the Non-competition Agreement, when the Company is engaged in rail transit related businesses, if the inseparable part of the businesses involves “Research and Development, Production, Sales and Integration Services Businesses of Products Related to the Rail Transit”, subject to not violating the relevant requirements of the construction unit and relevant laws and regulations such as bidding, the Company or its subsidiaries will give priority to subcontracting these businesses to Beijing Urban Construction Intelligent Control Co., Ltd., a subsidiary of BUCG, under the same conditions.
- (c) The parties agree that the transaction shall be consummated in line with the applicable general market practice (if any) and on normal commercial terms.
- (d) The parties are entitled to choose the counterparty of the transaction, i.e. to provide services to, or obtain services from, any third parties (other than in the circumstances specified in below paragraph (e)). Meanwhile, BUCG, its subsidiaries and/or associates shall provide services to the Group on terms and conditions no less favourable than those offered to independent third parties under similar circumstances and shall not request the Group to provide services on terms and conditions more favourable than those offered to the independent third parties by the Group; and
- (e) Notwithstanding any other provisions of the agreement, in respect of the awarded projects cooperated with and/or bid by BUCG under the Situations (2) and (3) as set out in the Supplemental Agreement II to the Non-competition Agreement, BUCG shall, in accordance with the terms of the bidding documents and in compliance with the relevant laws and regulations, sub-contract part or parts of the awarded contract bid by BUCG for the Company to the Group and/or enter into such other ways of cooperation, including but not limited to project management services and/or equipment leasing services, etc., as permitted by the project owner on a no profit basis to BUCG. The Company may enjoy the full profit margin of the contract obtained by the BUCG and subcontracted to the Group.

According to the Renewed Integrated Services Framework Agreement, the price of integrated services (including but not limited to engineering construction-related services) provided by the BUCG, its subsidiaries and/or associates to the Group will be determined with reference to the government's guidance price and market factors, but in no way inferior to the conditions and prices provided by independent third parties to the Group for the same or similar services:

- (a) The government-guided price refers to the pricing range or level provided by the central government, provincial government, local government, industry associations or other competent authorities for certain specific types of services, which price will be determined by the parties through negotiations with reference to the pricing range or level. The Company will keep track of related updates of government-guided prices. If any governmental documents are issued to regulate the services the Company being involved and provide certain pricing range or level, the price will fall within the range of the government-guided price as stated in such documents.
- (b) Except for the government-guided price, the Company will compare the market price with specific project differences such as project scale, technical difficulties, construction period, and labour costs. (the "**Market Price**" refers to the following information collected by the Company through public channels such as China government procurement services information platform of China government procurement website (<http://www.ccgp.gov.cn>), the China Tender and Procurement website (www.zbytb.com) and the China Procurement and Tender website (<http://www.chinabidding.com.cn/>): (1) the prevailing bid price of an independent third party that provides similar services on general commercial terms in the place where such services are provided or nearby areas under normal commercial transactions, shall be based on the prices of at least two independent third parties providing the same or similar services under the same conditions; or (2) if (1) is not applicable, the then prevailing bid price of an independent third party supplying similar services in the PRC on general commercial terms under normal commercial transactions shall be based on the prices of at least two independent third parties providing the same or similar services under the same conditions.)

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

According to the Renewed Integrated Services Framework Agreement, the prices for the provision of integrated services (including but not limited to construction survey, design and consultancy services) by the Group to BUCG, its subsidiaries and/or associates, will be the prices determined through a tender process or the agreed prices:

- (a) If the Company intends to bid for a project, the Sales & Marketing Department will first evaluate the cost and price of the project and then form a plan which will be submitted to responsible department heads for approval. If approved, the Company will prepare bidding documents as required by the project owner. According to relevant PRC rules and regulations in relation to the tender process of certain services, the project owner shall organise experts to evaluate the bidder and respective bidding documents. At last, the project owner will determine the bid winner by taking into account certain factors, including but not limited to the qualification of the bidders, the terms provided by the bidders and the total prices quoted, and with reference to the experts' opinions.
- (b) The "agreed price" shall be calculated in accordance with the method of "reasonable cost + reasonable profit", and determined with reference to the "market price", but in no case is better than the conditions and prices provided to independent third parties for the same or similar services.

The "reasonable cost" means the cost confirmed by both parties after negotiations and as permitted by the relevant accounting principles of the PRC (inclusive of sales tax and surcharges); and "reasonable profit" means the profit calculated based on reasonable costs under market practice. (The Company will estimate the cost and price of the project with reference to the calculation method described in the relevant charging guidelines issued by the government or industry associations. In terms of construction consultancy services, the Charging Guidelines of Preliminary Consultancy Services of Urban Rail Transit 《城市軌道交通前期諮詢工作收費指導意見》 issued by China Association of Metros (中國城市軌道交通協會) would be taken as a reference. In terms of construction contracting services, reference would be made to the Project Cost Information 《工程造價信息》 published by local commissions of housing and urban-rural development regularly, which provides suggested prices of certain types of building materials.)

To ensure that the price is fair and reasonable and in no case is better than the conditions and prices offered to independent third parties for the same or similar services, the Company will compare the market price with specific project differences such as project scale, technical difficulties, construction period, and labour costs. (the "**Market Price**" refers to the following information collected by the Company through public channels such as China government procurement services information platform of China government procurement website (<http://www.ccgp.gov.cn>), the China Tender and Procurement website (www.zbytb.com) and the China Procurement and Tender website (<http://www.chinabidding.com.cn>): (1) the prevailing bid price of an independent third party that provides similar services on general commercial terms in the place where such services are provided or nearby areas under normal commercial transactions, shall be based on the prices of at least two independent third parties providing the same or similar services under the same conditions; or (2) if (1) is not applicable, the then prevailing bid price of an independent third party supplying similar services in the PRC on general commercial terms under normal commercial transactions shall be based on the prices of at least two independent third parties providing the same or similar services under the same conditions.)

- (c) The price of the relevant project subcontracting arrangements and/or specialized services, if required, to be provided by the Group to BUCG, pursuant to Situations (2) and (3) set out in the Supplemental Agreement II to the Non-competition Agreement, shall be determined as follows:
- (i) The price of the sub-contracting arrangements shall be the contractual price attributable to part or parts of the awarded contract sub-contracted to the Group on a no profit basis to BUCG under the contract awarded to BUCG in Situations (2) and (3) as set out in the Supplemental Agreement II to the Non-competition Agreement; and/or
 - (ii) The price of the specialised services shall be the contractual price of the contract awarded to BUCG or, if applicable, the contractual price attributable to the remaining part of the awarded contract, after deducting the price of the part subcontracted to third parties and the above-mentioned price of the sub-contracting arrangements (on a no profit basis to BUCG).

As at the date of the abovementioned circular in relation to continuing connected transactions, BUCG directly and indirectly holds an aggregate of 42.34% interest in the Company and is the controlling Shareholder of the Company, therefore constituting a connected person under Chapter 14A of the Hong Kong Listing Rules. Accordingly, in accordance with Chapter 14A of the Hong Kong Listing Rules, the transactions contemplated between the Group and BUCG under the Renewed Integrated Services Framework Agreement constitute continuing connected transactions of the Company.

For the year ended 31 December 2025, (1) in respect of the revenue generated by the provision of integrated services by the Group to BUCG, its subsidiaries and/or associates, the annual cap in 2025 for such transactions was RMB883.3 million, whereas the actual revenue generated was RMB193.59 million; (2) in respect of the expenditure incurred for the provision of integrated services by BUCG, its subsidiaries and/or associates to the Group, the annual cap in 2025 for such transactions was RMB1,101.1 million, whereas the actual expenditure incurred was RMB120.91 million.

Continuing Connected Transactions Contemplated between the Group and BUCG under the Property and Land Leasing Framework Agreement

In order to regulate the continuing connected transactions in respect of leasing of property and land between the parties, the Company and BUCG, its subsidiaries or associates entered into the Property and Land Leasing Framework Agreement dated 18 June 2014 for a term of ten years. As the annual caps for the abovementioned Property and Land Leasing Framework Agreement entered into by the Board on 8 December 2016 have expired on 31 December 2019, in accordance with the relevant requirements of the Hong Kong Listing Rules, the Board resolved on 8 November 2019 to set new annual caps for these continuing connected transactions for the next three years ending 31 December 2022. For details, please refer to the announcement of the Company dated 8 November 2019.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Due to the fact that the Company entered into an agreement in relation to the acquisition of the entire equity interest in the Residential Institute in 2022, which resulted in an increase in the continuing connected transactions relating to properties and lands between the Group and BUCG following the integration of the Residential Institute into the Group, the Company therefore has revised the annual cap for the year of 2022 under the Existing Property and Land Leasing Framework Agreement in light of the actual situation. On 16 December 2022, the Company and BUCG entered into the New Property and Land Leasing Framework Agreement for a term of three years from 1 January 2023 to 31 December 2025, and set the annual caps for the continuing connected transactions contemplated thereunder for the next three years ending 31 December 2025. For details, please refer to the announcement of the Company dated 16 December 2022.

As the Existing Property and Land Leasing Framework Agreement and the annual caps for the continuing connected transactions contemplated thereunder will expire on 31 December 2025, the Company renewed the Property and Land Leasing Framework Agreement with BUCG on 24 October 2025 under the same terms and conditions, with a term of three years effective from 1 January 2026 to 31 December 2028. The key terms are set out as follows:

Pursuant to the Property and Land Leasing Framework Agreement:

- (a) BUCG, its subsidiaries and/or associates agreed to lease the leased properties to the Group exclusively for office and operation uses.
- (b) The parties agree that, in addition to the above leased properties, the Group is entitled to lease additional properties and land from BUCG, its subsidiaries and/or associates during the term of the Property and Land Leasing Framework Agreement in accordance with its terms and conditions.
- (c) BUCG shall ensure and/or cause the property management company to carry out property management services for the leased properties, including but not limited to the inspection and repair of the leased properties and related utility facilities, so as to keep the leased properties in good condition.
- (d) BUCG agrees to indemnify the Company for any losses or damages it may incur or suffer due to title issues arising from its use of the leased properties.
- (e) At any time during the term of the Property and Land Leasing Framework Agreement, the Group may terminate any lease made and included therein by giving not less than six months' notice.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Pursuant to the Property and Land Leasing Framework Agreement, the rentals and other charges shall be determined and paid as follows:

- (a) Both parties may review and adjust the rentals of the leased properties in a timely manner during the term of the Property and Land Leasing Framework Agreement with reference to the prevailing market rate.
- (b) Any downward adjustment in rentals for the leased properties may be discussed between the parties at any time during the term of the Property and Land Leasing Framework Agreement notwithstanding the normal rental adjustment mechanism as described above.
- (c) The Group shall also be responsible for all utility charges, property management fee (if applicable) and other miscellaneous expenses (including water, electricity, air conditioning, etc., but excluding property tax) incurred in using the leased properties.
- (d) The Group shall pay rentals on a yearly or quarterly basis to BUCG, its subsidiaries and/or associates, details of which shall be specified in the individual lease agreement entered into between the parties under the Property and Land Leasing Framework Agreement.
- (e) Payment of the utility charges, property management fee and other miscellaneous expenses shall be paid in accordance with provisions set out in the individual lease agreement entered into between the parties under the Property and Land Leasing Framework Agreement.

As at the date of the above continuing connected transactions circular, pursuant to the Hong Kong Listing Rules, BUCG is the controlling Shareholder of the Company, directly and indirectly holding an aggregate of 42.34% interest in the Company. Accordingly, BUCG, its subsidiaries and/or associates are connected persons of the Company. The transactions contemplated between the Group and BUCG, its subsidiaries and/or associates under the Property and Land Leasing Framework Agreement constitute continuing connected transactions of the Company.

For the year ended 31 December 2025, in respect of the expenditure incurred for the lease of properties and land by the Group from BUCG, its subsidiaries and/or associates, the annual cap in 2025 for such transactions was RMB41 million, whereas the actual expenditure was RMB18.13 million.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Continuing Connected Transactions Contemplated under the New Integrated Services Framework Agreement between the Group and Beijing Investment Company

The Group entered into a continuing connected transaction with Beijing Investment Company, its subsidiaries and/or its associates in the ordinary and usual course of business, including the provision of services such as construction survey, design and consultancy as well as construction contracting services to Beijing Investment Company, its subsidiaries and/or its associates. In order to comply with the requirements of the Hong Kong Listing Rules, on 15 August 2018, the Company entered into the Integrated Services Framework Agreement with Beijing Investment Company for a term of three years, valid from 1 January 2019 to 31 December 2021. The Company has also set the annual caps for the continuing connected transactions under such agreement for the three financial years ending 31 December 2021. A merger and restructuring was conducted between Beijing Investment Company and MTR Construction on 4 August 2020. Following the merger and restructuring, Beijing Investment Company remains to be a connected person of the Company and the transaction between the former MTR Construction and the Company constitutes a connected transaction between the Company and Beijing Investment Company. The Company is required to adjust the cap of its continuing connected transaction with Beijing Investment Company pursuant to the Hong Kong Listing Rules. Accordingly, the Company entered into the New Integrated Services Framework Agreement (the **"New Integrated Services Framework Agreement"**) with Beijing Investment Company for a term of three years from 1 January 2021 to 31 December 2023. The Company has also set the annual caps for the continuing connected transactions contemplated thereunder for each of three financial years ended 31 December 2023. Please refer to the announcements of the Company dated 15 August 2018 and 10 March 2021 and the circulars dated 25 October 2018 and 7 May 2021 for details.

The aforementioned New Integrated Services Framework Agreement has expired on 31 December 2023. Subject to the approval by the Company at the Board meeting on 19 December 2023 and at the 2024 first extraordinary general meeting on 8 March 2024, the Company and Beijing Investment Company renewed the Integrated Services Framework Agreement (the **"Renewed Integrated Services Framework Agreement"**) on 19 December 2023 for a term of three years commencing from 1 January 2024 and ending on 31 December 2026, and set the annual caps for the continuing connected transactions thereunder for each year from 2024 to 2026. For details, please refer to the announcements of the Company dated 19 December 2023 and 8 March 2024 and the circular dated 22 February 2024.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Pursuant to the Renewed Integrated Services Framework Agreement, Beijing Investment Company and the Group agreed that:

- (a) The Group will provide Beijing Investment Company, its subsidiaries and/or its associates with services such as construction survey, design and consultancy as well as construction contracting services; and Beijing Investment Company, its subsidiaries and/or its associates will provide the Group with services such as construction survey, design and consultancy as well as construction contracting services.
- (b) Both parties are entitled to choose the counterparties of the transaction, and shall carry out the transaction in accordance with the applicable general market practice (if any) and on normal commercial terms.

Pursuant to the Renewed Integrated Services Framework Agreement, the terms of the agreement for the Group to provide construction survey, design and consultancy as well as construction contracting services to Beijing Investment, its subsidiaries and/or its associates shall not be better than the terms of the agreement for the Group to provide similar services to independent third parties, and the price for services provided by one party to the other party shall be determined at the following principles:

- (a) Where there is government-prescribed price, the government-prescribed price shall be executed (the government-prescribed price refers to the price determined for certain type of services according to the laws, regulations, decisions or orders formulated by the Chinese central government, provincial government or other regulatory authorities. For further illustration purposes, there is no government-prescribed price for construction survey, design and consultancy services as well as construction contracting services);
- (b) Where there is no government-prescribed price, but there is government-guided price, then the price would be determined upon considering market factors with reference to the government-guided price (the government-guided price refers to the price determined for a certain type of service or services according to the laws, regulations, decisions and orders formulated by the Chinese central government, provincial governments or other regulatory authorities, which within a certain range, can be adjusted through negotiations between both parties to the transaction (factors taken into consideration when determining prices by both parties including but not limited to material cost, scale and technological difficulties of projects). For further illustration purposes, there is no government-guided price for construction survey, design and consultancy services. In terms of construction contracting services, the Beijing Municipal Commission of Housing and Urban-Rural Development issued the "Beijing Construction Project Pricing Basis – Urban Rail Transit Project Budget Quota", while the commissions of housing and urban-rural development of local governments also published the Project Cost Information, which provides basis of calculation (including but not limited to how to calculate project cost in a comprehensive manner based on factors such as labor cost, material cost, scale of projects, etc.) for the construction projects as the reference for the bidding price);
- (c) Where there is neither government-prescribed price nor government-guided price, then the price would be determined through tender process or other available market price.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

The “market price” shall be determined in the following order: (1) the price charged by independent third parties who offer the same type of services under normal commercial terms in the ordinary and usual course of business at or near the area where such services are provided, in such case, reference shall be made to the prices quoted by at least two independent third parties who provide the same or similar type of services under same conditions; (2) or if inapplicable, the price charged by independent third party(ies) then who offer the same type of services under normal commercial terms in the ordinary and usual course of business in the PRC, in such case, reference shall be made to the prices quoted by at least two independent third parties who provide the same or similar type of services under same conditions.

As at the date of the abovementioned circular in relation to continuing connected transactions, the Domestic Shares and H Shares of the Company held by Beijing Investment Company in aggregate accounted for 14.83% of the total issued Shares of the Company. Beijing Investment Company is one of the substantial Shareholders of the Company and constitutes the connected person under Chapter 14A of the Hong Kong Listing Rules. The transactions under the New Integrated Services Framework Agreement and contemplated thereunder between the Group and Beijing Investment Company, its subsidiaries and/or associates constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

As of 31 December 2025, (1) in respect of the revenue generated by the Group from providing construction survey, design and consultancy services to Beijing Investment Company, its subsidiaries and/or associates, the annual caps in 2025 for such transactions was RMB600 million, whereas the actual revenue occurred was RMB418.12 million; (2) in respect of revenue generated by the Group from providing construction contracting services to Beijing Investment Company, its subsidiaries and/or associates, the annual caps in 2025 for such transactions was RMB5,800 million, whereas the actual revenue occurred was RMB2,174.46 million; (3) in respect of the expenditure incurred by Beijing Investment Company, its subsidiaries and/or associates for providing construction survey, design and consultancy services to the Group, the annual caps in 2025 for such transactions was RMB1.4 million, whereas the actual expenditure was RMB0 million; and (4) in respect of the expenditure incurred by Beijing Investment Company, its subsidiaries and/or associates for providing construction contracting services to the Group, the annual caps in 2025 for such transactions was RMB51.5 million, whereas the actual expenditure was RMB0.2 million.

Continuing Connected Transactions Contemplated between the Group and Beijing Investment Company under the Property and Land Leasing Framework Agreement

In order to regulate the continuing connected transactions in respect of leasing of property and land between the parties, the Company and Beijing Investment Company, its subsidiaries and/or associates entered into the Property and Land Leasing Framework Agreement dated 19 December 2023 for a term of three years from 1 January 2024 to 31 December 2026. The Company has also set the annual caps for the continuing connected transactions contemplated thereunder for each year of 2024 to 2026. For details, please refer to the announcement of the Company dated 19 December 2023.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

Pursuant to the Property and Land Leasing Framework Agreement: Beijing Investment Company, its subsidiaries and/or associates agreed to lease the leased properties to the Group exclusively for office and operation uses. Details of the leased properties are as follows:

- (a) The leasing of office building of Beijing Urban Construction Exploration & Surveying Design Research Institute Co., Ltd. at an annual rental price of approximately RMB2.42 million;
- (b) The leasing of office building of Beijing Rail Transit Design and Research Institute Co., Ltd. at an annual rental price of approximately RMB3.49 million; and
- (c) The leasing of centralized office for the Company at an annual rental price of approximately RMB1.65 million.

Pursuant to the Property and Land Leasing Framework Agreement, the rentals and other charges shall be determined and paid as follows:

- (a) Both parties may, by mutual agreement, review and adjust the rentals of the leased properties in a timely manner during the term of the Property and Land Leasing Framework Agreement with reference to the prevailing market rate.
- (b) The parties may negotiate and adjust the rentals at any time during the term of the Property and Land Leasing Framework Agreement.
- (c) Except for the rentals, miscellaneous expenses, utility expenses, property management fees (if applicable) and expenses that may be incurred as a result of the Group's breach of the Property and Land Leasing Framework Agreement, Beijing Investment Company has undertaken to the Group that it will not require the Group to bear and/or pay any other fees (including any taxes payable by Party A, such as property tax) in respect of the leased properties for any reasons whatsoever.
- (d) The rentals in respect of the leased properties shall be paid by the Group to Beijing Investment Company, its subsidiaries and/or associates on an annual or quarterly basis. The relevant details will be specified in the individual lease agreement entered into between the parties under the Property and Land Leasing Framework Agreement.
- (e) Payment of the utility expenses, property management fees and miscellaneous fees shall be specified in the individual lease agreement entered into between the parties under the Property and Land Leasing Framework Agreement.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

As at the date of the above continuing connected transactions announcement, pursuant to the Hong Kong Listing Rules, the Domestic Shares and H Shares of the Group held by Beijing Investment Company in aggregate accounted for 14.83% of the total issued Shares of the Company. Beijing Investment Company is one of the substantial shareholders of the Group and constitutes a connected person under Chapter 14A of the Hong Kong Listing Rules. The Property and Land Leasing Framework Agreement and the transactions contemplated under such agreements between the Group and Beijing Investment Company, its subsidiaries and/or associates constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

During the year ended 31 December 2025, in respect of the expenditure incurred for the lease of properties and land by the Group from Beijing Investment Company, its subsidiaries and/or associates, the annual cap in 2025 for such transactions was RMB7.6 million, whereas the actual expenditure was RMB7.2 million.

MATERIAL RELATED-PARTY TRANSACTIONS

Details of related-party transactions are set out in note XII to the financial statements, in which certain transactions in such related-party transactions also constitute connected transactions as prescribed in Chapter 14A under the Hong Kong Listing Rules and are subject to reporting, annual review and announcement in accordance with the requirements of Chapter 14A under the Hong Kong Listing Rules, and the connected transactions have complied the provisions in Chapter 14A under the Hong Kong Listing Rules.

Save as disclosed in the above connected transactions in this report, there is no other related-party transaction or continuing related-party transaction set out in note XII to the financial statements which constitutes discloseable connected transactions or continuing connected transactions under the Hong Kong Listing Rules. The Company confirmed that its connected transactions and continuing connected transactions have complied with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

Annual Review Conducted by the Independent Non-executive Directors on the Non-exempt Continuing Connected Transactions

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that they had been entered into in accordance with the following conditions:

- (a) Such transactions were entered into in the ordinary and usual course of business of the Group;
- (b) Such transactions were on normal commercial terms; and
- (c) Such transactions were conducted in accordance with the terms under relevant transaction agreements which were fair and reasonable and in the interests of the Shareholders of the Company as a whole.

Annual Review Conducted by the Auditors on the Non-exempt Continuing Connected Transactions

The auditors of the Company have reviewed the continuing connected transactions mentioned above and confirmed to the Board of Directors that:

- (a) Nothing has come to their attention that causes them to believe that the transactions have not been approved by the Board of Directors;
- (b) For transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the pricing policies of the Group;
- (c) Nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements; and
- (d) Nothing has come to their attention that causes them to believe that the amount of each of the transactions has exceeded its annual cap mentioned above.

The Company confirms that the execution and performance of the specific agreements under above continuing connected transactions during the year ended 31 December 2025 were in compliance with the pricing principles of such continuing connected transactions.

PERFORMANCE OF THE NON-COMPETITION AGREEMENT

The Non-competition Agreement was entered into by the Company and BUCG on 24 January 2014 and was amended by the Supplemental Agreement I to the Non-competition Agreement signed by the Company and BUCG on 16 June 2014. On 28 January 2016, the 2016 first extraordinary general meeting of the Company considered and approved the Supplemental Agreement II to the Non-competition Agreement entered into between the Company and BUCG on 29 October 2015. On 29 December 2021, the first extraordinary general meeting of the Company in 2021 reviewed and approved the Supplemental Agreement III to the Non-competition Agreement entered into between the Company and BUCG on 10 November 2021. For details, please refer to the announcement dated 29 October 2015, the circular dated 11 December 2015, the announcements of the Company dated 10 November 2021 and 29 December 2021 and the circular of the Company dated 10 December 2021, respectively.

BUCG stated that for the year ended 31 December 2025, it was not in breach of its undertakings under the Non-competition Agreement. The independent non-executive Directors of the Company also reviewed the compliance of the Non-competition Agreement by BUCG during the year 2025, and was of the view that BUCG had not breached the requirements of the Non-competition Agreement.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

PUBLIC FLOAT

Reference is made to the announcements of the Company dated 2 March 2018, 29 March 2018, 30 September 2022, 27 June 2024 and 22 July 2024 in relation to, among others, the insufficiency of public float of the Company and the proposal to restore the public float. As disclosed in the announcement of the Company dated 11 July 2017, Beijing Infrastructure Investment (Hong Kong) Limited ("**Beijing Investment HK**"), a wholly-owned subsidiary of Beijing Investment Company and a Shareholder of the Company, completed the acquisition of 68,222,000 H Shares of the Company indirectly held by Beijing Capital Group Ltd. ("**Beijing Capital**") through its controlled corporations (the "**Share Transfer**"). Before completion of the Share Transfer, Beijing Investment Company holds 87,850,942 Domestic Shares of the Company, accounting for 6.90% of the total issued Shares of the Company. Beijing Capital holds 73,493,000 H Shares of the Company, accounting for 5.77% of the total issued Shares of the Company. Each of Beijing Investment Company and Beijing Capital does not constitute the substantial Shareholder of the Company and the Shares of the Company held by them are deemed as public float. Upon completion of the Share Transfer, Beijing Investment Company increases its shareholding by acquiring 68,222,000 H Shares of the Company, and the total Domestic Shares and H Shares held by it account for 12.26% of the total issued Shares of the Company, and Beijing Investment Company therefore becomes one of the substantial Shareholders of the Company and constitutes a connected person under Chapter 14A of the Hong Kong Listing Rules. As such, 68,222,000 H Shares held by Beijing Investment Company would no longer be deemed as transferable Shares held by the public.

As of the date of this report, the public float of the Company was approximately 23.70%, which failed to meet the requirements on minimum public float under Rule 8.08(1)(a) of the Hong Kong Listing Rules. For further details on the insufficiency of public float, please refer to the announcement of the Company dated 2 March 2018. The Company is fully aware of the existence of the problem of insufficient public float at present. The Company is proactively taking practicable measures, including but not limited to the resumption of the A Share issuance plan at the appropriate time; negotiating with substantial Shareholders of the Company to sell the shares of the Company held by them, thereby returning the Shares held by them to public float; and/or the issuance of H Shares to independent third parties of the Company under a general mandate, to recover the public float level. However, the above methods could not be achieved for the time being due to factors such as the current audit policies of the capital market and the share price of the Company. The Company continues to pay attention to the problem of insufficient public float and attaches great importance to the resolution of this issue. This stage, the Company is in communication with certain minority shareholders (not being substantial shareholders) holding Domestic Shares of the Company, to explore the feasibility of converting their Domestic Shares into H Shares of the Company by way of full circulation of Domestic Shares. The Company has completed the engagement of legal advisers in respect of the full circulation of Domestic Shares, is communicating with relevant Shareholders, and has obtained oral consent from certain Shareholders regarding the full circulation. Subject to completion of the relevant internal corporate governance procedures by the relevant Shareholders and their satisfaction of the eligibility requirements for full circulation, the Company intends to submit applications to the China Securities Regulatory Commission for full circulation of the shares held by the relevant Shareholders in a timely manner, and expects to complete the full circulation within twelve months after submission of such applications.

PREPARATION OF FINANCIAL ACCOUNTING REPORTS IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

Pursuant to the Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong 《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所諮詢總結》 published by the Hong Kong Stock Exchange in December 2010, with effect from 15 December 2010, issuers incorporated in the mainland and listed on the Hong Kong Stock Exchange are allowed to prepare their financial statements using mainland accounting standards, and mainland audit firms endorsed by the Ministry of Finance of the PRC and the China Securities Regulatory Commission are allowed to provide audit services to issuers listed on the Hong Kong Stock Exchange using mainland auditing standards.

Based on the requirements of the above policy and considering that the Company mainly conducts its business in the mainland, in order to improve the working efficiency, the Board resolved on 15 May 2025 to approve the preparation of financial accounting reports by the Company in accordance with China Accounting Standards for Business Enterprises. The Board is of the view that the preparation of financial statements in accordance with China Accounting Standards for Business Enterprises is in the best interest of the Company and will not have any material impacts on the financial position, operating results and cash flow of the Company for 2025 and in the future.

AUDITORS

Ernst & Young resigned as the auditor of the Company on 3 August 2023. Subject to the approval by the shareholders of the Company at the 2023 third extraordinary general meeting on 18 October 2023, Da Hua Moore International CPA Limited was appointed as the auditor of the Company. Given that the Company has resolved on 15 May 2025 to adopt China Accounting Standards for Business Enterprises for the preparation of financial accounting reports, the Company is required to change its auditor for the year ended 31 December 2025. Accordingly, Da Hua Moore International CPA Limited resigned as the auditor of the Company, with effect from the conclusion of the 2024 annual general meeting of the Company. As approved by the shareholders of the Company at the 2024 annual general meeting held on 16 June 2025, Da Hua Certified Public Accountants LLP acted as the auditor of the Company for the year ended 31 December 2025.

Apart from this, the Company has not changed its auditors over last three years.

The financial statements for the Year have been audited by Da Hua Certified Public Accountants LLP.

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

MANAGEMENT CONTRACTS

No contracts regarding the management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the year of 2025.



By order of the Board
Chairman

Pei Hongwei

Beijing, 26 March 2026

CORPORATE GOVERNANCE REPORT

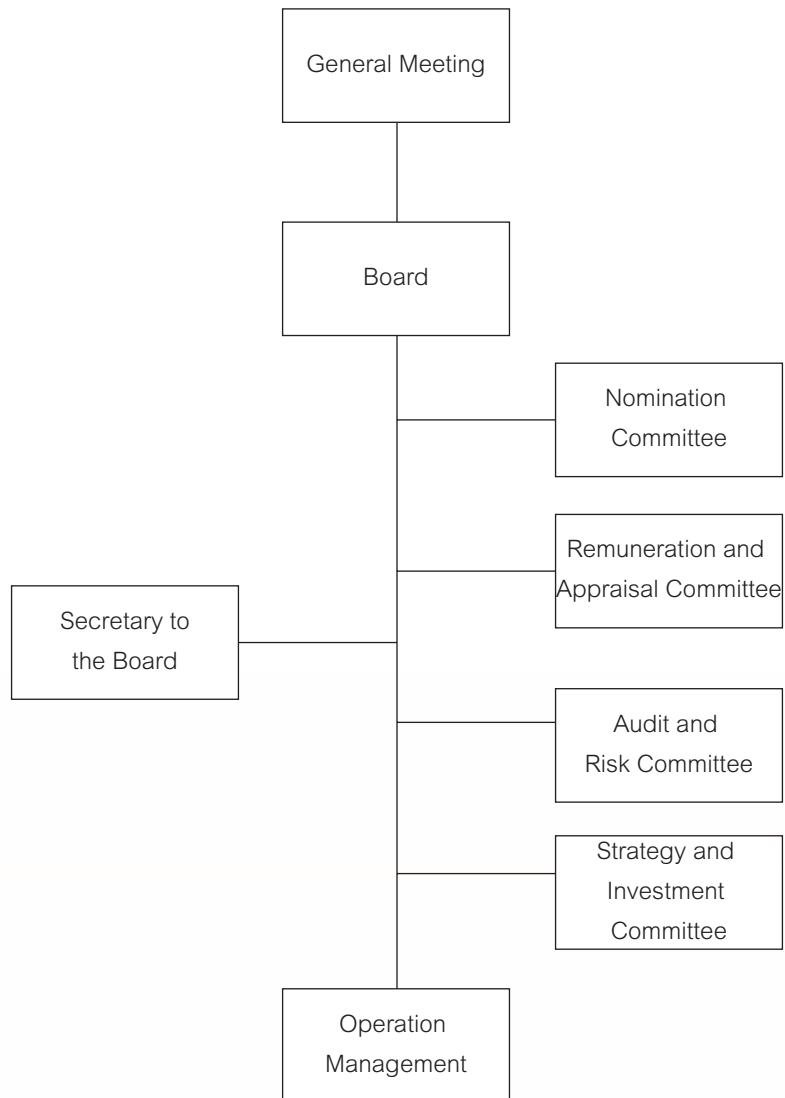
The Company strictly complies with various applicable regulatory laws and regulations as well as the Articles of Association to standardize its operation. During the Reporting Period, under the guidance of the regulatory documents such as the Articles of Association, the Rules of Procedure for the General Meeting of Beijing Urban Construction Design & Development Group Co., Limited, the Rules of Procedure for the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited, the Terms of Reference of the Audit and Risk Committee under the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited, the Terms of Reference of the Remuneration and Appraisal Committee under the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited, the Terms of Reference of the Nomination Committee under the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited, the Terms of Reference of the Strategy and Investment Committee of Beijing Urban Construction Design & Development Group Co., Limited, the Administrative Measures on Information Disclosure of Beijing Urban Construction Design & Development Group Co., Limited, the Administrative Measures on Connected Transactions of Beijing Urban Construction Design & Development Group Co., Limited, the Company continuously strengthened its internal control capability and supervision capability and enhanced its corporate governance standard through the coordination of general meetings, the Board and the specialized committees under the Board, the Board of Supervisors and the management.

Having reviewed the arrangements in relation to the corporate governance adopted by the Company during the Year, save as disclosed below, during the Year, the Board considered the Company had complied with the principles and code provisions required under the Corporate Governance Code.

The Nomination Committee of the Board of the Company currently does not comply with the requirement set forth in Section B.3.5 of Appendix C1 to the Hong Kong Listing Rules, the Corporate Governance Code, that “the Nomination Committee shall include at least one director of a different gender”. The primary reason for this is that the current gender composition of the Board of the Company is not yet in a position to fully meet this requirement. The Company attaches great importance to corporate governance and board diversity policies, and will actively seek to appoint suitable candidates as soon as possible through subsequent director nomination and election processes to comply with the aforementioned requirement. In the meantime, the Nomination Committee will continue to effectively perform its duties in accordance with the Hong Kong Listing Rules and the Articles of Association.

CORPORATE GOVERNANCE REPORT (CONTINUED)

The corporate governance structure of the Company is set out as follows:



THE BOARD

Overview

During the Year, the Board convened three general meetings in total, and submitted 17 proposals to the general meeting. 13 Board meetings were convened, including one Board meeting conducted by the chairman of the Board and the independent non-executive Directors, at which 75 resolutions were considered and approved.

The Board convenes regular meetings at least four times a year, and convenes extraordinary meetings when necessary. Notices and meeting materials for regular meetings shall be served to all Directors, Supervisors and the general manager at least 14 days prior to the meetings. The requirement on the notice period is not applicable to extraordinary Board meetings, but a reasonable notice shall be served to all Directors, Supervisors and the general manager. All Directors are entitled to submit proposals to be included as part of the agenda of the Board meetings. Detailed minutes of each Board meeting are maintained. Four specialized committees are formed under the Board, namely the Nomination Committee, the Remuneration and Appraisal Committee, the Audit and Risk Committee and Strategy and Investment Committee. The duties and responsibilities of and operating procedures for each committee are clearly defined. Each committee submits opinions and proposals to the Board on matters within their respective scope of duties and responsibilities.

During the Year, the Board continued to regulate its operations and enhanced its corporate governance standard in accordance with the applicable principles and code provisions of the Corporate Governance Code, and the relevant provisions of the Company Law, the Articles of Association and the Rules of Procedure for the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited.

CORPORATE GOVERNANCE REPORT (CONTINUED)

COMPOSITION

The terms of office of the members of the third session of the Board of the Company expired on 10 March 2025. Therefore, in accordance with the Company Law and the Articles of Association, the election of Directors of the fourth session of the Board was held during the Reporting Period, and was considered and approved at the 2024 Annual General Meeting of the Company. The members of the third session of the Board shall continue to perform their duties prior to the fourth session of the Board taking office after election.

During the Year, the Board comprised the following Directors:

Name	Position	Date of commencement and termination of the current term of office
Mr. Xia Xiujiang	Executive Director, General Manager	16 June 2025 to 15 June 2028
Mr. Pei Hongwei	Non-executive Director, Chairman	16 June 2025 to 15 June 2028
Mr. Li Guoqing	Non-executive Director, Vice Chairman	16 June 2025 to 15 June 2028
Ms. Shi Huaxin	Non-executive Director (resigned on 20 January 2026)	16 June 2025 to 15 June 2028
Mr. Zhang Pengchao	Non-executive Director (appointed on 20 January 2026)	20 January 2026 to 15 June 2028
Mr. Peng Dongdong	Non-executive Director	16 June 2025 to 15 June 2028
Mr. Li Fei	Non-executive Director	16 June 2025 to 15 June 2028
Mr. Wang Tao	Non-executive Director	16 June 2025 to 15 June 2028
Ms. Tang Qimeng	Non-executive Director	16 June 2025 to 15 June 2028
Mr. Wang Guofeng	Independent non-executive Director	16 June 2025 to 15 June 2028
Mr. Ma Xufei	Independent non-executive Director (retired on 16 June 2025)	11 March 2022 to 10 March 2025
Mr. Qin Guisheng	Independent non-executive Director (retired on 16 June 2025)	11 March 2022 to 10 March 2025
Mr. Xia Peng	Independent non-executive Director	16 June 2025 to 15 June 2028
Mr. Frank Chan Fan	Independent non-executive Director (appointed on 16 June 2025)	16 June 2025 to 15 June 2028
Mr. Zha Xiaodong	Independent non-executive Director (appointed on 16 June 2025, resigned on 23 December 2025)	16 June 2025 to 15 June 2028
Mr. Tian Aicheng	Independent non-executive Director (appointed on 23 December 2025)	23 December 2025 to 15 June 2028

Changes in the Board members during the period from 1 January 2025 to the date of this report are as follows:

At the 2024 Annual General Meeting held on 16 June 2025, the Company approved by ordinary resolutions that Mr. Xia Xiujiang was appointed as an executive Director; Mr. Pei Hongwei, Mr. Li Guoqing, Ms. Shi Huaxin, Mr. Peng Dongdong, Mr. Li Fei, Mr. Wang Tao and Ms. Tang Qimeng were appointed as non-executive Directors; and Mr. Wang Guofeng, Mr. Xia Peng, Mr. Frank Chan Fan and Mr. Zha Xiaodong were appointed as independent non-executive Directors. All of them were appointed as Directors of the fourth session of the Board. The term of office is three years commencing from 16 June 2025. Due to the Board arrangements, Mr. Qin Guisheng and Mr. Ma Xufei, Directors of the third session of the Board retired as Director on the same day.

Mr. Pei Hongwei was elected as the chairman of the fourth session of the Board and Mr. Li Guoqing was elected as the vice chairman of the fourth session of the Board by the Board at the meeting of the Board held on 16 June 2025, with immediate effect.

Due to personal career planning, Mr. Zha Xiaodong tendered his resignation as an independent non-executive director of the Company, a member of the audit and risk committee of the Board and a member of the nomination committee of the Board on 3 November 2025, with effect from the date of the election of a new independent non-executive director at the general meeting of the Company.

Due to change of job assignment, Ms. Shi Huaxin tendered her resignation as a non-executive director of the Company on 23 December 2025, with effect from the date of the election of a new non-executive director at the general meeting of the Company.

At the 2025 second extraordinary general meeting of shareholders held on 23 December 2025, Mr. Tian Aicheng was appointed as an independent non-executive Director of the Company, Mr. Zha Xiaodong ceased to serve as an independent non-executive Director of the Company, with immediate effect. Mr. Tian Aicheng has obtained the legal advice specified in Rule 3.09D of the Hong Kong Listing Rules on 23 December 2025, and confirmed that he understands his responsibilities as a director of the listed issuer.

At the Board meeting held on 23 December 2025, Mr. Tian Aicheng was appointed as a member of the audit and risk committee of the Board and a member of the nomination committee of the Board, with immediate effect.

At the 2026 first extraordinary general meeting of shareholders held on 20 January 2026, Mr. Zhang Pengchao was appointed as a non-executive Director of the Company, Ms. Shi Huaxin ceased to serve as a non-executive Director of the Company, with immediate effect. Mr. Zhang Pengchao has obtained the legal advice specified in Rule 3.09D of the Hong Kong Listing Rules on 20 January 2026, and confirmed that he understands his responsibilities as a director of the listed issuer.

Details of the above changes are set out in the Company's announcements dated 15 May 2025, 16 June 2025, 3 November 2025, 1 December 2025, 23 December 2025 and 20 January 2026, as well as the Company's circulars dated 26 May 2025, 3 December 2025 and 29 December 2025.

To the knowledge of the Company, there is no financial, business, family or other material/relevant relationship among members of the Board or between the Directors and the general manager.

CORPORATE GOVERNANCE REPORT (CONTINUED)

The Company recognises that Board independence is pivotal in good corporate governance and board effectiveness. The Board has effective mechanisms in place to ensure independent views and input from any Directors of the Company are conveyed to the Board for enhancing an objective and effective decision making.

The governance framework and the mechanisms below are under annual review by the Board, through its Nomination Committee and Remuneration Committee, to ensure their effectiveness.

During the Reporting Period, the Company has complied with Rules 3.10(1) and 3.10(2) of the Hong Kong Listing Rules regarding the appointment of at least three independent non-executive Directors and one independent non-executive Director having appropriate professional qualifications or appropriate accounting or relevant financial management expertise. In addition, the Company complies with Rules 3.10A of the Hong Kong Listing Rules regarding the appointment of independent non-executive Directors representing at least one-third of the board of an issuer. The Board has achieved the measurable objectives during the Year.

The Company values gender diversity. As at the date of this report, female Directors represented 8% of the members of the Board (one female Director out of 12 Directors). At the present stage, the composition of the Board meets the requirements for diversity. In the future, the Company will, in accordance with the requirements of the relevant policy on diversity of the Board, give due consideration to the composition of the Director candidates in the selection of Directors, with a view to further enhancing the diversity of the Board members.

The Company has arranged for appropriate insurance coverage in respect of any legal actions which may be instituted against its Directors and senior management in relation to their performance of duties during the Reporting Period.

GENDER DIVERSITY

The Company attaches great importance to the gender diversity of its employees. To strive for greater gender diversity, the Company further optimises policies and programs initiatives across the entire career lifecycle, from staff recruitment to staff development and retention. Such programs and initiatives include gender-inclusive recruitment and talent attraction policies, fully monitored promotion and succession planning, intensive inhouse multicultural training, unconscious bias training and inclusion programs, the expansion of new forms of work such as shared or part-time leadership positions, including expectation on the size of each of the department in the future in terms of possible growth and contractions, possible scenarios for restructuring, changes in the number of positions for female in the department, and the possible barriers which may be encountered. The Group attaches importance to the gender diversity of its staff. As of the end of the Reporting Period, the proportion of male senior management and female senior management of the Group was 75% and 25% respectively and the proportion of male staff and female staff (exclude senior management) of the Group was 67% and 32% respectively. The Group considers that during the Reporting Period, the gender diversity at the staff (including senior management) level has been achieved and does not have any other plans or measurable objectives for gender diversity for the time being.

Employees' turnover of the Group

Employee category		Employees turnover rate
By gender	Male	4 %
	Female	1 %

CORPORATE CULTURE

The corporate culture of the Company is:

Mission	Design cities to build the future
Vision	Become an integrated service provider of urban construction led by design
Values	Customer first, fighting will as the foundation, integrity and realism, pursuit of excellence
Spirit	Craftsmanship, responsibility, innovation and struggle
Quality Policy	Scientific management, excellent quality, continuous improvement and customer satisfaction

We believe that our corporate culture is closely related to our business development. Since its establishment, the Company has always taken "Design cities to build the future" as its corporate mission, and is committed to becoming an integrated service provider of urban construction led by design. The Company has completed a number of projects that have attracted the world's attention, winning the national award for technological inventions, the Luban award, the FIDIC award and many other honours, which has been unanimously recognised by the government, our customers and the society. Led by our corporate culture, we are committed to becoming an integrated service provider of urban construction led by design, promoting the organic integration and sustainable development of people, cities and environment.

CORPORATE GOVERNANCE REPORT (CONTINUED)

DUTIES AND RESPONSIBILITIES

The Board is responsible for convening general meetings, reporting its work to the general meetings, implementing resolutions of the general meetings, determining the operation plans, investment plans and major assets disposal and restructuring plans of the Company, formulating the annual financial budgets plans and final accounts of the Company, formulating plans of profits distribution and recovery of losses of the Company, formulating proposals for the increase in or reduction of the registered capital of the Company, drawing up plans for the issuance of corporate bonds, drawing up plans for merger, division, dissolution or change of form of the Company, determining the establishment of internal administrative organizations of the Company and appointing or removing the general manager and secretary to the Board of the Company. It also appoints, according to the nomination of the general manager, or removes the vice general manager, chief accountant and other senior management of the Company and determines their remuneration matters. It is also responsible for formulating the fundamental management system of the Company, formulating proposals for any amendments to the Articles of Association, managing the information disclosure matters of the Company, proposing the appointment or change of the accounting firm performing auditing for the Company at the general meetings, formulating and reviewing the corporate governance policies and practices of the Company, reviewing and overseeing the training and continuous professional development of Directors and senior management, reviewing and monitoring the Company's policies and practices in relation to the compliance with laws and regulatory requirements, formulating, reviewing and supervising the code of conduct and compliance manual (if any) to employees and Directors, reviewing the Company's compliance with Corporate Governance Code and its disclosures in the Corporate Governance Report, and exercising other powers conferred by the laws, regulations, the requirements under the listing rules of the stock exchange where the Company's Shares are listed, the general meetings and the Articles of Association.

RESPONSIBILITIES OF THE MANAGEMENT

The management of the Company is mainly responsible for the operation and management of the Company. It performs its duties within the scope authorized by the Board and is responsible for its performance under the review and supervision of the Board.

CHAIRMAN AND GENERAL MANAGER

The roles of the chairman and the general manager have been clearly segregated to ensure a balance of power and authority. The current chairman of the Board of the Company, Mr. Pei Hongwei, is responsible for leading the Board to ensure its effective operation. Mr. Xia Xiujiang serves as the general manager and is responsible for the business operation of the Company.

DIRECTORS TRAINING

Each year, each Director will receive information in relation to guidelines on ethics and other major governance matters upon his/her appointment to the Board. Director training is a constant process to ensure the Directors are fully informed in making their contribution to the Board. During the Reporting Period, the Directors received regular updates and summaries on the changes and latest development of the business and operation of the Group and the relevant legal and regulatory environment. In addition, all Directors were encouraged to participate in relevant training courses at the expense of the Company.

During the Reporting Period, the Directors of the Company emphasized on updating their specialized knowledge and techniques to meet the requirement of the development of the Company. The Company also arranged trainings for Hong Kong Listing Rules, continuing connected transaction and ESG Corporate Governance Code, etc.

DIRECTORS	Corporate governance	Laws and regulations	Business management
Executive Director			
Mr. Xia Xiujiang	✓	✓	✓
Non-executive Directors			
Mr. Pei Hongwei	✓	✓	✓
Mr. Li Guoqing	✓	✓	✓
Ms. Shi Huaxin (<i>resigned on 20 January 2026</i>)	✓	✓	✓
Mr. Zhang Pengchao (<i>appointed on 20 January 2026</i>)	✓	✓	✓
Mr. Peng Dongdong	✓	✓	✓
Mr. Li Fei	✓	✓	✓
Mr. Wang Tao	✓	✓	✓
Ms. Tang Qimeng	✓	✓	✓
Independent non-executive Directors			
Mr. Wang Guofeng	✓	✓	✓
Mr. Ma Xufei (<i>retired on 16 June 2025</i>)	✓	✓	✓
Mr. Qin Guisheng (<i>retired on 16 June 2025</i>)	✓	✓	✓
Mr. Xia Peng	✓	✓	✓
Mr. Frank Chan Fan (<i>appointed on 16 June 2025</i>)	✓	✓	✓
Mr. Zha Xiaodong (<i>appointed on 16 June 2025 and resigned on 23 December 2025</i>)	✓	✓	✓
Mr. Tian Aicheng (<i>appointed on 23 December 2025</i>)	✓	✓	✓

CORPORATE GOVERNANCE REPORT (CONTINUED)

SUMMARY OF WORK UNDERTAKEN

During the Year, the Board convened three general meetings in total, and submitted 17 proposals to the general meeting. 13 Board meetings were convened, including one Board meeting conducted by the chairman of the Board and the independent non-executive Directors, at which 75 resolutions were considered and approved.

The attendance record of the Board meetings of each Director is as follows:

Name	Number of meetings required to be attended	Number of meetings attended	Number of meetings attended by proxy
Mr. Xia Xiujiang	12	10	2
Mr. Pei Hongwei	13	13	0
Mr. Li Guoqing	12	12	0
Ms. Shi Huaxin (<i>resigned on 20 January 2026</i>)	12	10	2
Mr. Zhang Pengchao (<i>appointed on 20 January 2026</i>)	0	0	0
Mr. Peng Dongdong	12	9	3
Mr. Li Fei	12	12	0
Mr. Wang Tao	12	9	3
Ms. Tang Qimeng	12	12	0
Mr. Wang Guofeng	13	10	3
Mr. Ma Xufei (<i>retired on 16 June 2025</i>)	4	4	0
Mr. Qin Guisheng (<i>retired on 16 June 2025</i>)	4	4	0
Mr. Xia Peng	13	13	0
Mr. Frank Chan Fan (<i>appointed on 16 June 2025</i>)	9	9	0
Mr. Zha Xiaodong (<i>appointed on 16 June 2025 and resigned on 23 December 2025</i>)	8	6	2
Mr. Tian Aicheng (<i>appointed on 23 December 2025</i>)	1	1	0

The main tasks accomplished by the Board during the Year included:

- the convening of three general meetings and submission of 17 resolutions to the general meeting, including the report of final financial accounts for 2024, the audited consolidated financial statements for 2024 and its summary, the profits distribution plan and the dividend declaration proposal for 2024, the Report of the Board of Directors for 2024, the investment plans for 2025, the appointment of auditors for 2025, appointment of directors to the fourth session of the Board of Directors, amendments to the Articles of Association, amendments to the Rules of Procedures for General Meetings, amendments to the Rules of Procedures for Meetings of Board of Director, registration and issuance of ultra-short-term financing bonds, renewal of continuing connected transaction with the Beijing Urban Construction Group Co., Ltd., all of which were approved at the general meeting;
- the convening of 13 Board meetings and consideration and approval of 75 resolutions, including proposed resolutions on the annual financial final accounts report for 2024, the audited consolidated financial statements for 2024 and its summary, the proposed profit distribution plan and dividend declaration for 2024, the financial budget for 2025, the business plan for 2025, the investment completion report for 2024 and investment plan for 2025, the Report of the Board of Directors for 2024, the annual results announcement for 2024 and annual report for 2024, the environmental, social and governance report for 2024, and the interim results announcement for 2025 and interim report for 2025.

NOMINATION COMMITTEE

The major duties and responsibilities of the Nomination Committee of the Company are: to review the size, structure and composition of the Board at least on an annual basis and make recommendations to the Board on any proposed changes, with particular attention to whether the director candidates meet the Board's diversity requirements in terms of gender, age, ethnicity, cultural and educational background, professional experience, and skills, according to the conditions of operating activities, the scale of assets and shareholding structure of the Company, assess the independence of the independent non-executive Directors, and study the criteria and procedures for selecting Directors and senior management and make recommendations thereon to the Board. It is also responsible for conducting extensive searches for qualified candidates for Directors and senior management, conducting examination on the candidates for Directors and senior management and making recommendations on the appointment, reappointment and succession of Directors and senior management. It also needs to conduct examination on other senior management candidates that must be recommended to the Board for appointment and make recommendation and is in charge of other matters required by the laws, regulations, the Articles of Association, securities regulatory authorities at the places where the Company's Shares are listed and other matters authorised by the Board.

CORPORATE GOVERNANCE REPORT (CONTINUED)

The Nomination Committee shall first discuss the nomination of candidates for new Directors, examine the qualification of these candidates, and then recommend such candidates to the Board. The Board shall determine whether the appointment of such candidates should be proposed for election at the general meetings. The major criteria considered by the Nomination Committee and the Board are the candidates' educational backgrounds, experience in the industry, their proposed commitment to the Company and achieving the goal of diversity of the Board. Regarding the nomination of independent non-executive Directors, the Nomination Committee will also particularly consider the independence of such candidates. To achieve diversity of the Board, the Board has strictly adhered to the Diversity Policy on Members of the Board of Directors, according to which, selection of the members of the Board are required to be conducted on the basis of a range of diversity perspectives by taking into account the consolidated factors including skills, experience, independence, knowledge on the business of the Company, the composition of various factors (including gender and age) and other factors relating to the operation efficiency of the Board. The Nomination Committee is responsible for supervising the implementation of such policy.

As at the date of the report, the implementation of the diversity policy of the Board is as follows:

1. The Board comprises 12 Directors, of which four are independent non-executive Directors. The composition is in compliance with the requirements of Rules 3.10(1) and 3.10A of the Hong Kong Listing Rules in relation to "at least one-third of the members of the Board shall be independent non-executive Directors".
2. At least one of the independent non-executive Directors has obtained financial professional qualifications, while other Directors possess legal, business administration, engineering management and other professional experience, which are also in compliance with the requirements of Rule 3.10(2) of the Hong Kong Listing Rules.
3. Members of the Board have different education backgrounds, including doctoral degrees in heat supply, gas supply, ventilation and air-conditioning engineer, master's degrees in transportation planning and management, software engineering, economics, finance and project management, master's and doctoral degrees in accounting, master's degrees in business administration and laws, and a doctoral degree in engineering management. Their ages are from 36 to 67, with one female member.

CORPORATE GOVERNANCE REPORT (CONTINUED)

During the Year, the Nomination Committee held four meetings in total to consider and confirm the qualifications and profiles of the Directors and Supervisors, as well as nominate the candidates of Director of the fourth session of the Board of Directors of the Company, the candidates of independent non-executive Director of the Company and the candidates of non-executive Director of the Company. The attendance record of the meeting of the members of the Nomination Committee is as follows:

Name of member	Position	Number of meetings required to be attended	Number of meetings attended	Number of meetings attended by proxy
Mr. Pei Hongwei	Chairman of the Nomination Committee	4	4	0
	Non-executive Director			
Mr. Wang Guofeng	Independent non-executive Director	4	4	0
Mr. Qin Guisheng	Independent non-executive Director (retired on 16 June 2025)	2	2	0
Mr. Zha Xiaodong	Independent non-executive Director (appointed on 16 June 2025 and resigned on 23 December 2025)	2	2	0
Mr. Tian Aicheng	Independent non-executive Director (appointed on 23 December 2025)	0	0	0

Note:

- The Nomination Committee under the Board of Directors of the Company currently does not meet the requirement of the code provision B.3.5 of the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules that “the nomination committee should have at least one director of a different gender”. The main reason is that the current gender composition of the Board of Directors of the Company is not yet in a position to fully meet this requirement. The Company attaches great importance to corporate governance and board diversity policy, and will actively leverage subsequent director nomination and election procedures to appoint suitable candidates as soon as possible in order to comply with the aforementioned requirements. During this period, the Nomination Committee will continue to effectively perform its duties in accordance with the Listing Rules and the Articles of Association.

CORPORATE GOVERNANCE REPORT (CONTINUED)

REMUNERATION AND APPRAISAL COMMITTEE

The major duties and responsibilities of the Remuneration and Appraisal Committee of the Company are: to formulate the general plan or proposal for the remuneration of the Directors and senior management and individual remuneration packages according to the main scope, duties and responsibilities, and importance of the management positions of the Directors and senior management as well as the remuneration level of their counterparts in other related enterprises, and make recommendations to the Board; the remuneration plans or proposals shall mainly include, but are not limited to, the criteria, procedures and the main regime of the performance appraisal, and the main proposals and systems of incentives and punishments as well as compensations related to the dismissal; to review the performance of duties of the Directors (other than independent Directors) and senior management of the Company and conduct an annual appraisal on their performance; to be responsible for supervising the implementation of the remuneration policy of the Company; to ensure neither the Directors nor their associates would determine their individual remuneration on their own; and to be in charge of other matters required by the laws, regulations, the Articles of Association, securities regulatory authorities at the places where the Company's Shares are listed and other matters authorised by the Board.

The fixed salaries of the executive Directors and other senior management are determined in accordance with the market levels and their respective positions and duties, and their performance-related bonuses are subject to various considerations, including the operating results of the Company and the results of their performance appraisals. Directors' fees and Supervisors' fees are determined with reference to the market levels and the circumstances of the Company.

During the Year, the Remuneration and Appraisal Committee held one meeting in total to consider the performance of duties and responsibilities of the executive Directors and other senior management of the Company and their remuneration matters. The attendance record of the meeting of the members of the Remuneration and Appraisal Committee is as follows:

Name of member	Position	Number of meetings required to be attended	Number of meetings attended	Number of meetings attended by proxy
Mr. Wang Guofeng	Chairman of the Remuneration and Appraisal Committee Independent non-executive Director	1	1	0
Mr. Wang Tao	Non-executive Director (retired on 16 June 2025)	0	0	0
Mr. Ma Xufei	Independent non-executive Director (retired on 16 June 2025)	0	0	0
Mr. Xia Xiujiang	Executive Director (appointed on 16 June 2025)	1	1	0
Mr. Frank Chan Fan	Independent non-executive Director (appointed on 16 June 2025)	1	1	0

AUDIT AND RISK COMMITTEE

The major duties and responsibilities of the Audit and Risk Committee of the Company are: scrutinize the Company's financial affairs; supervise material decisions; supervise the performance of duties by directors and senior management, and propose the removal of directors and senior management who have violated laws, administrative regulations or the Articles of Association; demand that directors and senior management rectify their actions where such actions damage the interests of the Company; propose the convening of an extraordinary meeting of the board of directors and a general meeting of shareholders; to make proposals to engage or replace its external auditing firm; to monitor, based on the applicable criteria, whether the external auditor is independent and objective and whether the auditing procedures are effective; to be responsible for the approval of the fees and engagement terms for the external auditor; to make and implement the policy about hiring the auditor to provide non-audit service; to supervise the internal audit system and its implementation for the Company, ensure the internal audit being performed with sufficient internal resources of the Company, and monitor the effectiveness of the internal audit function; to ensure the internal audit department carrying out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems; to be responsible for the communication between the internal auditing and the external auditing; to review the Company's financial information and its disclosure, and examine the Company's accounting practices and policies; to review the Company's internal control and risk management systems; to make comments and proposals on the soundness and perfectness of such systems; to make risk analysis on any significant investments being operated by the Company; to oversee the Company's internal control and risk management systems on an ongoing basis, ensure that a review of the effectiveness of the Company's and its subsidiaries' internal control and risk management systems has been conducted at least annually (such review should cover all material controls, including financial, operational and compliance controls) and analyze major investigation findings on internal control and risk management matters (whether conducted by the audit and risk committee as delegated by the board of directors or on its own initiative) and the management's response to these findings; to discuss with the management about the risk management and internal control systems, and ensure that the management has performed its duty to have effective risk management and internal control systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit and financial reporting function; to make comments and proposals on the appraisal and replacement for the head of the internal audit department of the Company; to review any letters issued by the external auditor to the management, including any material queries raised by the auditor in respect of accounting records, financial statements or internal control systems as well as the management's response; to review whether the mechanism allowing employees to report on or complain about, by way of whistleblowing, any misconduct in respect of the Company's financial reports, internal control or other matters is well established, and to ensure a proper arrangement of the Company which may enable fair and independent investigation and follow-up procedures for the case of whistleblowing; to receive, keep and deal with complaints known to the Company about issues of accounting, internal control or audit; to receive and deal with complaints or anonymous whistleblowing regarding issues of accounting or audit from employees, and ensure to keep them confidential; to liaise on a regular basis with the board of directors, senior management and the external auditor, and to meet at least twice a year by way of on-site meetings or by correspondence with the Company's external auditor; to perform other duties as required by applicable laws, regulations, the Articles of Association, relevant regulations of the securities regulatory authorities in the localities where the Company has its shares listed, and authorized by the board of directors.

CORPORATE GOVERNANCE REPORT (CONTINUED)

During the Year, the Audit and Risk Committee held seven meetings in total to consider and approve 10 proposals in respect of the result of audit on 2024 annual report, change of accounting firms performing listing audit services, the 2025 interim results report of the Company, the 2025 audit plan of the Company and the internal audit of the Company, etc. The attendance record of the meetings of the members of the Audit and Risk Committee is as follows:

Name of member	Position	Number of meetings required to be attended	Number of meetings attended	Number of meetings attended by proxy
Mr. Xia Peng	Chairman of the Audit and Risk Committee	7	7	0
Mr. Peng Dongdong	Independent non-executive Director	4	4	0
Mr. Li Fei	Non-executive Director (retired on 16 June 2025)	3	3	0
Mr. Qin Guisheng	Non-executive Director (appointed on 16 June 2025)	4	4	0
Mr. Wang Guofeng	Independent non-executive Director (retired on 16 June 2025)	3	3	0
Mr. Zha Xiaodong	Independent non-executive Director (appointed on 16 June 2025 and resigned on 23 December 2025)	2	2	0
Mr. Tian Aicheng	Independent non-executive Director (appointed on 23 December 2025)	1	1	0

The Audit and Risk Committee has reviewed the audited annual results of the Group for the year ended 31 December 2025.

EXTERNAL AUDITORS

In 2025, the Company should pay RMB2.50 million to external auditors in relation to auditing services, which included the payments on auditing the annual financial report of 2025 and payments on the review of the 2025 interim financial report. The Company's external auditors did not provide any other non-audit services to the Company; payments on non-audit services amounted to RMB 0.

STRATEGY AND INVESTMENT COMMITTEE

The major duties and responsibilities of the Strategy and Investment Committee of the Company are: to conduct research and provide recommendations on matters such as the Company's medium and long-term development strategy, major investment decisions, and industrial layout adjustments; to track and analyze the macroeconomic situation, industry trends, and market competition dynamics, and to propose timely strategic adjustments; to review the Company's annual investment and financing plans, conduct feasibility studies and risk assessments on major investment projects, and put forward recommendations on investment and financing decisions; to provide guidance and supervision over the development strategies and major investment activities of subsidiaries, ensuring alignment with the Company's overall strategic planning; to participate in the formulation of ESG strategic plans and policies, assess and identify ESG risks, guide and monitor the operation of the ESG system, and review major ESG-related investments; to monitor and control the Company's exposure to sanctions-related legal risks, and to advise the Board on corporate activities that may or could potentially expose the Company to sanctions risks; to handle other relevant matters as required by applicable laws and regulations, the rules of the securities regulatory authority in the jurisdiction where the Company's shares are listed, and as otherwise authorized by the Board from time to time.

In 2025, with respect to the Company's future development and business layout, the Strategy and Investment Committee convened one meeting to deliberate on the Company's five-year development plan. The attendance record of the meeting of the members of the Strategy and Investment Committee is as follows:

Name of member	Position	Number of meetings required to be attended	Number of meetings attended	Number of meetings attended by proxy
Mr. Pei Hongwei	Chairman of the Strategy and Investment Committee Non-executive Director	1	1	0
Mr. Xia Xiujiang	Executive Director	1	1	0
Mr. Wang Guofeng	Independent non-executive Director	1	1	0

CORPORATE GOVERNANCE REPORT (CONTINUED)

INTERESTS HELD BY THE DIRECTORS AND SECURITIES TRANSACTIONS

All Directors shall declare to the Board whether they hold offices or positions in other companies or entities upon their appointments as Directors and they are required to update the Board annually in respect of their relevant interests. If the Board considers that a Director has conflict of interest in any resolution or transaction when discussed, the Director shall declare his interests and abstain from voting. If appropriate, the Director should be excused from the meeting.

The Company adopted the Model Code as the code for securities transactions conducted by the Directors and Supervisors. Each of the Directors and Supervisors has confirmed his/her compliance with the above code during the Year upon specific enquiries with all of them.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group actively implements environmental, social and governance (ESG) practices to strengthen its core competitiveness in sustainable development. The Company's ESG practice cases have been included in the Beijing SASAC ESG Bluebook for two consecutive years, among which the submitted case titled "Implementing Policy Guidance through Prefabricated Interior Decoration to Forge a New Path for Urban Green Development" was selected as one of the "Top Ten Cases" for the first time.

This case focuses on the application of prefabricated interior decoration technology in the Beijing Health and Senior Care • Yishou Jiayuan (北京康養•頤壽嘉園) project. It systematically outlines the Company's concrete actions and innovative achievements in the ESG field from the perspectives of top-level design, technological innovation, and process management. The case highlights the Company's outstanding contributions to environmental, economic, and social benefits, demonstrating the deep integration of ESG concepts with corporate strategy. It provides a replicable practical pathway for the green transformation of the construction industry and the upgrading of elderly care services.

Looking ahead, the Group will continue to uphold its sense of responsibility as a state-owned enterprise, further strengthen the development of its ESG management system, and contribute to high-quality and sustainable development in the industry through more pragmatic, innovative, and high-quality practices.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors are responsible for monitoring the preparation of the financial statements for every financial year and ensuring those financial statements provide a true and fair view on the business conditions, operating results and cash flows of the Group in the relevant period. In preparing the financial statements for the year ended 31 December 2025, the Directors have selected appropriate accounting policies and applied them consistently, adopted all relevant standards in compliance with the Accounting Standards for Business Enterprises, and made a prudent and reasonable judgment and estimation and prepared the financial statements on a going concern basis.

In accordance with the requirements of the Hong Kong Listing Rules, the Company has timely announced its annual and interim results within three and two months, respectively, after the end of the relevant financial periods.

Risk Management and Internal Control

The Board should oversee the risk management and internal control systems of the Group, be responsible for the risk management and internal control systems and reviewing their effectiveness to safeguard state-owned assets against being lost. The risk management and internal control systems are primarily designed to prevent material outflow of the Company's economic benefits and reduce the impact of external environmental fluctuations on the Company's business operation. Such systems are designed to effectively manage, rather than entirely eliminate, risks that may hinder the achievement of business objectives. Furthermore, it can provide only reasonable, not absolute, assurance regarding the prevention of material misstatements or losses. The Board and the Audit and Risk Committee will inspect the internal risk management and internal control systems of the Group annually to verify whether they meet the needs of the Company's current organization.

During the Reporting Period, the Board and the Audit and Risk Committee have reviewed the internal risk management and internal control systems of the Group. The review covered key risk points in the course of the Company's operation management, such as the internal control system of the financial system, and specific inspection on the Company's information in key areas such as basic accounting work, internal audits, and financial reports. The training of employees has been reviewed to further assess the rationality of the courses and the adequacy of the budget. No major internal control issues were found in this review. The Board considers that, in terms of current conditions, the Group's control of various risk points is rigorous and precise, and the implemented internal control measures are effective, thus the existing risk management and internal control systems are effective and adequate.

CORPORATE GOVERNANCE REPORT (CONTINUED)

The Main Features of the Risk Management and Internal Control Systems

The management framework and contents of the Company's internal control are set out as follows:

The Company strives to develop a comprehensive internal control system on the basis of Guidelines on Internal Control of Beijing Urban Construction Design & Development Group Co., Limited and its supplementary guidelines with a focus on management and business processes covering five basic elements such as the internal environment, risk assessment, control activities, information and communication and internal supervision, to systematically promote the establishment and improvement of the internal control system.

The internal environment is the foundational framework of the Company's internal control system. By fostering a company-wide awareness of internal control and strengthening the cultural foundation of internal control, the Company further consolidates the basis for the standardized operation of its various production, operation, and management activities.

Risk assessment is pre-step in the Company's internal control management. Based on the current management system and centered on the core objective of maintaining and increasing the value of state-owned assets, the Company conducts comprehensive assessments of various risks that may lead to uncertainty, focusing on key nodes in its operation and management. This ensures that the assessment results are aligned with the Company's overall risk appetite.

Control activities serve as the core means of implementing risk management and mitigation. Based on the results of risk assessments, the Company applies targeted control measures to precisely manage risks within an acceptable range, ensuring that no risk exposure remains uncontrolled. Control activities covers many aspects, such as strategic management control, overall budget control, management report control, performance evaluation control, internal audit control, control on the division of incompatible responsibilities, control on the authorisation and approval, control on "Three Importance and One Greatness", risk alert and emergency response mechanism, and the control on information system and accounting system.

Information and communication serve as critical enablers for the efficient operation of internal control. The Company has established and enhanced mechanisms for the collection, processing, organization, and transmission of internal control-related information, ensuring that information flows in a timely, accurate, and complete manner to all decision-making and execution stages, thereby providing strong support for the efficient conduct of management activities.

Internal supervision plays a vital role in the continuous optimization of the internal control system. The Company regularly conducts supervisory inspections on the establishment and implementation of internal controls, comprehensively evaluates the effectiveness of the internal control system, and drives its iterative improvement based on the evaluation results. Concurrently, the Company dynamically updates its Risk Database. Under the prerequisite of fully assessing management's risk appetite and risk tolerance, it conducts an in-depth analysis of inherent industry risks, classifies and prioritizes them according to their impact levels, and addresses various foreseeable risks through comprehensive internal control measures, thereby preventing the formation of any risk exposure.

Internal Audit Function

As a daily operational office of the Audit and Risk Committee under the Board, the legal audit department of the Company is a major supervisory body of the Group's internal control system, being responsible for monitoring the establishment, improvement and effectiveness of internal control system of the Company and its subsidiaries through the whole processes in order to ensure that internal control system covers all aspect of the operation and management and is in line with regulatory requirements and actual development of the enterprise. Meanwhile, the legal audit department regularly organizes special inspections and routine reviews of the implementation of various internal control systems to promptly identify deviations, loopholes, and potential risks in system execution, and urges relevant departments to rectify and implement improvements. Additionally, the legal audit department takes the lead in organizing the annual internal control self-assessment, including developing assessment plans, forming assessment teams, conducting on-site testing and deficiency identification, and producing objective and comprehensive assessment reports.

As the primary supervisory body for the Company's internal control system, the legal audit department fulfills the core responsibilities of internal control oversight, coordinates the resolution of significant issues in the construction and operation of the internal control system, and ensures the effective functioning of internal control mechanisms. At the same time, it fully executes the internal audit function by formulating annual audit plans, conducting operational audits, special audits, and other related activities, issuing audit reports, and tracking the implementation of corrective actions, thereby effectively fulfilling its audit and oversight responsibilities.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Procedure of Identifying, Evaluating and Managing Significant Risks and Reviewing the Effectiveness of Risk Management and Internal Control Systems

Based on the Company's Internal Audit Operation Manual, the Company's Internal Audit Management Regulations and the Company's Internal Audit Management Measures, the Company's internal control system strictly conforms to the principles of audit independence and objectivity and the relevant systems, with an emphasis on enhancing cooperation and collaboration with other internal supervision forces, such as internal discipline and organization personnel, to ensure that the internal audit results and rectification are regarded as an important basis for assessment, appointment, dismissal, reward and punishment and relevant decision-making, and play a supervisory and control role in the Company's economic operation system. The specific procedures include:

- Overseeing the implementation of systems and plans to provide the basis for the organization's management decisions.
- Identifying weak areas of operation and management and assisting the organization in improving its self-control mechanisms.
- Improving production and operation efficiency and economic efficiency by encouraging organizational units to improve work or production.
- Overseeing the fulfillment of the economic responsibilities entrusted to the organization in order to safeguard the legitimate economic interests of the organization.
- Monitoring the safety of property and promoting the preservation and appreciation of the organization's property and assets.
- Performing traditional audit confirmation business and evaluating the conformity and compliance of the Company's operations with the management system.
- Expanding the consulting business of auditing, implementing a top-to-bottom ethical atmosphere in the Company, and monitoring the Company's compliance with the requirements of professional ethics.

Procedures of Addressing the Material Deficiencies in the Internal Control System

The internal control evaluation team shall perform preliminary identification of the defects in the internal control according to the evidences obtained in on-site testing, and classify them into significant, important and general defects based on their impact level. Timely measures should be adopted to address the identified significant defects, so as to effectively control the risks within a tolerable level. And the staff of related department involved shall be accountable for the issue according to the practical situation.

The internal control evaluation team shall prepare the summary report of identified defects in internal control, setting out the comprehensive analysis on the defects and reasons for, forms and degree of impacts of defects in internal control. The significant defects shall be determined by the Board.

For the defects identified in the course of evaluation of internal control, the legal audit department shall be responsible for supervising and procure the accountable department to rectify them within the specified period, and track, verify and confirm the rectification throughout the entire process. Internal control evaluation report shall be prepared by the legal audit department based on the evaluation result and shall be submitted according to the Group's requirements. The evaluation materials of internal control shall be properly kept by the legal audit department and shall be filed according to the administrative requirements of general documents of the technology and quality department.

The Procedures and Internal Control Measures for the Handling and Dissemination of Inside Information

The Company has established the Information Disclosure Management System which stipulates the procedures and internal control measures for the handling and dissemination of inside information. Prior to information disclosure, the scope of persons who have access to such information shall be minimised. They shall not leak the inside information of the Company, engage in inside trading or collude with other persons to manipulate the prices of the Company's securities. Unless the exceptions set out in regulatory laws and rules of Hong Kong, the Company shall disclose the inside information via publishing announcements on the Hong Kong Stock Exchange as far as reasonable and practical after such information has come to the knowledge of the Company.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Board of Supervisors

The Board of Supervisors of the Company is accountable to the general meetings and its duties and responsibilities mainly include: to review the financial affairs of the Company; to oversee the performance of the duties for the Company by the Directors and senior management and make proposals to dismiss the Directors and senior management who have violated the relevant laws, administrative regulations, the Articles of Association or resolutions passed at the general meetings; to request the Directors and senior management to rectify if their acts have jeopardized the Company's interests; to review financial information (including financial reports, business reports and any plans for profit distribution) to be proposed by the Board to the general meetings, and to retain, in the name of the Company, registered accountants and certified auditors to assist in the review of such information should any doubt arise; to propose to convene an extraordinary general meeting and in case the Board fails to perform the duty of convening and presiding over general meetings, to convene and preside over a general meeting; to put forward proposals at the general meetings; to represent the Company in negotiating with the Directors and senior management and initiate legal proceedings against the Directors and senior management; and to be in charge of other functions and powers as required under the Articles of Association.

As at the date of this report, the members of the Board of Supervisors of the Company comprise four Supervisors assumed by the Shareholder representatives and three Supervisors assumed by employee representatives, with a total of seven Supervisors. During the Year, the Board of Supervisors held five meetings in total and considered and approved seven resolutions. It supervised, on behalf of the Shareholders, the financial position of the Group, the legitimacy and compliance of the performance of duties by the Directors and senior management, attended the Board meetings and general meetings, and fulfilled its duties diligently.

A resolution on the amendments to the Articles of Association was considered and approved at the 2025 first extraordinary general meeting of the Company held on 25 November 2025. The Board of Supervisors of the Company was dissolved with effect from the effective date of the amendments to the Articles of Association, and the fourth session of the Board of Supervisors of the Company therefore retired. Please refer to announcements dated 30 October 2025 and 25 November 2025, and a circular dated 5 November 2025 of the Company, respectively, for details.

Directors' Responsibility for the Financial Statements

All the Directors of the Company acknowledge that they are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the disclosure provisions of China Accounting Standards for Business Enterprises and the Hong Kong Companies Ordinance. To the knowledge of the Directors, there is no event or condition that may have a material adverse effect on the continuing operation of the Company.

Independence of Independent Non-executive Directors

The Company has received the annual confirmation letters from all the independent non-executive Directors in relation to their independence. As at the date of this report, the Company is of the view that all the independent non-executive Directors are independent.

The Company has established mechanisms to ensure independent views and input are available to the Board, including without limitation by reviewing that the independent non-executive Directors have appropriate qualifications and expertise from time to time with sufficient time commitment to the Group, that the number of independent non-executive Directors is in line with the requirements of the Hong Kong Listing Rules, and that channels are established to assess and evaluate the independent non-executive Directors' contribution and views. The implementation and effectiveness of such mechanisms will be reviewed by the Board on an annual basis.

Company Secretary

Mr. Xuan Wenchang has independently served as the company secretary of the Company since 1 October 2020. In 2025, Mr. Xuan Wenchang has received relevant professional trainings for not less than 15 hours. Please refer to "Directors and Other Senior Management" for the biographical details of Mr. Xuan Wenchang. Each of the Directors could discuss with the company secretary for seeking opinions and obtaining information.

GENERAL MEETING

The general meeting is the supreme authority of the Company. It performs its functions according to law and makes decisions on major issues in relation to the Company. The annual general meetings or extraordinary general meetings provide a channel for the Shareholders of the Company to communicate directly with the Board. In 2025, the Company convened two extraordinary general meetings and one annual general meeting in total, at which 17 proposals were considered and approved. All the Directors, Supervisors and senior management members shall, as far as practicable, attend the general meeting of the Company. The following is the attendance record of the general meetings of the Directors:

Name	Number of meetings required to be attended	Number of meetings attended
Mr. Pei Hongwei	3	3
Mr. Li Guoqing	3	3
Mr. Xia Xiujiang	3	2
Ms. Shi Huaxin (<i>resigned on 20 January 2026</i>)	3	1
Mr. Zhang Pengchao (<i>appointed on 20 January 2026</i>)	0	0
Mr. Peng Dongdong	3	1
Mr. Li Fei	3	3
Mr. Wang Tao	3	1
Ms. Tang Qimeng	3	2
Mr. Wang Guofeng	3	3
Mr. Xia Peng	3	3
Mr. Qin Guisheng (<i>retired on 16 June 2025</i>)	1	0
Mr. Ma Xufei (<i>retired on 16 June 2025</i>)	1	1
Mr. Frank Chan Fan (<i>appointed on 16 June 2025</i>)	2	2
Mr. Zha Xiaodong (<i>appointed on 16 June 2025, retired on 23 December 2025</i>)	2	1
Mr. Tian Aicheng (<i>appointed on 23 December 2025</i>)	0	0

CORPORATE GOVERNANCE REPORT (CONTINUED)

SHAREHOLDER COMMUNICATION POLICY

The provisions set out in the Shareholder Communication Policy are designed to ensure that shareholders of the Company, including individual and institutional shareholders (collectively, “**Shareholders**”) and, where appropriate, the general investing public, have timely access to comprehensive, identical and understandable information about the Company (including its financial performance, strategic objectives and plans, significant developments, governance risks), so that, on the one hand, Shareholders can exercise their rights in an informed manner and, on the other hand, Shareholders and the investing public can enhance their communication with the Company.

For the purposes of the Shareholder Communications Policy, “investment public” includes potential investors of the Company and analysts who conduct reports and analyses on the performance of the Company.

The Board shall maintain an on-going dialogue with Shareholders and investment public, and will regularly review the Shareholder Communications Policy to ensure its effectiveness.

Information shall be communicated to Shareholders and investment public mainly through the Company’s financial reports (interim and annual reports), announcements, circulars and other corporate publications available on the Company’s website at www.bjucd.com and HKExnews’s website at www.hkexnews.hk as well as the direct communication platform provided at the annual general meetings held each year and any other general meetings that may be convened as and when required.

Effective and timely dissemination of information to Shareholders and the investment community shall be ensured at all times, by means not limited to investor hotlines, mailboxes and regular results announcements, presentations, etc. During the Reporting Period, the Company maintained close communication with its shareholders and investors through the abovementioned channels and the Shareholder Communication Policy was effective.

Any question regarding the Shareholder Communications Policy shall be directed to company secretary of the Company.

RIGHTS OF SHAREHOLDERS

Methods of Convening Extraordinary General Meetings

According to the relevant requirements under the Company Law and the Articles of Association, any Shareholder(s), whether individually or collectively, holding more than 10% (including 10%) of the outstanding Shares of the Company with voting rights who request to convene an extraordinary meeting shall submit explicit agenda and proposals in writing to the Board. The Board shall convene an extraordinary general meeting within two months.

Procedures for Proposing Extraordinary Proposals at General Meetings

Under the Company Law and the Articles of Association, the shareholder(s) individually or jointly holding more than 1% of voting right of the total shares of the Company may put forward interim proposals in writing to the convener 10 days prior to the shareholders' meeting. The interim proposals shall have clear topics and specific resolutions. The convener shall notify the other shareholders within 2 days after receiving the proposal and submit the same to the shareholders' meeting for consideration, provided that the interim proposal may not violate laws, administrative regulations or the provisions of the Articles of Association, or not fall within the scope of authority of the shareholders' meeting. The Company shall also comply with other requirements of the listing rules of the stock exchange where the Company has its shares listed.

Shareholders may at any time send their enquiries to the Board in writing through the secretariat of the Board of the Company, whose contact details are as follows:

Address:	5 Fuchengmen North Street, Xicheng District, Beijing, the PRC
Postal Code:	100037
Telephone:	86-10-88336868
Facsimile:	86-10-88336763
E-mail Address:	ir@bjucd.com

CORPORATE GOVERNANCE REPORT (CONTINUED)

Information Disclosure and Investor Relations

The secretariat of the Board of the Company is responsible for information disclosure of the Company. The Company has formulated and enforced the Administrative Measures on Information Disclosure of Beijing Urban Construction Design & Development Group Co., Limited to ensure information disclosed is accurate, complete and made in a timely manner. During the Reporting Period, the Company published its annual and interim results announcements as well as its annual and interim reports and related temporary announcements in accordance with requirements under the Hong Kong Listing Rules and made detailed disclosure on material information and the progress of any significant matters relating to the Company.

During the Reporting Period, the Company continued to attach importance to network building in order to adapt to the changes of the means of information disclosure required by the Hong Kong Stock Exchange, to disclose every piece of information in a timely and accurate manner and to update and announce the operation dynamics and information in a timely manner. The Company also continued to modify the Chinese and English versions of the website pursuant to the latest requirements under the Hong Kong Listing Rules, enabling investors to have a clear picture of the recent development of the Company. Detailed information of each business activity of the Company and all published announcements are available for inquiry and downloading from the Company's website, www.bjucd.com.

The Company focuses on the maintenance of sound investors relations and maintains effective communication with investors through various means. The Company timely communicated its operating results and business development trends with investors after the announcements of the 2024 annual results and 2025 interim results by way of results briefings and roadshows in order to strengthen communication with investors and facilitate the understanding of the Company by investors. The Company also maintains sound communication with investors through acceptance of investors' visits, holding telephone conferences, attending major investment forums, by telephone and email, etc. and proactively provides investor relations information on the Company's website, with a view to establish and maintain a good relationship with investors.

Articles of Association

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

During the Reporting Period, in view of the need to further improve the corporate governance structure and in accordance with the relevant provisions of the Company Law and other requirements, the Company made corresponding amendments to the Articles of Association after the approval of the Board and the general meeting of the Company. For details of the amendments, please refer to the announcements of the Company dated 15 May 2025 and 30 October 2025 and the circulars of the Company dated 26 May 2025 and 5 November 2025.

Donation

To demonstrate our social responsibility, the Company donated RMB2,786,100 in 2025.

AUDIT REPORT ON THE FINANCIAL STATEMENTS



Da Hua Certified Public Accountants (Special General Partnership)
12/F, Building 7, No. 16, West Fourth Ring Middle Road, Haidian District, Beijing [100039]
Tel : 86 (10) 5835 0011 Fax : 86 (10) 5835 0006
www.dahua-cpa.com

AUDIT REPORT

DaHuaShenZi [2026] No. 0011004890

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

I. OPINION

We have audited the financial statements of Beijing Urban Construction Design & Development Group Co., Limited (hereinafter "UCD"), which comprise the combined and parent company's balance sheet as at 31 December 2025, and the combined and parent company's statements of income, the combined and parent company's statements of cash flows, the combined and parent company's statements of changes in equity for the year 2025, and related notes to the financial statements.

In our opinion, the attached financial statements, which was prepared in accordance with the requirements of ASBEs in all material aspects, give a true and fair view of the combined and parent company's financial position of UCD as at 31 December 2025, and of the combined and parent company's financial performance and cash flows for the year 2025.

II. BASIS OF OPINION

We conducted our audit in accordance with the China Standards on Auditing. Our responsibilities under those standards are further described in the section headed "Auditor's Responsibilities for the Audit of the Financial Statements" of our report. In accordance with the China's CPA Independence Standard No. 1 – Requirements for Independence of Financial Statement Audit and Review Business and the China Standards on Auditing's Code of Ethics for Professional Accountants, we are independent of UCD. We have applied the independence requirements applicable to audits of financial statements of public-interest entities and have fulfilled our other professional ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. KEY AUDIT MATTERS

Key audit matters are the matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be key audit matters to be communicated in the audit report.

AUDIT REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

(I) Revenue recognition

1. Description of the matter

For the year ended 31 December 2025, the revenue of UCD from its principal activities amounted to RMB7,527,306,503.62. UCD is engaged in design, survey, consultancy and EPC businesses, and recognises revenue over time based on the progress towards completion of the contracts. As the determination of revenue based on the progress towards completion involves significant management judgement and estimates, we have identified revenue recognition as a key audit matter.

The accounting policies relating to revenue recognition are set out in Note “III (34) Revenue” to the financial statements. The disclosures relating to revenue are set out in Note “V. Note 46 Operating income and operating cost” to the financial statements.

2. Audit response

The key audit procedures we performed in relation to revenue recognition included:

- (1) Understand and evaluate the effectiveness of the design of internal controls relating to sales and collections, and test the operating effectiveness of key controls;
- (2) Obtain new and significant sales contracts, examine key contract terms, evaluate the appropriateness of the revenue recognition policies, and verify whether the relevant accounting policies had been applied consistently;
- (3) Examine the key information set out in significant sales contracts, including customer name, project name, business type, contract amount and settlement, and compare such information with the financial records to verify the accuracy of revenue calculation.
- (4) Selecting samples and examining supporting documents for revenue recognition, including external evidence confirmed by customers or third parties, to verify the contract fulfillment progress;

We checked the supporting documents for costs incurred during the current period and evaluated the reasonableness of the cost accounting methods and estimates. We performed cut-off tests to check whether significant costs have been recognized in the appropriate accounting period.

- (5) We recalculated the progress on the contract to assess whether revenues and costs were recognized in accordance with the input method.
- (6) Selecting samples and implementing confirmation procedures for major customers, with the confirmation content including contract amounts, cumulative receipt amounts, fulfillment progress, etc.

AUDIT REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

(II) Provision for impairment of trade receivables and contract assets

1. *Description of the matter*

As of 31 December 2025, UCD had balance of trade receivables amounting to RMB5,449,807,357.67 and a provision for impairment of trade receivables amounting to RMB1,204,775,733.93; balance of contract assets amounting to RMB6,343,035,790.31 and a provision for impairment of contract assets of RMB564,730,418.30. These amounts are significant. Since the collectability of trade receivables and contract assets involves significant management estimates and judgments, and given the importance of the provisions for impairment of trade receivables and contract assets to the financial statements, we have identified the provisions for impairment of trade receivables and contract assets as a key audit matter.

For details on the policies for provisions for impairment of trade receivables and contract assets, please refer to Note “III. (11) Financial instruments” in the financial statements; for the disclosure of trade receivables, please refer to Note “V. Note 3. Trade receivables”; and for the disclosure of contract assets, please refer to Note “V. Note 7. Contract assets”.

2. *Audit Response*

The audit procedures we implemented with respect to the provision for impairment of trade receivables and contract assets include, but are not limited to:

- (1) Understanding and evaluating the design and operating effectiveness of internal controls over the provision for impairment of trade receivables and contract assets by management;
- (2) Understanding the judgments and considerations made by management when assessing the provision for impairment of trade receivables and contract assets, analyzing the reasonableness of management’s accounting estimates for the provisions for impairment of trade receivables and contract assets, and conducting a comparative analysis with comparable companies in the same industry;
- (3) Obtaining the provision calculation tables for bad debts and contract asset impairments, checking whether the provision methods are implemented in accordance with the policies for provisions for bad debts and contract asset impairments, and recalculating the amounts of provisions for bad debts and contract asset impairments;
- (4) Assessing the adequacy of the provisions for impairment of trade receivables and contract assets, taking into account the aging of trade receivables and contract assets, customer creditworthiness, and subsequent recovery.

AUDIT REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

(III) Accounting for concession arrangements

1. *Description of the matter*

UCD has several concession arrangements through which it obtains concession rights for urban infrastructure from national administrative departments by entering into PPP project contracts, including the construction, operation, and transfer of urban infrastructure. The calculation of revenues and costs arising from these concession arrangements involves significant management judgments and estimates, including determining the accounting model, estimating future guaranteed receipt amounts, estimating the current construction market profit margin, and the discount rate used.

For details on the disclosure of PPP project contracts, please refer to Notes "III. (11) Financial instruments", "III. (26) Intangible assets and development expenditures", "V. Note 7. Contract assets", "V. Note 10. Long-term receivables", "V. Note 17. Intangible assets", and "V. Note 21. Other non-current assets".

2. *Audit Response*

In the course of our audit, the key auditing procedures we implemented for the service concession arrangements include:

- (1) We obtained an understanding of and assessed the Group's internal controls over accounting for service concession arrangements;
- (2) By reviewing relevant contract terms, we assessed whether the Group had an unconditional contractual right under the service concession arrangement to receive a determinable amount of payments during the concession period, and whether the accounting model adopted was in line with the applicable Accounting Standards for Business Enterprises (ASBEs);
- (3) We reviewed the methods and assumptions used by the management in determining the future guaranteed collection amount, and assessed the construction gross margins and discount rate used.
- (4) We performed tests on the calculations of contract assets, intangible assets, trade receivables, and revenue.

IV. OTHER INFORMATION

The management of UCD is responsible for the other information. The other information comprises the information included in the Annual Report 2025 of UCD, but does not include the financial statements and our auditor's report.

Our audit opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed, if we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

V. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management of UCD are responsible for the preparation of the financial statements that give a true and fair view in accordance with ASBEs, and for such internal control to be designed, exercised and maintained as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management of UCD is responsible for assessing UCD's ability to continue as a going concern, disclosing matters related to going concern (if applicable) and using going concern assumption unless the management either intend to liquidate UCD or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing UCD's financial reporting process.

AUDIT REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

VI. CERTIFIED PUBLIC ACCOUNTANT'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ASBEs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
4. Conclude on the appropriateness of the managements' use of the going concern basis and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on UCD's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by the Accounting Standards to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause UCD to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within UCD in order to express an opinion on the financial statements. We are responsible for directing, overseeing, and performing the Group audit, and we bear full responsibility for the audit opinion.

AUDIT REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant requirements of China's Certified Public Accountant Independence Standard No. 1 – Requirements for Independence of Financial Statement Audit and Review Business and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, and safeguards applied

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Da Hua CPAs LLP
Beijing, PRC

Certified Public Accountants (China):
(Project Partner)

Wang Lifei (王力飛)

Certified Public Accountants (China):

Zhao Tianbo (趙添波)

26 March 2026

CONSOLIDATED BALANCE SHEET

31 December 2025

Amount unit: RMB

Item	Note V	Closing balance	Opening balance
Current assets:			
Monetary capital	Note 1	2,640,047,828.05	3,156,509,037.14
Financial assets held for trading			
Derivative financial assets			
Notes receivable	Note 2	47,322,497.92	37,077,123.88
Trade receivables	Note 3	4,245,031,623.74	4,012,733,311.84
Receivables financing			
Prepayments	Note 4	71,814,392.88	54,866,709.62
Centralized management of receivables			
Other receivables	Note 5	175,016,215.25	218,173,521.70
Including: Dividend receivable	Note 5	89,583,274.83	89,583,274.83
Inventories	Note 6	87,692,384.35	94,924,327.96
Contract assets	Note 7	5,778,305,372.01	5,516,151,792.12
Held-for-sale assets			
Non-current assets due within one year	Note 8	12,216,885.32	14,861,336.39
Other current assets	Note 9	142,609,136.87	125,699,589.67
Total current assets		13,200,056,336.39	13,230,996,750.32

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2025

Item	Note V	Closing balance	Opening balance
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables	Note 10	7,678,490.23	8,623,992.11
Long-term equity investment	Note 11	3,641,623,041.89	3,449,404,050.96
Investment in other equity instruments	Note 12	88,513,229.77	227,795,796.03
Other non-current financial assets	Note 13	10,704,000.00	5,178,000.00
Investment properties			
Fixed assets	Note 14	1,224,310,141.85	1,264,222,355.74
Construction in progress	Note 15	88,819.00	29,387,773.83
Productive biological assets			
Oil and gas assets			
Right-of-use assets	Note 16	199,170,779.04	262,612,660.87
Intangible assets	Note 17	811,521,031.02	843,021,409.05
Development expenditure			
Goodwill	Note 18	5,740,795.57	5,740,795.57
Long-term expenses to be amortised	Note 19	150,593,738.02	174,203,954.25
Deferred income tax assets	Note 20	415,550,691.18	392,976,999.20
Other non-current assets	Note 21	4,431,561,871.13	4,647,760,715.86
Including: Specially approved reserved supplies			
Total non-current assets		10,987,056,628.70	11,310,928,503.47
Total assets		24,187,112,965.09	24,541,925,253.79

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2025

Item	Note V	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings	Note 23	584,815,230.35	800,057,476.75
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	Note 24		47,098,710.91
Trade payables	Note 25	5,434,222,122.19	5,539,926,648.80
Receipts in advance			
Contract liabilities	Note 26	2,451,192,921.80	2,731,408,144.20
Employee remuneration payables	Note 27	349,649,654.94	391,661,072.80
Tax charges payables	Note 28	180,014,430.78	201,600,131.05
Other payables	Note 29	361,090,480.83	298,087,430.90
Including: Dividend payable	Note 29	10,046,726.92	13,908,422.72
Held-for-sale liabilities			
Non-current liabilities due within one year	Note 30	443,409,573.32	313,980,477.73
Other current liabilities	Note 31	687,112,738.11	737,187,265.49
Total current liabilities		10,491,507,152.32	11,061,007,358.63
Non-current liabilities:			
Long-term borrowings	Note 32	4,043,850,305.64	4,334,024,094.09
Bonds payables	Note 33	750,000,000.00	500,000,000.00
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	Note 34	136,121,276.50	185,790,481.21
Long-term payables	Note 35	7,245,454.10	4,154,413.82
Long-term employee remuneration payable	Note 36	72,711,627.62	78,603,667.07
Estimated liabilities	Note 37	105,355,428.11	88,028,811.94
Deferred income	Note 38	6,244,185.89	7,351,648.91
Deferred income tax liabilities	Note 20	3,894,963.02	7,400,851.98
Other non-current liabilities	Note 39	352,511,888.51	342,159,383.49
Including: Specially approved reserved fund			
Total non-current liabilities		5,477,935,129.39	5,547,513,352.51
Total liabilities		15,969,442,281.71	16,608,520,711.14

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2025

Item	Note V	Closing balance	Opening balance
Equity attributable to the owners (or shareholders' equity):			
Share capital	Note 40	1,348,670,000.00	1,348,670,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	Note 41	646,500,666.90	646,206,309.10
Less: treasury shares			
Other comprehensive income	Note 42	-96,963,371.36	16,528,853.11
Special reserve	Note 43	16,810,847.05	5,389,706.71
Surplus reserve	Note 44	674,335,000.00	667,141,761.43
Retained earnings	Note 45	5,374,878,753.29	5,011,885,481.00
Total equity attributable to owners of the parent company (or shareholders' equity)		7,964,231,895.88	7,695,822,111.35
* Minority interests		253,438,787.50	237,582,431.30
Total equity attributable to the owners (or shareholders' equity)		8,217,670,683.38	7,933,404,542.65
Total liabilities and total equity attributable to the owners (or shareholders' equity)		24,187,112,965.09	24,541,925,253.79

(The accompanying notes to the financial statements form an integral part of the consolidated financial statements)

Note: Items marked with * apply exclusively to consolidated accounting statements. The same applies below.

CONSOLIDATED STATEMENT OF INCOME

Year 2025

Amount unit: RMB

Item	Note V	2025	2024
I. Total operating income	<i>Note 46</i>	7,527,306,503.62	8,671,691,256.13
Including: Operating income		7,527,306,503.62	8,671,691,256.13
II. Total operating costs		6,781,463,139.44	7,932,815,851.08
Including: Operating costs	<i>Note 46</i>	6,033,259,159.07	7,103,669,072.46
Tax and surcharges	<i>Note 47</i>	39,226,887.71	37,392,622.18
Selling expenses	<i>Note 48</i>	49,633,550.85	63,199,214.44
Administrative expenses	<i>Note 49</i>	458,247,836.72	509,413,514.91
Research and development expenses	<i>Note 50</i>	306,456,875.72	325,156,326.80
Finance costs	<i>Note 51</i>	-105,361,170.63	-106,014,899.71
Including: Interest expenses		237,982,275.03	282,015,620.45
Interest income		358,320,542.13	390,647,514.69
Others			
Add: Other income	<i>Note 52</i>	7,308,362.15	7,393,061.04
Investment income (loss is represented by "-")	<i>Note 53</i>	56,325,252.48	49,100,530.62
Including: Investments income from associates and joint ventures		56,311,212.48	43,580,238.44
Gain on derecognition of financial assets measured at amortised cost			
Net gain from exposure hedges (loss is represented by "-")			
Gain from change in fair value (loss is represented by "-")	<i>Note 54</i>	5,526,000.00	-3,210,000.00
Credit impairment loss (loss is represented by "-")	<i>Note 55</i>	-30,650,235.37	-58,055,975.62
Asset impairment loss (loss is represented by "-")	<i>Note 56</i>	-148,420,979.57	-116,966,568.18
Gain on disposal of assets (loss is represented by "-")	<i>Note 57</i>	2,435,302.08	2,226,058.09
III. Operating profit (loss is represented by "-")		638,367,065.95	619,362,511.00
Add: Non-operating income	<i>Note 58</i>	2,341,171.93	11,351,282.09
Less: Non-operating expenses	<i>Note 59</i>	6,790,316.96	2,221,311.69
IV. Total profit (total loss is represented by "-")		633,917,920.92	628,492,481.40
Less: Income tax expenses	<i>Note 60</i>	98,201,750.63	100,207,623.11

CONSOLIDATED STATEMENT OF INCOME (CONTINUED)

Year 2025

Item	Note V	2025	2024
V. Net profit (net loss is represented by "-")		535,716,170.29	528,284,858.29
(I) Classified by ownership of equity			
Net profit attributable to owners of the parent company		515,193,735.86	511,724,872.70
* Minority interests		20,522,434.43	16,559,985.59
(II) Classified by continuity of operations			
Net profit from continuing operations		535,716,170.29	528,284,858.29
Net profit from discontinued operations			
VI. Other comprehensive income after taxation, net		-113,247,690.47	8,990,989.64
Other comprehensive income after taxation attributable to owners of the parent company, net		-113,247,690.47	8,990,989.64
(I) Other comprehensive income which will not be reclassified to profit or loss		-113,393,749.31	9,111,231.69
1. Re-measurement of changes in defined benefit plan		5,240,000.00	-12,980,000.00
2. Other comprehensive income will not be transferred to profit or loss under equity method			
3. Change in fair value of other investments inequity instruments		-118,633,749.31	22,091,231.69
4. Change in fair value of enterprise's own credit risk			
5. Others			
(II) Other comprehensive income which will be reclassified to profit or loss		146,058.84	-120,242.05
1. Other comprehensive income will be transferred to profit or loss under equity method			
2. Change in fair value of other debt investments			
3. Amount of financial assets reclassified as other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flows hedging reserve (effective portion of gain/loss from cash flow hedging)			
6. Exchange difference on translation of financial statements in foreign currencies		146,058.84	-120,242.05
7. Others			
* Other comprehensive income after taxation attributable to minority interests, net			
VII. Total comprehensive income		422,468,479.82	537,275,847.93
Total comprehensive income attributable to owners of the parent company		401,946,045.39	520,715,862.34
* Total comprehensive income attributable to minority interests		20,522,434.43	16,559,985.59
VIII. Earnings per shares:			
Earnings per share, basic		0.38	0.38
Earnings per share, diluted		0.38	0.38

CONSOLIDATED STATEMENT OF CASH FLOWS

Year 2025

Amount unit: RMB

Item	Note V	2025	2024
I. Cash flows from operating activities:			
Cash received from the sale of goods and rendering of services		7,514,089,219.90	9,603,664,264.89
Tax refunds			
Other cash receipts related to operating activities	Note 60	331,706,311.30	244,324,946.84
Sub-total of cash inflows from operating activities		7,845,795,531.20	9,847,989,211.73
Cash paid for the purchase of goods and the receipt of services		4,999,641,792.52	6,411,612,749.55
Cash paid to and for employees		1,807,314,508.28	1,903,487,402.60
Taxation paid		321,992,550.37	457,152,804.81
Other cash payments related to operating activities	Note 60	409,183,639.79	391,858,436.08
Sub-total of cash outflows from operating activities		7,538,132,490.96	9,164,111,393.04
Net cash flows from operating activities	Note 61	307,663,040.24	683,877,818.69

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Year 2025

Item	Note V	2025	2024
II. Cash flows from investing activities:			
Cash received from investment recovery		522,390.08	
Cash received as investment income		3,569,153.35	2,807,817.35
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		120,336.80	536,323.23
Net cash received from disposals of subsidiaries and other business units			139,214,400.00
Other cash receipts related to investing activities			
Sub-total of cash inflows from investing activities		4,211,880.23	142,558,540.58
Cash paid for purchase of fixed assets, intangible assets and other long-term assets		47,791,922.87	119,876,752.99
Cash paid for investments		138,924,000.00	211,666,624.00
Net cash paid for acquisition of subsidiaries and other business units			
Other cash payments related to investing activities			
Sub-total of cash outflows from investing activities		186,715,922.87	331,543,376.99
Net cash flows from investing activities		-182,504,042.64	-188,984,836.41

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Year 2025

Item	Note V	2025	2024
III. Cash flows from financing activities:			
Cash received as investment			
Including: Cash received by subsidiaries from investment of minority shareholders			
Cash received from borrowings		1,837,455,777.88	1,648,451,350.66
Other cash receipts related to financing activities			
Sub-total of cash inflows from financing activities		1,837,455,777.88	1,648,451,350.66
Cash paid for debts settlement		1,982,183,439.55	1,828,435,266.41
Cash paid for distribution of dividends, profits, or interest expenses		338,420,448.73	482,111,416.05
Including: Dividend and profit paid by subsidiaries to minority shareholders		4,651,019.72	2,885,670.55
Other cash payments related to financing activities	Note 60	85,865,326.54	101,777,124.07
Sub-total of cash outflows from financing activities		2,406,469,214.82	2,412,323,806.53
Net cash flows from financing activities		-569,013,436.94	-763,872,455.87
IV. Effect of exchange rate changes on cash and cash equivalents			
		-6,763,999.97	3,129,664.77
V. Net increase in cash and cash equivalents	Note 61	-450,618,439.31	-265,849,808.82
Add: Cash and cash equivalents at beginning of period	Note 61	3,043,846,261.92	3,309,696,070.74
VI. Cash and cash equivalents at the end of period	Note 61	2,593,227,822.61	3,043,846,261.92

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

Year 2025

Amount unit: RMB

Item	Amount for the current period													
	Paid-in capital (or share capital)		Other equity instruments		Equity attributable to owners of the parent company				Amount for the current period					Total equity attributable to the owners
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
			Preferred shares	Perpetual bonds	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Δ General risk reserve	Retained profit	Sub-total	Minority interests	
I. Closing balance of previous year	1,348,670,000.00				646,206,309.10		16,528,853.11	5,389,706.71	667,141,761.43		5,011,885,481.00	7,695,822,111.35	237,582,431.30	7,933,404,542.65
Add: Changes in accounting policies														
Retrospective adjustments														
Others														
II. Opening balance of current year	1,348,670,000.00				646,206,309.10		16,528,853.11	5,389,706.71	667,141,761.43		5,011,885,481.00	7,695,822,111.35	237,582,431.30	7,933,404,542.65
III. Changes for the year (decrease is represented by "-")					294,357.80		-113,462,224.47	11,421,140.34	7,193,238.57		362,993,272.29	268,409,784.53	15,856,356.20	284,266,140.73
(I) Total comprehensive income							-113,462,224.47							
(II) Capital contributed/reduced by equity owner							-113,462,224.47							
1. Ordinary share contribution by equity owners														
2. Capital contribution by holders of other equity instruments														
3. Share-based payment included in owners' equity														
4. Others					294,357.80						515,193,735.86	401,946,045.39	20,522,434.43	422,468,479.82
(III) Appropriation and use of special reserve												294,357.80		294,357.80
1. Appropriation of special reserve														
2. Use of special reserve														
(IV) Profit distribution														
1. Appropriation of surplus reserve														
Including: Statutory reserve														
Discretionary reserve														
# Reserve funds														
# Corporate development														
# Transfer of profit to investment														
2. Distribution to equity owners (or shareholders)														
4. Others														
(V) Internal movement of owners' equity														
1. Capital (or share capital) increased by conversion of capital reserve														
2. Capital (or share capital) increased by conversion of surplus reserve														
3. Loss set-off by surplus reserve														
4. Transfer of change in defined benefit plan to retained earnings														
5. Transfer of other comprehensive income to retained earnings														
6. Others														
IV. Closing balance of current year	1,348,670,000.00				646,500,666.90		-96,363,371.36	16,810,847.05	674,335,000.00	-	5,374,878,753.29	7,964,231,895.88	253,438,787.50	8,217,670,883.38

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (CONTINUED)

Year 2025

Amount unit: RMB

Item	Amount for the previous period													
	Equity attributable to owners of the parent company				Less:				Total equity attributable to the owners					
	Paid-in capital (or share capital)	Preferred shares	Other equity instruments		Treasury shares	Other comprehensive income	special reserve	Surplus reserve	Retained profit	Sub-total	Minority interests			
Column No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14
I. Closing balance of previous year	1,348,670,000.00				644,892,577.08		7,537,863.47	206,007.90	638,735,310.09	4,761,077,758.64	227,494,076.38	7,401,119,526.18	227,494,076.38	7,628,613,602.56
Add: Changes in accounting policies														
Retrospective adjustments														
Others														
II. Opening balance of current year	1,348,670,000.00				644,892,577.08		7,537,863.47	206,007.90	638,735,310.09	4,761,077,758.64	227,494,076.38	7,401,119,526.18	227,494,076.38	7,628,613,602.56
III. Changes for the year (decrease is represented by "-")					1,313,732.02		8,990,893.64	5,183,698.81	28,406,442.34	250,807,722.36	10,088,354.92	294,702,585.17	10,088,354.92	304,790,940.09
(I) Total comprehensive income							8,990,893.64			511,724,872.70	16,559,986.59	520,715,662.34	16,559,986.59	537,275,847.93
(II) Capital contributed/reduced by equity owner					1,313,732.02						-3,411,835.95	1,313,732.02	-3,411,835.95	-2,098,103.93
1. Ordinary share contribution by equity owners														
2. Capital contribution by holders of other equity instruments														
3. Share-based payment included in owners' equity														
4. Others														
(III) Appropriation and use of special reserve					1,313,732.02							1,313,732.02	-3,411,835.95	-2,098,103.93
1. Appropriation of special reserve								5,183,698.81				5,183,698.81		5,183,698.81
2. Use of special reserve								116,014,030.73				116,014,030.73		116,014,030.73
(IV) Profit distribution								-110,830,331.92	28,406,442.34			-110,830,331.92	-3,059,794.72	-110,830,331.92
1. Appropriation of surplus reserve									28,406,442.34			-232,510,708.00	-3,059,794.72	-235,570,502.72
Including: Statutory reserve									28,406,442.34			-28,406,442.34		
Discretionary reserve									28,406,442.34			-28,406,442.34		
#Reserve funds														
#Corporate development reserve														
#Transfer of profit to investment														
2. Appropriation of general risk reserve														
3. Distribution to equity owners (or shareholders)														
4. Others														
(V) Internal movement of owners' equity														
1. Capital (or share capital) increased by conversion of capital reserve														
2. Capital (or share capital) increased by conversion of surplus reserve														
3. Loss set-off by surplus reserve														
4. Transfer of change in defined benefit plan to retained earnings														
5. Transfer of other comprehensive income to retained earnings														
6. Others														
IV. Closing balance of current year	1,348,670,000.00				646,206,309.10		16,528,833.11	5,389,706.71	667,141,752.43	5,011,885,481.00	237,582,431.30	7,695,822,111.35	237,582,431.30	7,933,404,542.65

BALANCE SHEET OF PARENT COMPANY

31 December 2025

Amount unit: RMB

Item	Note XVI	31 December 2025	31 December 2024
Current assets:			
Monetary capital		1,068,148,849.50	1,577,479,086.69
Financial assets held for trading			
Derivative financial assets			
Notes receivable		21,229,732.08	25,910,960.23
Trade receivables	Note 1	1,775,543,515.81	2,085,210,547.65
Receivables financing			
Prepayments		17,316,033.86	14,055,549.41
Other receivables	Note 2	746,701,080.89	623,894,896.27
Including: Dividend receivable		89,873,374.83	89,873,374.83
Inventories		24,529,114.83	48,575,936.20
Contract assets		3,079,665,353.13	3,077,551,086.26
Held-for-sale assets			
Non-current assets due within one year		9,345,721.89	10,048,970.15
Other current assets		29,837,885.12	28,849,703.15
Total current assets		6,772,317,287.11	7,491,576,736.01

BALANCE SHEET OF PARENT COMPANY (CONTINUED)

31 December 2025

Item	Note XVI	31 December 2025	31 December 2024
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables		5,185,787.56	3,557,164.59
Long-term equity investment	Note 3	5,229,235,213.75	5,137,249,341.37
Investment in other equity instruments		88,503,229.77	225,885,796.03
Other non-current financial assets			
Investment properties			
Fixed assets		1,121,108,316.53	1,177,936,054.98
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right-of-use assets		113,071,379.14	169,751,601.13
Intangible assets		192,882,558.81	200,355,213.15
Development expenditure			
Goodwill			
Long-term expenses to be amortised		101,081,396.66	120,100,345.70
Deferred income tax assets		240,878,795.76	214,644,432.94
Other non-current assets		208,969,021.00	
Including: Specially approved reserved supplies			
Total non-current assets		7,300,915,698.98	7,249,479,949.89
Total assets		14,073,232,986.09	14,741,056,685.90

BALANCE SHEET OF PARENT COMPANY (CONTINUED)

31 December 2025

Item	Note XVI	31 December 2025	31 December 2024
Current liabilities:			
Short-term borrowings			289,221,543.06
Borrowings from central bank			
Placements from banks and other financial institutions			
Financial liabilities held for trading			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable			47,098,710.91
Trade payables		2,853,563,341.26	3,234,595,179.29
Receipts in advance			
Contract liabilities		1,126,750,970.18	1,228,172,018.74
Financial assets sold under agreements to repurchase			
Customer deposits and interbank deposits			
Amounts paid for agency securities trading			
Amounts paid for agency securities underwriting			
Employee remuneration payables		217,990,328.47	256,781,139.28
Tax charges payables		114,186,713.50	132,670,156.31
Other payables		1,331,367,514.05	1,304,174,570.06
Including: Dividend payable		10,319,944.83	146,905,246.85
Held-for-sale liabilities			
Non-current liabilities due within one year		41,290,402.12	79,693,145.04
Other current liabilities		532,463,092.73	590,438,842.18
Total current liabilities		6,217,612,362.31	7,162,845,304.87

BALANCE SHEET OF PARENT COMPANY (CONTINUED)

31 December 2025

Item	Note XVI	31 December 2025	31 December 2024
Non-current liabilities:			
Long-term borrowings		25,600,000.00	10,000,000.00
Bonds payables		750,000,000.00	500,000,000.00
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		86,343,753.75	124,154,532.51
Long-term payables			
Long-term employee remuneration payable		52,882,739.91	57,074,779.36
Estimated liabilities			
Deferred income		2,678,552.95	3,663,879.67
Deferred income tax liabilities			4,367,025.31
Other non-current liabilities			
Including: Specially approved reserved fund			
Total non-current liabilities		917,505,046.61	699,260,216.85
Total liabilities		7,135,117,408.92	7,862,105,521.72
Equity attributable to the owners (or shareholders' equity):			
Share capital		1,348,670,000.00	1,348,670,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		695,418,927.11	695,124,569.31
Less: treasury shares			
Other comprehensive income		-90,918,704.60	21,806,476.72
Special reserve		1,557,543.63	
Surplus reserve		674,335,000.00	667,141,761.43
Retained earnings		4,309,052,811.03	4,146,208,356.72
Total equity attributable to the owners (or shareholders' equity)		6,938,115,577.17	6,878,951,164.18
Total liabilities and total equity attributable to the owners (or shareholders' equity)		14,073,232,986.09	14,741,056,685.90

(The accompanying notes to the financial statements form an integral part of the consolidated financial statements)

Note: Items marked with * apply exclusively to consolidated accounting statements. The same applies below.

STATEMENT OF INCOME OF PARENT COMPANY

Year 2025

Amount unit: RMB

Item	Note XVI	2025	2024
I. Total operating income	Note 4	3,174,139,563.14	4,614,144,773.32
Including: Operating income	Note 4	3,174,139,563.14	4,614,144,773.32
II. Total operating costs		2,904,971,387.18	4,291,497,749.95
Including: Operating costs		2,450,244,581.33	3,820,018,565.01
Tax and surcharges		24,201,798.75	14,620,450.88
Selling expenses		27,117,184.13	30,803,165.59
Administrative expenses		236,093,644.72	267,321,176.25
Research and development expenses		114,639,368.98	151,088,158.63
Finance costs		52,674,809.27	7,646,233.59
Including: Interest expenses		52,390,739.36	64,618,724.18
Interest income		12,238,354.76	58,303,153.93
Others			
Add: Other income		2,629,565.04	6,181,399.61
Investment income (loss is represented by "-")	Note 5	155,716,512.88	101,116,414.60
Including: Investments income from associates and joint ventures		75,736,314.58	37,215,867.02
Gain on derecognition of financial assets measured at amortised cost			
Net gain from exposure hedges (loss is represented by "-")			
Gain from change in fair value (loss is represented by "-")			
Credit impairment loss (loss is represented by "-")		27,340,302.40	-45,483,560.08
Asset impairment loss (loss is represented by "-")		-112,228,342.60	-83,421,857.88
Gain on disposal of assets (loss is represented by "-")		2,659,764.30	1,071,618.48

STATEMENT OF INCOME OF PARENT COMPANY (CONTINUED)

Year 2025

Item	Note XVI	2025	2024
III. Operating profit (loss is represented by "-")		345,285,977.98	302,111,038.10
Add: Non-operating income		604,725.84	9,113,731.31
Less: Non-operating expenses		2,978,751.40	137,074.47
IV. Total profit (total loss is represented by "-")		342,911,952.42	311,087,694.94
Less: Income tax expenses		27,622,500.54	27,023,271.57
V. Net profit (net loss is represented by "-")		315,289,451.88	284,064,423.37
Net profit from continuing operations		315,289,451.88	284,064,423.37
Net profit from discontinued operations			
VI. Other comprehensive income after taxation, net		-112,725,181.32	13,709,482.92
(I) Other comprehensive income which will not be reclassified to profit or loss		-112,725,181.32	13,709,482.92
1. Re-measurement of changes in defined benefit plan		4,050,000.00	-9,370,000.00
2. Other comprehensive income will not be transferred to profit or loss under equity method			
3. Change in fair value of other investments inequity instruments		-116,775,181.32	23,079,482.92
4. Change in fair value of enterprise's own credit risk			
5. Others			
(II) Other comprehensive income which will be reclassified to profit or loss			
1. Other comprehensive income will be transferred to profit or loss under equity method			
2. Change in fair value of other debt investments			
3. Amount of financial assets reclassified as other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flows hedging reserve (effective portion of gain/loss from cash flow hedging)			
6. Exchange difference on translation of financial statements in foreign currencies			
7. Others			
VII. Total comprehensive income		202,564,270.56	297,773,906.29

STATEMENT OF CASH FLOWS OF PARENT COMPANY

Year 2025

Amount unit: RMB

Item	Note XVI	2025	2024
I. Cash flows from operating activities:			
Cash received from the sale of goods and rendering of services		3,243,201,956.60	4,774,760,455.58
Tax refunds			
Other cash receipts related to operating activities		1,132,837,422.45	1,445,859,268.37
Sub-total of cash inflows from operating activities		4,376,039,379.05	6,220,619,723.95
Cash paid for the purchase of goods and the receipt of services		2,105,941,739.50	3,679,851,836.40
Cash paid to and for employees		1,087,890,529.08	1,196,755,489.21
Taxation paid		143,935,504.85	202,102,824.77
Other cash payments related to operating activities		1,299,858,163.00	1,252,772,948.36
Sub-total of cash outflows from operating activities		4,637,625,936.43	6,331,483,098.74
Net cash flows from operating activities		-261,586,557.38	-110,863,374.79

STATEMENT OF CASH FLOWS OF PARENT COMPANY (CONTINUED)

Year 2025

Item	Note XVI	2025	2024
II. Cash flows from investing activities:			
Cash received from investment recovery			
Cash received as investment income		80,496,198.30	60,447,972.75
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		63,391.24	332,186.73
Other cash receipts related to investing activities			139,214,400.00
Sub-total of cash inflows from investing activities		80,559,589.54	199,994,559.48
Cash paid for purchase of fixed assets, intangible assets and other long-term assets		13,915,012.09	76,336,542.59
Cash paid for investments		16,471,200.00	215,949,303.15
Net cash paid for acquisition of subsidiaries and other business units			
Other cash payments related to investing activities			
Sub-total of cash outflows from investing activities		30,386,212.09	292,285,845.74
Net cash flows from investing activities		50,173,377.45	-92,291,286.26

STATEMENT OF CASH FLOWS OF PARENT COMPANY (CONTINUED)

Year 2025

Item	Note XVI	2025	2024
III. Cash flows from financing activities:			
Cash received as investment			
Cash received from borrowings		1,588,600,000.00	1,499,000,000.00
Other cash receipts related to financing activities			
Sub-total of cash inflows from financing activities		1,588,600,000.00	1,499,000,000.00
Cash paid for debts settlement		1,627,600,000.00	1,499,996,309.06
Cash paid for distribution of dividends, profits, or interest expenses		177,552,025.30	267,741,306.94
Other cash payments related to financing activities		49,746,550.32	59,102,607.24
Sub-total of cash outflows from financing activities		1,854,898,575.62	1,826,840,223.24
Net cash flows from financing activities		-266,298,575.62	-327,840,223.24
IV. Effect of exchange rate changes on cash and cash equivalents		-6,841,469.81	3,280,266.38
V. Net increase in cash and cash equivalents		-484,553,225.36	-527,714,617.91
Add: Cash and cash equivalents at beginning of period		1,543,309,230.74	2,071,023,848.65
VI. Cash and cash equivalents at the end of period		1,058,756,005.38	1,543,309,230.74

STATEMENT OF CHANGES IN OWNERS' EQUITY OF PARENT COMPANY

Year 2025

Amount unit: RMB

Item	Amount for the current period											
	Other equity instruments			Less: Treasury shares			Other comprehensive income			Surplus reserve		Total equity attributable to the owners
	Paid-in capital (or share capital)	Preferred shares	Perpetual bonds	Others	Capital reserve				Δ General risk reserve	Retained profit		
Column No.	1	2	3	4	5	6	7	8	9	10	11	12
I. Closing balance of previous year	1,348,670,000.00				695,124,593.31		21,806,476.72		667,141,761.43	4,146,208,356.72		6,878,951,164.18
Add: Changes in accounting policies												
Retrospective adjustments												
Others												
II. Opening balance of current year	1,348,670,000.00				695,124,593.31		21,806,476.72		667,141,761.43	4,146,208,356.72		6,878,951,164.18
III. Changes for the year (decrease is represented by "-")												
(I) Total comprehensive income							-112,725,181.32		7,193,238.57	162,844,454.31		59,164,417.99
(II) Capital contributed/reduced by equity owner							-112,725,181.32			315,289,451.88		202,564,270.56
1. Ordinary share contribution by equity owners												
2. Capital contribution by holders of other equity instruments												
3. Share-based payment included in owners' equity					294,357.80							294,357.80
4. Others												
(III) Appropriation and use of special reserve					294,357.80							294,357.80
1. Appropriation of special reserve												
2. Use of special reserve												
(IV) Profit distribution												
1. Appropriation of surplus reserve												
Including: Statutory reserve												
Discretionary reserve												
# Reserve funds												
# Corporate development												
# Transfer of profit to investment												
2. Appropriation of general risk reserve												
3. Distribution to equity owners (or shareholders)									7,193,238.57	-152,444,997.57		-145,251,759.00
4. Others									7,193,238.57	-7,193,238.57		
(V) Internal movement of owners' equity												
1. Capital (or share capital) increased by conversion of capital reserve												
2. Capital (or share capital) increased by conversion of surplus reserve												
3. Loss set-off by surplus reserve												
4. Transfer of change in defined benefit plan to retained earnings												
5. Transfer of other comprehensive income to retained earnings												
6. Others												
IV. Closing balance of current year	1,348,670,000.00				695,118,927.11		-90,918,704.60		674,335,000.00	4,309,052,811.03		6,938,115,577.17

STATEMENT OF CHANGES IN OWNERS' EQUITY OF PARENT COMPANY (CONTINUED)

Year 2025

Amount unit: RMB

Item	Column No.	Amount for the previous period											Total equity attributable to the owners
		Other equity instruments				Less:			Other comprehensive income		General risk reserve	Retained profit	
		Paid-in capital (or share capital)	Preferred shares	Perpetual bonds	Others	Capital reserve	Treasury shares	special reserve	Surplus reserve				
	1	2	3	4	5	6	7	8	9	10	11	12	
I. Closing balance of previous year		1,348,670,000.00				693,718,843.09	8,096,993.80	638,735,319.09		4,123,061,083.69	6,812,382,239.67		
Add: Changes in accounting policies													
Retrospective adjustments													
Others													
II. Opening balance of current year		1,348,670,000.00				693,718,843.09	8,096,993.80	638,735,319.09		4,123,061,083.69	6,812,382,239.67		
III. Changes for the year (decrease is represented by "-")						1,405,726.22	13,709,482.92	28,406,442.34		23,147,273.03	66,668,924.51		
(I) Total comprehensive income							13,709,482.92			284,064,233.37	297,773,906.29		
(II) Capital contributed/reduced by equity owner						1,405,726.22					1,405,726.22		
1. Ordinary share contribution by equity owners													
2. Capital contribution by holders of other equity instruments													
3. Share-based payment included in owners' equity													
4. Others						1,405,726.22							
(III) Appropriation and use of special reserve											1,405,726.22		
1. Appropriation of special reserve								61,189,001.62			61,189,001.62		
2. Use of special reserve								-61,189,001.62			-61,189,001.62		
(IV) Profit distribution													
1. Appropriation of surplus reserve									28,406,442.34	-260,917,150.34	-232,510,708.00		
Including: Statutory reserve									28,406,442.34	-28,406,442.34			
Discretionary reserve													
#Reserve funds													
#Corporate development reserve													
#Transfer of profit to investment													
2. Appropriation of general risk reserve													
3. Distribution to equity owners (or shareholders)													
4. Others													
(V) Internal movement of owners' equity													
1. Capital (or share capital) increased by conversion of capital reserve													
2. Capital (or share capital) increased by conversion of surplus reserve													
3. Loss set-off by surplus reserve													
4. Transfer of change in defined benefit plan to retained earnings													
5. Transfer of other comprehensive income to retained earnings													
6. Others													
IV. Closing balance of current year		1,348,670,000.00				695,124,569.31	21,906,476.72			667,141,761.43	6,878,951,164.18		

NOTES TO THE FINANCIAL STATEMENTS

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

I. BASIC INFORMATION OF THE COMPANY

(1) History, registered address, organisational form and head office address

Beijing Urban Construction Design & Development Group Co., Limited (hereinafter referred to as "the Company") was established on 28 October 2013 by Beijing Urban Construction Group Co., Ltd. (hereinafter referred to as "BUCG"). The Company's registered address is 5 Fuchengmen North Street, Xicheng District, Beijing, and its legal representative is Mr. Pei Hongwei. The Company's H shares have been listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as "the Hong Kong Stock Exchange") under stock code 01599.

The Company's original total share capital was RMB1,348,670,000.00, of which BUCG held RMB571,031,118.00, representing 42.34% of the total share capital, and overseas issued H shares amounted to RMB387,937,000.00, representing 28.76% of the total share capital, which were listed and traded on the Hong Kong Stock Exchange in July 2014.

Legal representative: Mr. Pei Hongwei.

The Company's headquarters is located at 5 Fuchengmen North Street, Xicheng District, Beijing.

(2) Business nature and principal activities of the Company

The Company belongs to the industrial design industry, mainly providing design, survey and consultancy services for urban rail transit and urban rail transit related industrial and civil construction and municipal engineering projects; providing construction contracting services for urban rail transit and service concession arrangements.

The current main business segments are: design, survey and consultancy, and construction contracting.

(3) Scope of the consolidated financial statements

23 subsidiaries of the Company were included in the scope of combination. For details, please refer to Note VIII. INTERESTS IN OTHER ENTITIES. Compared with the prior period, the number of entities included in the scope of consolidated financial statements decreased by one entity. Details of the entities with changes in the scope of combination are set out in Note VII. CHANGES IN THE SCOPE OF COMBINATION.

(4) Approval of the financial statements

These financial statements have been approved for issue by the Board of Directors of the Company on 26 March 2026.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

II. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

(1) Basis for preparation of financial statements

The financial statements of the Company were prepared according to the transactions and matters actually occurred, and recognitions and measurements were made in accordance with the Accounting Standards for Enterprises – Basic Standards published by the Ministry of Finance and specific accounting standards, guidance on application of accounting standards for enterprises, interpretations to accounting standards for enterprises and other relevant requirements (the “ASBEs”). On this basis, the financial statements were also prepared in conjunction with the provisions of the “Regulations on Information Disclosure and Compilation of Companies Offering Securities to the Public No. 15-General Provisions on Financial Reporting” (revised in 2023) issued by the China Securities Regulatory Commission, as well as the disclosure requirements under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong and the Hong Kong Companies Ordinance.

(2) Going concern

The Company has assessed its going concern capability for 12 months from the end of the reporting period and has not identified any matters or circumstances that would cause material doubt about its going concern capability. Therefore, these financial statements are prepared on the basis of going concern assumption.

(3) Basis of accounting and principle of measurement

The Company has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Group adopts the historical cost as the principle of measurement in these financial statements. Where assets are impaired, corresponding provisions for asset impairment are made in accordance with the relevant requirements.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Disclaimer of compliance with the ASBEs

The financial statements have been prepared by the Company in conformity with the ASBEs; and truly and completely reflected the information such as financial position, operation results, and cash flow, etc. of the Company during the Reporting Period.

(2) Accounting period

The accounting year of the Company is from 1 January to 31 December of the Gregorian calendar.

(3) Operating cycle

An operating cycle refers to the period since when an enterprise purchases assets for processing purpose till the realization of those assets in cash or cash equivalents. The Company adopts 12 months as an operating cycle and uses it as a criterion for classifying the liquidity of assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(4) Reporting currency

The reporting currency of the Company is Renminbi ("RMB").

Overseas subsidiaries choose the currencies of the primary economic environment in which they operate as their reporting currencies and converted them into RMB when preparing financial statements.

(5) Determination methodology and selection basis of materiality criteria

Items	Materiality Criteria
Material non-wholly-owned subsidiaries	Absolute amount of minority interests at the end of the year $\geq$ RMB15.00 million
Material joint ventures and associates	Carrying amount of long-term equity investments $\geq$ RMB10.00 million

(6) Accounting treatments of business combinations involving entities under common control and entities not under common control

1. *If the terms, conditions and economic effects of transactions for the purpose of realizing business combination in phases fall into one or more of the following situations, then multiple transactions are regarded as a group of transactions for accounting treatment*

- (1) these transactions were entered into at the same time or after considering the effects of other transactions;
- (2) only when regarding these transactions as a whole, can they achieve a complete business result;
- (3) the occurrence of one transaction depends on the occurrence of at least one other transaction;
- (4) a transaction alone is not economical, but it is economical when considering together with other transactions.

2. *Business combinations involving entities under common control*

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(6) Accounting treatments of business combinations involving entities under common control and entities not under common control (continued)

2. *Business combinations involving entities under common control (continued)*

The assets and liabilities acquired by the Company in business combination shall be measured at the carrying amount of the assets, liabilities of the acquiree (including goodwill incurred in the acquisition of the acquiree by ultimate controlling party) in the combined financial statements of the ultimate controlling party at the date of business combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the business combination (or total nominal value of the issued shares) is adjusted to share premium in capital reserve. If the share premium in capital reserve is not sufficient to eliminate the difference, the remaining balance is adjusted against retained earnings.

If there is any contingent consideration required to be recognized as estimated liabilities or assets, capital reserve (capital premium or share premium) is adjusted by the difference between the amount of such estimated liabilities or assets and the amount of settlement of subsequent contingent consideration. When the capital reserve is insufficient, the remaining balance is adjusted against retained earnings.

For business combination finally realized after multiple transactions, in case of a group of transactions, those transactions are accounted as one transaction to acquire the control; in case of a transaction not included in a group of transactions, on the date of acquisition of the control, the capital reserve is adjusted by the difference between the initial investment cost of long-term equity investment and the sum of the carrying amount of the long-term equity investment before the combination and the carrying amount of the new payment consideration for further acquisition of shares on the date of combination; where the capital reserve is insufficient to eliminate, the remaining balance is adjusted against retained earnings. For the equity investment held before the date of business combination, the other comprehensive income recognized under equity method or financial instrument recognition and measurement standards are not accounted until the same accounting treatment for direct disposal of relevant assets or liabilities of the investee is adopted for the disposal of such investment; changes in the owners' equity other than the net losses and profits, other comprehensive income and profit distribution in the net assets of the investee that is recognized under the equity method, are not accounted until disposal of such investment is transferred to the profit or loss for the period.

3. *Business combinations involving entities not under common control*

A business combination not involving entities under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination.

The assets paid and liabilities incurred or committed as a consideration of business combination by the Company were measured at fair value on the date of acquisition and the difference between the fair value and its carrying amount shall be charged to the profit or loss for the period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(6) Accounting treatments of business combinations involving entities under common control and entities not under common control (continued)

3. *Business combinations involving entities not under common control (continued)*

Where the cost of combination is higher than the fair value of the identifiable net assets acquired from the acquiree in business combination, the Company shall recognize such difference as goodwill; where the cost of combination is less than the fair value of the identifiable net assets acquired from the acquiree in business combination, the Company shall firstly reassess the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities acquired from the acquiree and the cost of combination. If after that reassessment, the cost of combination is still less than the fair value of the identifiable net assets acquired from the acquiree in business combination, the difference shall be charged to the profit or loss for the period.

In a business combination involving entities not under common control that is realized in phases through multiple exchange transactions, in case of a group of transactions, those transactions are accounted as one transaction to acquire the control; in case of transactions not included in a group of transactions, where the equity investment held before the date of business combination is accounted under equity method, the sum of the carrying amount of the equity investment held by the acquiree before the date of acquisition and the cost of new investment on the date of acquisition are recognized as the initial investment cost of such investment; for the other comprehensive income recognized under equity method on the equity investment held before the date of acquisition is accounted on the same basis as adopted for direct disposal of relevant assets or liabilities of the investee. Where the equity investment held before the date of business combination is accounted based on the recognition and measurement standards for financial instruments, the sum of the fair value of such equity investment on the date of business combination and the new investment cost are accounted as the initial investment cost on the date of business combination. The difference between the fair value of the original equity and its carrying amount and the accumulative fair value changes originally included in the other comprehensive income are transferred to current investment income on the date of business combination.

4. *Relevant expenses in relation to business combination*

All directly related fees for audit, legal, assessment and consultation occurred for the purpose of business combination are credited in profit or loss in the period when they incurred; trading fees for issue of equity securities occurred for the purpose of business combination that are directly attributable to an equity transaction are charged to equity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(7) The criterion of control and the preparation method of consolidated financial statements

1. *Criterion of control*

Control refers to the power of an investor over an investee, and exposure, or rights, to variable returns from its involvement with the related activities of the investee, and the ability to use its power over the investee to affect the amount of its returns.

The Company determines whether to control the investee on the basis of comprehensive consideration of all relevant facts and circumstances. Once the relevant facts and circumstances which alters the elements that define control change, the Company shall perform re-evaluation. The relevant facts and circumstances mainly include:

- (1) The purpose of establishment of the investee.
- (2) Related activities of the investee and how to make decisions on related activities.
- (3) Whether the rights enjoyed by the investor currently enable it to direct the related activities of the investee.
- (4) Whether the investor enjoys variable returns by participating in the related activities of the investee.
- (5) Whether the investor has the ability to use its power over the investee to affect the amount of its returns.
- (6) The relationship between the investor and other parties.

2. *Scope of combination*

The scope of combination of the combined financial statements of the Company is determined on the basis of control. All subsidiaries (including individual entities controlled by the Company) are included in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(7) The criterion of control and the preparation method of consolidated financial statements (continued)

3. *Procedures of combination*

The consolidated financial statements shall be prepared by the Company based on the financial statements of the Company and its subsidiaries and other relevant information. When the Company prepares the consolidated financial statements, the whole company group is considered as a single accounting entity pursuant to recognition, measurement and presentation requirements of relevant ASBEs and based on the consistent accounting policies to reflect the company group's overall financial position, operating results and cash flows.

All subsidiaries included in the scope of consolidation of the consolidated financial statements adopt accounting policies and accounting periods consistent with those of the Company. Where the accounting policies or accounting periods adopted by any subsidiary are inconsistent with those of the Company, necessary adjustments shall be made in accordance with the accounting policies and accounting periods of the Company when preparing the consolidated financial statements.

In the preparation of consolidated financial statements, the impacts of internal transactions between the Company and its subsidiaries and among subsidiaries on the consolidated balance sheet, consolidated statement of profit or loss, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity shall be eliminated. If the recognition of the same transaction differs from the perspective of the Group's consolidated financial statements as compared with that when the Company or a subsidiary is regarded as the accounting entity, such transaction shall be adjusted from the perspective of the enterprise group.

The share of owners' equity, current net profit or loss and current comprehensive income of subsidiaries attributable to minority owners are respectively and separately presented under the owner's equity in the consolidated balance sheet, the net profit in the consolidated income statement, and the total comprehensive income in the consolidated income statement. If the current losses shared by a minority shareholder of a subsidiary exceed the balances arising from the shares enjoyed by the minority shareholder in the owners' equity of the subsidiary at the beginning of the period, minority equity will be offset accordingly.

For subsidiaries obtained through business combinations under common control, their financial statements shall be adjusted based on the carrying amounts of their assets and liabilities (including goodwill arising from the acquisition of such subsidiaries by the ultimate controlling party) as recorded in the financial statements of the ultimate controlling party.

For subsidiaries obtained through business combinations not under common control, their financial statements shall be adjusted based on the fair value of identifiable net assets at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(7) The criterion of control and the preparation method of consolidated financial statements (continued)

3. Procedures of combination (continued)

(1) Increase of subsidiaries or business

During the reporting period, if a subsidiary or business is added due to a business combination under common control, the opening balances in the consolidated balance sheet shall be adjusted; the income, expenses and profits of such subsidiary or business from the beginning of the current combination period to the end of the reporting period shall be included in the consolidated statement of profit or loss; the cash flows of such subsidiary or business from the beginning of the current combination period to the end of the reporting period shall be included in the consolidated statement of cash flows. Meanwhile, relevant items in the comparative financial statements shall be adjusted, and it is deemed that the combined reporting entity has existed in the current state since the date when the ultimate controlling party obtained control.

If control over an investee under common control is obtained through additional investment or other reasons, adjustments shall be made on the basis that all parties involved in the combination have existed in the current state since the ultimate controlling party commenced its control. In respect of the equity investments held in the combined entity before obtaining control, the relevant profit or loss, other comprehensive income and other changes in net assets recognised from the date when the original equity was held or the date when both the combining party and the combined entity came under common control (whichever is later) to the combination date shall be offset against the opening retained earnings of the comparative reporting periods or the current period profit or loss respectively.

During the reporting period, if a subsidiary or business is added due to a business combination not under common control, the opening balances in the consolidated balance sheet shall not be adjusted; the income, expenses and profits of such subsidiary or business from the acquisition date to the end of the reporting period shall be included in the consolidated statement of profit or loss; the cash flows of such subsidiary or business from the acquisition date to the end of the reporting period shall be included in the consolidated statement of cash flows.

If control over an investee not under common control is obtained through additional investment or other reasons, in respect of the equity interests in the acquiree held prior to the acquisition date, the Company shall remeasure such equity interests at their fair value on the acquisition date, and the difference between the fair value and the carrying amount shall be recognised in the current period investment income. Where the equity interests in the acquiree held prior to the acquisition date involve other comprehensive income recognised under the equity method and other changes in owners' equity excluding net profit or loss, other comprehensive income and profit distribution, the related other comprehensive income and other changes in owners' equity shall be transferred to the investment income for the period to which the acquisition date belongs, except for other comprehensive income arising from changes in the remeasurement of the net defined benefit liability or net asset of the investee.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(7) The criterion of control and the preparation method of consolidated financial statements (continued)

3. Procedures of combination (continued)

(2) Disposal of subsidiaries or business

1) General treatment methods

During the reporting period, if the Company disposes of a subsidiary or a business unit, the revenue, expenses, and profit of that subsidiary or business unit from the beginning of the period to the date of disposal are included in the consolidated statement of income; the cash flows of that subsidiary or business unit from the beginning of the period to the date of disposal are included in the consolidated statement of cash flows.

For the remaining equity investments after the disposal, the Company will re-measure the same at the fair value on the date when it loses control over the investee due to disposal of partial equity investment or other reasons. The difference between the sum of the equity disposal consideration and the fair value of the remaining equity and the sum of the share calculated at the original shareholding ratio in net assets enjoyed in the original subsidiary and continuously calculated from the acquisition date or combination date and the goodwill will be included in the investment income for the period where the control is lost. Other comprehensive income relating to investments in equity of the original subsidiary, or changes in other owners' equity other than net profit or loss, other comprehensive income, and profit distribution, are reclassified to investment income for the current period when control is lost, except for other comprehensive income arising from changes in the net defined benefit liability or asset of the investee due to remeasurement.

2) Disposal of subsidiaries by stages

Where the equity investments in a subsidiary are disposed of in multiple transactions step by step until control is lost, if the terms, conditions and economic effects of each transaction for disposing the equity investments in the subsidiary fall under one or more of the following circumstances, it shall generally indicate that the multiple transactions shall be accounted for as a package of transactions:

- A. These transactions are concluded at the same time or with their impact on each other taking into consideration;
- B. These transactions as a whole can reach a complete business result;
- C. The occurrence of a transaction depends on that of at least one other transactions;
- D. A single transaction is uneconomical but it is economical when considered together with other transactions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(7) The criterion of control and the preparation method of consolidated financial statements (continued)

3. Procedures of combination (continued)

(2) Disposal of subsidiaries or business (continued)

2) Disposal of subsidiaries by stages (continued)

Where the various transactions of disposing equity investments in a subsidiary until the loss of control constitute a package of transactions, the Company shall account for all such transactions as a single transaction of disposing the subsidiary and losing control; nevertheless, the difference between each disposal consideration and the share of net assets of the subsidiary corresponding to the disposed investment prior to the loss of control shall be recognised as other comprehensive income in the consolidated financial statements, and shall be transferred in full to the profit or loss for the current period when control is lost.

Where the various transactions of disposing equity investments in a subsidiary until the loss of control do not constitute a package of transactions, prior to the loss of control, accounting treatment shall be adopted in accordance with the relevant policies for partial disposal of equity investments in the subsidiary without losing control; upon the loss of control, accounting treatment shall be conducted pursuant to the general treatment method for the disposal of subsidiaries.

(3) Purchase of minority equity of subsidiaries

The stock premium in the capital reserves under the consolidated balance sheet will be adjusted at the difference between the long-term equity investment acquired by the Company for the purchase of minority interest and the share of net assets calculated constantly from the acquisition date (or combination date) according to the newly increased shareholding ratio. Where the stock premium is insufficient to offset, retained earnings will be adjusted.

(4) Partial disposal of equity investments in subsidiaries without losing control

In the case of partial disposal of long-term equity investments in a subsidiary without losing control, the capital premium of capital reserves in the consolidated balance sheet will be adjusted based on difference between the disposal price and the share which should be enjoyed for the disposal of long-term equity investments in the net assets the subsidiary continuously calculates from the acquisition date or the combination date; if the capital premium is insufficient to offset, retained earnings will be adjusted.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(8) Classification of joint venture arrangements and accounting treatment methods of joint operation

1. *Classification of joint venture arrangements*

The Company classifies joint venture arrangements into joint operations and joint ventures based on the structure and legal form of the joint venture arrangements, as well as the terms agreed in the joint venture arrangements and other relevant facts and circumstances. A joint operation refers to a joint venture arrangement under which the joint venturer enjoys the assets relevant to such arrangement and assumes the liabilities relevant to the same. A joint venture refers to a joint venture arrangement under which the joint venturer only has rights to the net assets of such arrangement.

2. *Accounting treatment for joint operation*

The Company has identified the following items related to its share of profits in joint operation and has accounted for them in accordance with the relevant corporate accounting standards:

- (1) Assets it solely holds and its share of jointly-held assets based on its percentage;
- (2) Liabilities it solely assumes and its share of jointly-assumed liabilities based on its percentage;
- (3) Income from sale of output enjoyed by it from the joint operation;
- (4) Income from sale of output enjoyed by it from the joint operation;
- (5) Income from sale of output from the joint operation based on its percentage.

(9) Standard of cash and cash equivalents

When preparing the cash flow statement, the Company recognizes cash as inventory cash and deposits that can be used for payment at any time. Investments that simultaneously meet four conditions – short term (generally maturing within three months from the date of purchase), high liquidity, easy convertibility into a known amount of cash, and minimal risk of value fluctuation – are identified as cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(10) Foreign currency operations and foreign currency financial statement translation

1. Foreign currency operations

Foreign currency transactions are converted into Renminbi for accounting purposes at the spot exchange rate on the date of the transaction when initially recognized.

At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. The resulting foreign exchange differences, except for those arising from foreign currency specific borrowings related to the acquisition or construction of assets that qualify for capitalization, which are handled in accordance with the principles of capitalization of borrowing costs, are recognized in profit or loss for the current period. Foreign currency non-monetary items measured at historical cost continue to be translated using the spot exchange rate at the transaction date and their bookkeeping currency amounts remain unchanged.

Foreign currency non-monetary items measured at fair value are translated using the spot exchange rate on the date when fair value is determined. The difference between the translated functional currency amount and the original functional currency amount is treated as a fair value change (including exchange rate changes) and is recognized in profit or loss for the period or as other comprehensive income.

2. Translation of foreign currency financial statements

Asset and liability items in the balance sheet are translated using the spot exchange rate on the balance sheet date. Equity items, except for the 'Undistributed Profits' item, are translated using the spot exchange rate at the time of occurrence. Revenue and expense items in the income statement are translated using the average exchange rate for the period. The foreign currency translation differences arising from the above translations are included in other comprehensive income.

When disposal of overseas operations, the foreign currency translation differences related to that overseas operation, which are presented in the other comprehensive income items of the balance sheet, are transferred from other comprehensive income to the profit or loss of the period of disposal. When a portion of equity investment is disposed of or for other reasons the proportion of ownership in an overseas operation is reduced but control over the overseas operation is not lost, the foreign currency translation differences related to the disposed portion of the overseas operation will be attributed to minority shareholders' equity and not transferred to profit or loss for the period. When a portion of equity in a foreign operation that is an associate or a joint venture is disposed of, the foreign currency translation differences related to that overseas operation are transferred to the profit or loss of the period of disposal in proportion to the disposal of such overseas operation.

(11) Financial instruments

When the Company becomes a party to a financial instrument contract, it recognizes a financial asset or a financial liability.

The effective interest method is a method used to calculate the amortized cost of financial assets or financial liabilities, as well as to allocate interest income or interest expenses to each accounting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(11) Financial instruments (continued)

The effective interest rate is the rate used to discount the estimated future cash flows of a financial asset or financial liability over its expected remaining life to the carrying amount of the financial asset or the amortized cost of the financial liability. When determining the effective interest rate, expected cash flows are estimated taking into account all the terms of the financial asset or financial liability (such as prepayment, extension, call options, or other similar options), but not considering expected credit losses.

The amortized cost of a financial asset or financial liability is the initial recognition amount of the financial asset or financial liability less principal repayments, plus or minus the cumulative amortization formed by amortizing the difference between the initial recognition amount and the amount at maturity using the effective interest method, and then less the cumulative loss provisions (applicable only to financial assets).

1. *Classification, recognition, and measurement of financial assets*

The Company classifies its financial assets into the following three categories based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets:

- (1) Financial assets measured at amortized cost.
- (2) Financial assets measured at fair value with changes recognized in other comprehensive income.
- (3) Financial assets measured at fair value with changes recognized in profit or loss for the current period.

Financial assets are initially measured at fair value upon initial recognition. However, trade receivables or notes receivables arising from the sale of goods or provision of services, which do not include significant financing components or where financing components not exceeding one year are not considered, are initially measured at the transaction price.

For financial assets measured at fair value with changes recognized in profit or loss, related transaction costs are directly recognized in profit or loss. For other categories of financial assets, related transaction costs are included in their initial recognition amount.

The subsequent measurement of financial assets depends on their classification. A reclassification of all affected relevant financial assets is carried out only when the Company changes the business model for managing financial assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(11) Financial instruments (continued)

1. Classification, recognition, and measurement of financial assets (continued)

(1) Classified as financial assets measured at amortized cost

If the contractual terms of a financial asset specify that the cash flows arising on a specific date are solely payments of principal and interest based on the unpaid principal amount, and the business model for managing that financial asset is aimed at collecting the contractual cash flows, the Company classifies the financial asset as a financial asset measured at amortized cost. The Company's financial assets classified as measured at amortized cost include monetary funds, notes receivable, accounts receivable, other receivables, long-term receivables, etc.

The Company recognizes interest income on such financial assets using the effective interest method and measures them subsequently at amortized cost. Gains or losses arising from impairment, derecognition, or modification of these financial assets are recognized in profit or loss for the period. Except for the following circumstances, the Company calculates and determines interest income based on the carrying amount of financial assets multiplied by the effective interest rate:

- 1) For purchased or originated financial assets that have incurred credit impairment, the Company determines its interest income from initial recognition onwards based on the amortized cost of the financial asset and the adjusted actual rate for credit.
 - 2) For financial assets acquired or originated that have not experienced credit impairment but subsequently become credit-impaired, the Company determines its interest income during the subsequent period based on the amortized cost of the financial asset and its actual interest rate. If the credit risk of such a financial instrument improves during the subsequent period and credit impairment no longer exists, the Company then determines interest income by multiplying the actual interest rate by the carrying amount of the financial asset.
- (2) *Financial assets classified as measured at fair value with changes recognized in other comprehensive income*
- If the contractual terms of a financial asset specify that the cash flows arising on a specific date are solely payments of principal and interest based on the unpaid principal amount, and the business model for managing the financial asset is both to collect the contractual cash flows and to sell the financial asset, the Company classifies this financial asset as a financial asset measured at fair value with changes recognized in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(11) Financial instruments (continued)

1. *Classification, recognition, and measurement of financial assets (continued)*

(2) *Financial assets classified as measured at fair value with changes recognized in other comprehensive income (continued)*

The Company recognizes interest income on such financial assets using the effective interest method. Except for interest income, impairment losses, and foreign exchange differences, which are recognized in profit or loss for the current period, all other changes in fair value are recognized in other comprehensive income. When such a financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income are transferred out of other comprehensive income and recognized in profit or loss for the current period.

Accounts receivable and notes receivable measured at fair value with changes recognized in other comprehensive income are presented as financing receivables. Other such financial assets are presented as other debt investments, of which: other debt investments maturing within one year from the balance sheet date are presented as non-current assets due within one year, and other debt investments originally maturing within one year are presented as other current assets.

(3) *Financial assets designated as measured at fair value with changes recognized in other comprehensive income*

At the initial recognition, the Company may irrevocably designate non-trading equity instrument investments on a per-financial-asset basis as financial assets measured at fair value with changes recognized in other comprehensive income.

Fair value changes of such financial assets are recognized in other comprehensive income, and no impairment provisions are required. Upon derecognition of the financial asset, the cumulative gains or losses previously recognized in other comprehensive income are transferred out of other comprehensive income and recognized in retained earnings. During the period the Company holds this equity instrument investment, dividend income is recognized and included in current period profit or loss when the Company's right to receive dividends is established, it is highly probable that the economic benefits related to the dividends will flow to the Company, and the amount of dividends can be reliably measured. The Company presents such financial assets under the item of other equity instrument investments.

Equity instrument investments meeting any of the following conditions are financial assets measured at fair value through profit or loss: the purpose of obtaining such financial assets is mainly for near-term sale; they are part of an identifiable portfolio of financial asset instruments under concentrated management at initial recognition, with objective evidence indicating actual short-term profit patterns in the near term; they are derivative instruments (except derivatives meeting the definition of financial guarantee contracts and derivatives designated as effective hedging instruments).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(11) Financial instruments (continued)

1. *Classification, recognition, and measurement of financial assets (continued)*

(4) *Financial assets classified as measured at fair value through profit or loss*

Financial assets not meeting conditions for classification as measured at amortised cost or measured at fair value through other comprehensive income, and not designated as measured at fair value through other comprehensive income, are all classified as measured at fair value through profit or loss.

The Company uses fair value for subsequent measurement of such financial assets, recognising gains or losses from fair value changes and dividend and interest income related to such financial assets in current profit or loss.

The Company presents such financial assets under trading financial assets and other non-current financial assets based on their liquidity.

(5) *Financial assets designated as measured at fair value through profit or loss*

At initial recognition, the Company may irrevocably designate financial assets as measured at fair value through profit or loss on an individual financial asset basis to eliminate or significantly reduce accounting mismatches.

For hybrid contracts containing one or more embedded derivatives whose host contracts do not belong to the above financial assets, the Company may designate them as a whole as financial instruments measured at fair value through profit or loss. However, the following situations are excluded:

- 1) Embedded derivatives do not significantly change the cash flows of hybrid contracts.
- 2) When initially determining whether similar hybrid contracts need to be separated, it is almost clear without analysis that the embedded derivatives contained should not be separated. For example, prepayment rights embedded in loans that allow holders to prepay loans at amounts close to amortised cost do not need to be separated.

The Company uses fair value for subsequent measurement of such financial assets, recognising gains or losses from fair value changes and dividend and interest income related to such financial assets in current profit or loss.

The Company presents such financial assets under trading financial assets and other non-current financial assets based on their liquidity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(11) Financial instruments (continued)

2. *Classification, recognition and measurement of financial liabilities*

The Company classifies a financial instrument, or a component thereof, as a financial liability or an equity instrument on initial recognition based on the contractual terms of the financial instrument issued and the economic substance reflected therein, rather than solely in legal form, in combination with the definitions of a financial liability and an equity instrument. Financial liabilities are classified on initial recognition as financial liabilities at fair value through profit or loss, other financial liabilities, and derivatives designated as effective hedging instruments.

Financial liabilities are measured at fair value on initial recognition. For financial liabilities measured at fair value through profit or loss, the related transaction costs are charged directly to profit or loss; For other types of financial liabilities, the related transaction costs are included in the amount initially recognized.

Subsequent measurement of financial liabilities depends on their classification:

(1) *Financial liabilities measured at fair value through profit or loss*

Such financial liabilities include transactional financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated at fair value through profit or loss on initial recognition.

A financial liability is a transaction if one of the following conditions is met: the underlying financial liability is assumed primarily for the purpose of selling or repurchasing in the near term; it is part of a centrally managed portfolio of identifiable financial instruments, and there is objective evidence that the enterprise has recently adopted a short-term profit model; they are derivatives, except for those that are designated as effective hedging instruments and those that meet financial guarantee contracts. Transactional financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value and all changes in fair value are included in profit or loss for the period, except for those relating to hedge accounting.

At initial recognition, in order to provide more relevant accounting information, the Company irrevocably designates a financial liability that meets one of the following conditions as a financial liability at fair value through profit or loss:

- 1) Accounting mismatches can be eliminated or significantly reduced.
- 2) The management and performance evaluation of a portfolio of financial liabilities or a portfolio of financial assets and financial liabilities on a fair value basis, in accordance with the corporate risk management or investment strategy as set out in the official written documents, and reporting to key management personnel within the enterprise on this basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(11) Financial instruments (continued)

2. Classification, recognition and measurement of financial liabilities (continued)

(1) Financial liabilities measured at fair value through profit or loss (continued)

The Company subsequently measures these financial liabilities at fair value, except for changes in fair value arising from changes in the Company's own credit risk, which are included in other comprehensive income, other changes in fair value are included in the profit or loss of the current period. The Company accounts for all changes in fair value (including the amount of the effect of changes in its own credit risk) in profit or loss for the current period, unless such changes in fair value through other comprehensive income would cause or enlarge an accounting mismatch in profit or loss.

(2) Other financial liabilities

The Company classifies financial liabilities as financial liabilities measured in amortized cost, which are subsequently measured in accordance with amortized cost using the effective interest method, and gains or losses arising from derecognition or amortisation are included in profit or loss for the period, except for the following:

- 1) Financial liabilities at fair value through profit or loss.
- 2) Financial liabilities arising from the transfer of a financial asset that does not meet the conditions for derecognition or continues to be involved in the transferred financial asset.
- 3) Financial guarantee contracts that do not fall under the first two categories of this article, and loan commitments that do not fall under category 1) of this article for loans at below-market interest rates.

A financial guarantee contract is a contract that requires an issuer to pay a specific amount to a contract holder that has suffered a loss when a particular debtor fails to pay its debt in accordance with the terms of the original or modified debt instrument when due. Financial guarantee contracts that are not financial liabilities designated at fair value through profit or loss are measured after initial recognition at the higher of the loss allowance amount and the amount initially recognised less accumulated amortisation over the guarantee period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(11) Financial instruments (continued)

3. *Derecognition of financial assets and financial liabilities*

(1) *The Company derecognises and writes off a financial asset from its account and balance sheet when the following conditions are met:*

- 1) The contractual right to receive the cash flows from the financial asset is terminated.
- 2) The financial asset has been transferred and the transfer meets the requirements for derecognition of the financial asset.

(2) *Conditions for derecognition of financial liabilities*

A financial liability (or a portion of a financial liability) is derecognised if the current obligation of the financial liability (or portion of a financial liability) has been discharged.

Where an agreement is entered into between the Company and the lender to replace the original financial liability by assuming the new financial liability and the contractual terms of the new financial liability and the original financial liability are materially different, or the contractual terms of the original financial liability (or a portion thereof) are materially modified, the original financial liability is derecognised and a new financial liability is simultaneously recognised, and the difference between the carrying amount and the consideration paid (including the non-cash assets transferred out or the liabilities assumed) is included in the profit or loss of the current period.

Where the Company repurchases a portion of a financial liability, the carrying amount of the financial liability as a whole is allocated based on the fair value of the continuing recognition portion and the derecognition portion as a proportion of the fair value of the financial liability as a whole at the date of repurchase. The difference between the carrying amount allocated to the derecognised portion and the consideration paid, including the non-cash assets transferred out or liabilities assumed, is included in the current profit or loss.

4. *The basis for recognition and measurement of financial asset transfers*

When a transfer of financial assets occurs, the Company assesses the extent of the risks and rewards of retaining ownership of the financial assets and deals with each of the following:

- (1) If almost all risks and rewards of ownership of financial assets are transferred, the financial assets are derecognized and the rights and obligations arising or retained in the transfer are separately recognized as assets or liabilities.
- (2) If all the risks and rewards of ownership of financial assets are retained, the financial assets will continue to be recognized.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(11) Financial instruments (continued)

4. *The basis for recognition and measurement of financial asset transfers (continued)*

(3) There is neither transfer nor retention of almost all risks and rewards of ownership of financial assets (ie, other than (1) and (2)), depending on whether they retain control over financial assets, respectively, the situations are handled as follows:

- 1) If the control over the financial assets is not retained, the financial assets are derecognised and the rights and obligations arising or retained in the transfer are separately recognized as assets or liabilities.
- 2) If the control over the financial assets is retained, the relevant financial assets shall continue to be recognized according to the extent to which they continue to be involved in the transfer of financial assets, and related liabilities are recognized accordingly. The extent of continuing involvement in the transfer of financial assets refers to the extent to which the Company assumes the risk or reward of changes in the value of the transferred financial assets.

When determining whether the transfer of financial assets satisfies the above-mentioned conditions for derecognition of financial assets, the principle of substance over form is adopted. The Company divides the transfer of financial assets into overall transfer and partial transfer of financial assets.

(1) If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts is included in the current profit and loss:

- 1) The carrying amount of the transferred financial assets on the derecognition date.
- 2) The sum of the consideration received from the transfer of the financial asset and the amount of the corresponding derecognized part in the accumulated changes in fair value previously recorded directly in other comprehensive income (the financial assets involved in the transfer are financial asset measured at fair value through other comprehensive income).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(11) Financial instruments (continued)

4. *The basis for recognition and measurement of financial asset transfers (continued)*

- (2) If the financial assets are partially transferred and the transferred part as a whole meets the conditions for derecognition, the entire carrying amount of the financial asset transferred shall be proportionally amortised between the derecognised portion and the retained portion (in this case, the retained service assets shall be deemed to be part of the continuing recognition of the financial assets) according to their respective relative fair value on the transfer date. Then, the balance between the following two amounts will be included in the current profit and loss:

- 1) The carrying amount of the derecognition part on the derecognition date.
- 2) The sum of the consideration received from the derecognized part and the amount corresponding to the derecognized part in the accumulated amount of the fair value change that is previously included in other comprehensive income (the financial assets involved in the transfer are financial assets measured at fair value through other comprehensive income).

If the transfer of financial assets does not meet the conditions for derecognition, the financial assets continue to be recognized and the consideration received is recognized as a financial liability.

5. *Determination of the fair value of financial assets and financial liabilities*

When the financial assets or financial liabilities are in an active market, the quoted prices in active markets are used to determine their fair values, unless such financial assets have a restricted period. For financial assets which have restricted period, their fair values are determined by the quoted prices in active markets less the compensation amount requested by market players for assuming the risk of not able to sell such financial assets in the public market during the designated period. Quoted prices in active markets include those related assets or liabilities which can be easy and regular to get from the exchange, traders, brokers, industry groups, pricing mechanism or regulatory agencies and can represent the actual and often occur in even bargain basis market transactions.

For financial assets initially obtained or derived or financial liabilities assumed, fair value is determined based on market transaction prices.

For financial assets and financial liabilities that no actively traded market exists, their fair values are determined using valuation techniques. During valuation, the Company adopts valuation techniques that are available in the current circumstances and are supported by enough available data and other information, and chooses input value with same features used by market players for transactions of relevant assets or liabilities, and manages to preferentially use relevant observable input value. Under the circumstance that is unable to obtain observable input value or it is infeasible, unobservable input value will be used.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(11) Financial instruments (continued)

6. *Impairment of financial instruments*

The Company performs impairment accounting and recognizes loss allowances for financial assets measured at amortised cost and contract assets based on expected credit losses.

The expected credit loss refers to the weighted average of the credit losses of financial instruments that are weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable from the contract and all cash flows expected to be received by the Company at the original actual interest rate (i.e. the present value of all cash shortfalls). Among them, the financial assets purchased or originated by the Company that have suffered credit impairment should be discounted at the credit-adjusted actual interest rate of the financial asset.

For financial assets purchased or originated that have suffered credit impairment, on the balance sheet date, only the cumulative changes in expected credit losses throughout the useful life since initial recognition are recognized as loss provisions. On each balance sheet date, the amount of change in expected credit losses throughout the useful life is included in the current profit and loss as an impairment loss or gain. Even if the expected credit loss throughout the useful life determined on the balance sheet date is less than the amount of expected credit loss reflected in the estimated cash flow at initial recognition, the favorable change in expected credit loss is recognized as an impairment gain.

In addition to the above-mentioned simplified measurement methods and other financial assets purchased or originated that suffered from credit impairment, on each balance sheet date, the Company assesses whether the credit risk of relevant financial instruments has increased significantly since initial recognition, and measure their loss provisions and recognize expected credit losses and their changes according to the following circumstances:

- (1) If the credit risk of the financial instrument has not increased significantly since the initial recognition, it is in the first stage, the loss provision is measured at the amount equivalent to the expected credit loss of the financial instrument in the next 12 months, and the interest income is calculated according to the book balance and the actual interest rate.
- (2) If the credit risk of the financial instrument has increased significantly since the initial recognition, however, if credit impairment has not occurred, it is in the second stage, the loss provision is measured at the amount equivalent to the expected credit loss throughout the useful time of the financial instrument, and the interest income is calculated according to the book balance and the actual interest rate.
- (3) If the financial instrument has suffered credit impairment since its initial recognition, it is in the third stage. The Company measures its loss provisions at an amount equivalent to the expected credit loss throughout the useful life of the financial instrument, and the interest income is calculated at amortized cost and actual interest rate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(11) Financial instruments (continued)

6. *Impairment of financial instruments (continued)*

The increase or reversal of the credit loss provision for financial instruments is included in the current profit and loss as an impairment loss or gain. Except for financial assets that are classified as measured at fair value through other comprehensive income, credit losses are provided to offset the book balance of financial assets. For financial assets classified as measured at fair value through other comprehensive income, the Company recognizes its credit loss provisions in other comprehensive income and does not reduce the carrying amount of the financial asset listed in the balance sheet.

In the previous accounting period, the Company has measured the loss provisions according to the amount of expected credit losses throughout the useful life of the financial instrument, but on the balance sheet date of the current period, for financial instrument that no longer has a significant increase in credit risk since initial recognition, the Company measures the loss provisions of the financial instrument at the current balance sheet date according to the amount of expected credit losses in the next 12 months, and the resulting reversal amount of the loss provisions is included in the current profit and loss as an impairment gain.

(1) *Credit risk increased significantly*

The Company uses the available, reasonable and evidence-based forward-looking information to compare the default risk of the financial instruments on the balance sheet date and the default risk of the financial instruments on the initial recognition date to determine whether the credit risk of the financial instrument has significantly increased since initial recognition. For financial guarantee contracts, when the Company applies provisions of impairment of financial instrument, the day when the Company becomes the party making the irrevocable commitment is used as the initial recognition date.

The Company will consider the following factors when assessing whether the credit risk has increased significantly:

- 1) Whether the actual or expected operating results of the debtor have changed significantly;
- 2) Whether the debtor's regulatory, economic or technological environment has undergone significant adverse changes;
- 3) Whether there has been a significant change in the value of the collateral used as debt collateral or the guarantee provided by a third party or the quality of credit enhancement, and these changes are expected to reduce the economic motivation of the debtor to repay the loan within the time limit specified in the contract or affect the probability of default;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(11) Financial instruments (continued)

6. *Impairment of financial instruments (continued)*

(1) *Credit risk increased significantly (continued)*

- 4) Whether the debtor's expected performance and repayment behaviour have changed significantly;
- 5) Whether the Company's credit management methods for financial instruments have changed, etc.

At the balance sheet date, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the Company determines that the financial instrument has only low credit risk. A financial instrument is considered to have low credit risk if it has a low risk of default, the borrower has a strong ability to meet its contractual cash flow obligations in the short term, and even if there are adverse changes in the economic situation and operating environment over a longer period of time, it may not necessarily reduce the borrower's ability to meet its contractual cash flow obligations.

(2) *Financial assets with credit impairment*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the expected future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable information:

- 1) Significant financial difficulties of the issuer or the debtor;
- 2) Breach of contract by the debtor, such as default or overdue payment of interest or principal, etc.;
- 3) A concession given by a creditor to the debtor that the debtor would not otherwise make for economic or contractual reasons relating to the debtor's financial difficulties;
- 4) The debtor is likely to go bankrupt or undergo other financial restructuring;
- 5) The financial difficulty of the issuer or the debtor results in the disappearance of an active market for the financial asset;
- 6) A financial asset is purchased or originated at a significant discount that reflects the fact that a credit loss has occurred.

Credit impairment of financial assets may be caused by the joint action of multiple events, and may not be caused by separately identifiable events.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(11) Financial instruments (continued)

6. *Impairment of financial instruments (continued)*

(3) *Determination of ECL*

The Company assesses the ECLs for financial instruments individually and in combination, taking into account reasonable and supportable information about past events, current conditions and forecasts of future economic conditions in assessing the ECLs.

The Company classifies financial instruments into different combinations based on common credit risk characteristics. Common credit risk characteristics adopted by the Company include: aging mix, debtor's nature, etc. See the accounting policies for the relevant financial instruments for the individual assessment criteria and the combined credit risk characteristics of the relevant financial instruments.

The Company determines the ECL for the relevant financial instruments as follows:

- 1) For financial assets, credit losses are the present value of the difference between the contractual cash flows that the Company is expected to receive and the cash flows that it expects to receive.
- 2) For lease receivables, credit losses are the present value of the difference between the contractual cash flows that the Company is expected to receive and the cash flows that it expects to receive.
- 3) For financial guarantee contracts, credit losses are the present value of the difference between the expected payments to be made by the Company to the contract holder for credit losses incurred by the contract holder, less the amount that the Company expects to receive from the contract holder, the debtor or any other party.
- 4) For a financial asset that is credit-impaired at the balance sheet date but not purchased or originated from credit-impaired, credit losses are the difference between the carrying amount of the financial asset and the present value of the estimated future cash flows discounted at the original effective interest rate.

Factors reflected in the Company's approach to calculate ECLs on financial instruments include: an unbiased probability-weighted average amount determined by evaluating a range of possible outcomes; the time value of money; reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions that is available at the balance sheet date without undue additional cost or effort.

(4) *Write-down of financial assets*

When the Company no longer reasonably expects the contractual cash flows of a financial asset to be recovered in whole or in part, the carrying amount of the financial asset is written down directly. Such a write-down constitutes a derecognition of the relevant financial asset.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(11) Financial instruments (continued)

7. *Offset of financial assets and financial liabilities*

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other. However, if the following conditions are met at the same time, the net amount after offsetting is shown in the balance sheet:

- (1) The Company has a legal right to set off the recognised amounts and such legal right is currently enforceable;
- (2) The Company plans to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(12) Notes receivable

The Company's methods for determining and accounting for expected credit losses on notes receivable are detailed in Note (11) 6. Impairment of financial instruments.

For notes receivable whose credit risk differs significantly from that of the portfolio, the Company recognises expected credit losses on an individual basis. For notes receivable that are individually significant and have experienced credit impairment after initial recognition, the Company determines their credit losses separately.

When sufficient evidence of expected credit losses cannot be assessed at reasonable cost at individual instrument level, the Company refers to historical credit loss experience and combines current conditions and judgments about future economic conditions to classify notes receivable into several portfolios based on credit risk characteristics, and calculates expected credit losses on a collective basis. The Company divides notes receivable into two portfolios: bank acceptance bills and commercial acceptance bills. For notes receivable classified into portfolios, the Company calculates expected credit losses by referring to historical credit loss experience, combined with current conditions and forecasts of future economic conditions, through default risk exposure and expected credit loss rates over the entire life.

For bank acceptance bills, the Company believes that the bank acceptance bills held do not have significant credit risk and will not cause major losses due to defaults by banks or other drawers, so no bad debt provision is made.

For commercial acceptance bills, where the Company initially recognises trade receivables which are then settled by commercial acceptance bills, bad debt provisions are made according to the principle of continuous calculation of the same expected credit loss rate as trade receivables.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(13) Trade receivables

The Company's methods for determining and accounting for expected credit losses on trade receivables are detailed in Note (11) 6. Impairment of financial instruments.

For trade receivables whose credit risk is significantly different from that of the portfolio, the Company recognises expected credit losses on an individual basis. The Company determines the credit losses individually for trade receivables where there is objective evidence of credit impairment and deterioration, such as the customer experiencing financial difficulties, bankruptcy, or restructuring.

When sufficient evidence of expected credit losses cannot be assessed at reasonable cost at individual instrument level, the Company refers to historical credit loss experience and combines current conditions and judgments about future economic conditions to classify trade receivables into several portfolios based on credit risk characteristics, and calculates expected credit losses on a collective basis. The basis for determining portfolios is as follows:

Portfolio name	Basis for determining portfolio	Provision method
Aging portfolio	Trade receivables that have not experienced situations requiring individual consideration of credit losses	Provision based on aging versus lifetime expected credit loss rate comparison table

The Company has established an expected credit loss model for trade receivables, using an expected loss matrix to calculate impairment losses. Expected loss rates are generally based on historical loss rates, which are determined by observing the average migration rates based on the aging of trade receivables. The specific expected credit loss rates are as follows:

Aging	Expected credit loss rate for trade receivables (%)
Within 6 months	0.5%
6 months-1 year	4.00%
1-2 years	9.3%
2-3 years	16.5%
3-4 years	30.00%
4-5 years	50.00%
5-6 years	90.00%
Over 6 years	100.00%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(14) Receivables financing

The Company's methods for determining and accounting for expected credit losses on receivables financing are detailed in Note (11) 6. Impairment of financial instruments.

(15) Other receivables

The Company's methods for determining and accounting for expected credit losses on other receivables are detailed in Note (11) 6. Impairment of financial instruments.

For other receivables, the Company assesses at each balance sheet date whether the credit risk has increased significantly since initial recognition. If credit risk has not increased significantly since initial recognition, it is in Stage 1, and the Company measures loss allowances at an amount equal to 12-month expected credit losses and calculates interest income based on gross carrying amount and effective interest rate. If credit risk has increased significantly since initial recognition but credit impairment has not yet occurred, it is in Stage 2, and the Company measures loss allowances at an amount equal to lifetime expected credit losses and calculates interest income based on gross carrying amount and effective interest rate. If credit impairment has occurred after initial recognition, it is in Stage 3, and the Company measures loss allowances at an amount equal to lifetime expected credit losses and calculates interest income based on amortised cost and effective interest rate.

The Company individually determines the credit losses for other receivables from customers experiencing objective credit impairment and deterioration, such as financial difficulties, bankruptcy or restructuring.

When sufficient evidence of expected credit losses cannot be assessed at reasonable cost at individual instrument level, the Company refers to historical credit loss experience and combines current conditions and judgments about future economic conditions to classify other receivables into several portfolios based on credit risk characteristics, and calculates expected credit losses on a collective basis. The basis for determining portfolios is as follows:

Portfolio name	Basis for determining portfolio	Provision method
Guarantee deposit portfolio	Guarantee deposits stipulated in contracts with owners, including tender deposits, performance deposits and security deposits	Provision based on aging versus lifetime expected credit loss rate comparison table
Related party portfolio	Internal related party transactions within the consolidation scope	—
Imprest, advances on behalf of others, etc. portfolio	Staff imprest, advances to employees, related party loans, advances paid on behalf of others and other amounts	Provision based on aging versus lifetime expected credit loss rate comparison table

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(15) Other receivables (continued)

- (1) For guarantee deposits stipulated in contracts with owners among other receivables, including tender deposits, performance deposits and security deposits, when the relevant guarantee deposits are not overdue, provision is made according to the following model: Provision for impairment = Balance of guarantee deposits from owners * 0.5%. If the relevant guarantee deposits are overdue, when no credit risk deterioration has occurred to customers, provision is made according to the following table model:

Overdue aging	ECL rates for guarantee deposits and security deposits (%)
Within 6 months	0.5%
6 months -1 year	4.00%
1-2 years	9.30%
2-3 years	16.5%
3-4 years	30.00%
4-5 years	50.00%
5-6 years	90.00%
Over 6 years	100.00%

- (2) Internal related party transactions within the consolidation scope of Urban Construction Design Group do not require bad debt provision.
- (3) Other receivables excluding tender deposits, performance deposits, security deposits and internal related party transactions within the consolidation scope, including employee advances, advances paid on behalf of employees, related party loans, advances paid on behalf of others and other amounts, when no credit risk deterioration has occurred to counterparties, provision is made according to the following model:

Aging	ECL rates for staff imprest, advances to employees, related party loans, advances paid on behalf of others and other amounts (%)
Within 6 months	0.5%
6 months -1 year	5.00%
1-2 years	10.00%
2-3 years	20.00%
3-4 years	30.00%
4-5 years	60.00%
Over 5 years	100.00%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(16) Inventories

1. *Inventory categories, issuance pricing method, inventory system, amortization method of low-value consumables and packaging inventories categories*

(1) *Inventory categories*

Inventories refer to the finished goods or merchandise, goods under production process, and materials and items consumed during production or provision of labor services which are held for sale by the Company over the course of ordinary activities. These mainly include raw materials, turnover materials, goods in process, self-manufactured semi-finished products and finished goods (merchandise in stock).

(2) *Valuation method of inventories*

Inventories are initially measured at cost upon acquisition, which includes procurement costs, processing costs and other costs. The value of inventories is calculated on first-in-first-out basis when they are delivered.

(3) *Inventory system*

The Company maintains a perpetual inventory system.

(4) *Amortisation method for low-value consumables and packaging materials*

- 1) Low-value consumables are amortised using the one-off write-off method;
- 2) The packaging materials are amortised using the one-off write-off method.
- 3) Other revolving materials are amortised using the one-off write-off method.

2. *Recognition Criteria and Measurement Method for Inventory Impairment*

After a comprehensive physical count of inventories at the end of the period, inventory write-down provisions are accrued or adjusted based on the lower of cost or net realizable value. Inventories of goods directly for sale, such as finished goods, goods in stock and materials for sale, are determined as net realisable value in the normal course of production and operation at the estimated selling price of the inventories less estimated selling expenses and related taxes; Inventories of materials that need to be processed are determined as net realisable value in the normal course of production and operation at the estimated selling price of the finished goods produced less the estimated costs to be incurred, the estimated selling expenses and related taxes and fees upon completion; The net realisable value of inventories held in execution of a sales contract or a service contract is calculated on the basis of the contract price, if the quantity of inventories held exceeds the quantity ordered in the sales contract, the net realisable value of the excess inventories is calculated on the basis of the general selling price.

At the end of the period, inventory write-down provisions are generally made based on individual inventory items. However, for inventories with large quantity and low unit price, inventory write-down provision shall be made according to the inventory category; Inventories that are related to product lines produced and sold in the same region, have the same or similar end use or purpose and are difficult to measure separately from other items are provided for in a consolidated manner.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(16) Inventories (continued)

2. *Recognition Criteria and Measurement Method for Inventory Impairment (continued)*

If the factors affecting the previous write-down of the inventory value have disappeared, the amount of the write-down shall be restored and reversed within the amount of the original inventory write-down provision, and the reversed amount shall be included in the current profit or loss.

(17) Contract assets (including construction quality guarantee deposits)

If the Company has transferred the goods to the customer and has the right to receive consideration, and the right depends on factors other than the passage of time, it is recognized as a contract asset. The Company's unconditional (i.e. depends only on the passage of time) right to collect consideration from customers is listed separately as receivables.

For the determination method and accounting arrangement method of the expected credit losses of the contract assets of the Company, please refer to Impairment of financial instruments of Note (11) 6. Impairment of financial instruments.

Under the new financial instruments standards, contract assets are subject to impairment treatment based on expected credit losses and loss allowances are recognised. Credit losses refer to the difference between all contractual cash flows receivable under the contract and all cash flows expected to be collected. Since contract assets have not formed actual trade receivables but are only due to not reaching the settlement point, and most of the owners involved in contract assets are state-owned enterprises, local governments and their controlled enterprises, the risk is relatively low. Therefore, the expected credit loss rate for contract assets is generally not higher than the expected credit loss rate of 0.5% for trade receivables within 6 months. Out of prudent consideration, the Company chooses to provide for expected credit losses on contract assets at the expected credit loss rate of 0.5% for trade receivables within 6 months. For contract assets with special risks, the Company considers them individually and makes individual provisions.

(18) Debt investment

The Company's methods for determining and accounting for expected credit losses on debt investment are detailed in Note (11) 6 Impairment of financial instruments.

(19) Other debt investments

The Company's methods for determining and accounting for expected credit losses on other debt investments are detailed in Note (11) 6 Impairment of financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(20) Long-term receivables (including non-current assets due within one year)

The Company's methods for determining and accounting for expected credit losses on long-term receivables are detailed in Note (11) 6 Impairment of financial instruments.

When sufficient evidence of expected credit losses cannot be assessed at reasonable cost at individual instrument level, the Company refers to historical credit loss experience and combines current conditions and judgments about future economic conditions to classify long-term receivables into several portfolios based on credit risk characteristics, and calculates expected credit losses on a collective basis.

Long-term receivables of the Company mainly include performance deposits, PPP project advances and construction payments. Performance deposits have clear maturity dates. For non-overdue performance deposits, due to the low historical risk of non-recovery, the expected credit loss rate is 0.5%. For PPP project advances and construction payments, since the repayments of these PPP projects have been included in local government fiscal budgets and no overdue situations have occurred, the expected credit loss risk is relatively low. Considering comprehensively, the estimated expected credit loss rate is 0.1%.

(21) Long-term equity investment

1. Determination of initial investment cost

- (1) For the long-term equity investment acquired through a business combination, see Note (VII) Accounting Methods for Business Combinations under Common Control and under Non-common Control for specific accounting policies.
- (2) Long-term equity investments acquired by other means

Long-term equity investments acquired by cash payments are initially measured at the purchase price actually paid. Initial investment costs include expenses, taxes and other necessary expenses that are directly related to obtaining a long-term equity investment.

Long-term equity investments made by issuing equity securities, with the fair value of the issued equity securities as the initial investment cost; Transaction costs incurred in issuing or obtaining their own equity instruments are deducted from equity if they are directly attributable to equity transactions.

The initial investment costs of long-term equity investment obtained in an exchange of non-monetary assets is determined using the fair value of the asset surrendered, provided that the asset received in exchange for non-monetary asset has a commercial substance and the fair value of both the asset received and the asset surrendered can be reliably measured, except there is definite evidence that the fair value of the asset received is more reliable; the initial investment costs of a long-term equity investment in a non-monetary asset exchange that cannot satisfy the above conditions is determined by the carrying amount of the asset surrendered and the amount of relevant tax payable.

The initial investment costs of a long-term equity investment obtained through debt restructuring is determined based on the fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(21) Long-term equity investment (continued)

2. Subsequent measurement and profit or loss recognition

(1) Cost method

The Company may adopt the cost method for accounting of the controlling long-term equity investment in the investee, and measure the investment at the initial investment cost, which can be adjusted by addition or recovery of investment.

Except for the price actually paid for obtaining the investment or the cash dividends or profits declared but not yet distributed which is included in the consideration, the Company recognizes cash dividends or profits declared by the investee as current investment gains.

(2) Equity method

The Company adopts the equity method for accounting of long-term equity investment in joint ventures and associates; where part of the equity investment of the investing party is indirectly held by venture capital institutions, mutual funds, trust companies or similar subjects including unit-linked insurance fund, the investment is measured at fair value, the changes in which are included in the profit and loss.

When the initial investment cost of the long-term equity investment exceeds the share of fair value in the identifiable net assets in the investee, the initial investment cost of a long-term equity investment is not adjusted based on such difference. When the initial investment cost is lower than the share of fair value in the identifiable net assets in the investee, such difference is recognized in profit or loss for the period.

After the Company acquires a long-term equity investment, it shall, in accordance with its attributable share of the net profit or loss and other comprehensive income realized by the investee, recognize the investment income and other comprehensive income respectively and simultaneously adjust the carrying amount of the long-term equity investment. The Company shall, in light of the profits or cash dividends that the invested entity declares to distribute, reduce the carrying amount of the long-term equity investment correspondingly. As to any change in owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution, the Company shall adjust the carrying amount of the long-term equity investment and include such change into the owners' equity.

The Company shall, based on the fair value of identifiable net assets of the invested entity when it obtains the investment, recognize its attributable share of the net profit or loss of the investee after it adjusts the net profit of the investee. The profit or loss of the unrealized internal transaction between the Company and the associates, joint ventures shall be offset with the portion attributable to the Company according to the proportion the Company is entitled to, and the gains or losses on investment shall be recognized on such basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(21) Long-term equity investment (continued)

2. Subsequent measurement and profit or loss recognition (continued)

(2) Equity method (continued)

Recognition of loss in the investee by the Company shall follow this order: firstly, reduce the carrying amount of the long-term equity investments; secondly, if the carrying amount of long-term equity investments is insufficient for such reduction, continue to recognize such investment loss to the extent of the carrying amount of the long-term equity which substantively constitutes the net investment in the investee. Finally, after the above treatment, if the Company still bears additional obligations stipulated under the investment contract or agreement, the estimated obligations assumed are recognized as estimated obligations and recognized in profit or loss for the period.

If the investee records a profit subsequently, after deducting the attributable loss that is not yet recognized, the treatment by the Company shall be the reverse of the above order: reverse the carrying balance of estimated obligations already recognized, restore the carrying amount which substantively constitutes the long-term interests and long-term equity investment in the investee, and recognize investment gain.

3. Change of the accounting methods for long-term equity investments

(1) Change of measurement at fair value to accounting under equity method

Where the equity investment held by the Company have no control, common control or significant impact on the investee and that are accounted according to the financial instrument recognition and measurement criteria can place significant impact or carry out common control but cannot control the investee due to addition of investment, the sum of the fair value of the equity investment originally held determined subject to ASBE 22—Recognition and Measurement of Financial Instruments and the new investment cost are determined to be the initial investment cost accounted under equity method.

The carrying amount of the long-term equity investment is adjusted by the difference between the fair value shares of the identifiable net assets of the investee on the date of additional investment determined by calculation of the new shareholding proportion after such additional investment and the initial investment cost under equity method, and is included in current non-operating income.

(2) Change of measurement at fair value or accounting under equity method to cost method

The equity investment of the investee held by the Company with no control, common control or significant impact and accounted according to the financial instrument recognition and measurement criteria, or the long-term equity investment in associates or joint venture originally held that can be controlled due to addition of investment, the sum of the carrying amount of the original equity investment and the cost of new investment is changed to be accounted under cost method and recognized as the initial investment cost when preparing individual financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(21) Long-term equity investment (continued)

3. *Change of the accounting methods for long-term equity investments (continued)*
 - (2) *Change of measurement at fair value or accounting under equity method to cost method (continued)*

The other comprehensive income recognized due to the adoption of equity method for the equity investment held before the date of acquisition shall be accounted on the same basis for the disposal of relevant assets or liabilities of the investee during the disposal of such investment.

Equity investment held before the date of acquisition shall be subject to the relevant requirements under ASBE 22 — Recognition and Measurement of Financial Instruments and the accumulated fair value changes that were originally included in other comprehensive income shall be included in profit or loss for the period under cost method.

- (3) *Change of accounting under equity method to measurement at fair value*

Where the Company loses common control or significant impact over the investee due to disposal of part of the equity investment, the remaining equity after disposal shall be subject to accounting under ASBE 22 — Recognition and Measurement of Financial Instruments, and the difference between the fair value on the date when the common control or significant impact is lost and the carrying amount is included in profit or loss for the period.

Other comprehensive income that is recognized due to adoption of the equity method shall be subject to accounting on the same basis for disposal of relevant assets or liabilities of the investee at the time when the equity method is ceased.

- (4) *Change of cost method to equity method*

Where the Company loses the control over the investee due to disposal of part of the equity investment, and the remaining equity after disposal can place common control or significant impact over investee, it should be changed to equity method in preparing individual financial statements and the remaining equity shall be adjusted as if the equity method is adopted at the acquisition.

- (5) *Change of cost method into measurement at fair value*

Where the Company loses the control over the investee due to disposal of part of the equity investment, and the remaining equity after disposal cannot place common control or significant impact over investee, the accounting should be changed and become subject to relevant requirements under ASBE 22 — Recognition and Measurement of Financial Instruments in preparing individual financial statements, and the difference between the fair value on the date when the control is lost and the carrying amount is included in profit and loss for the period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(21) Long-term equity investment (continued)

4. Disposal of long-term equity investment

On disposal of a long-term equity investment, the difference between its carrying amount and the actual amount from acquisition is recognized in profit or loss for the period. Long-term equity investments that are accounted for using the equity method are accounted on the same basis for the disposal of relevant assets or liabilities of the investee during the disposal of such investment, with a corresponding proportion of the portion originally included in other comprehensive income.

If the terms, conditions and economic effects of transactions in relation to the disposal of equity investments in subsidiaries fall in the following one or more situations, multiple transactions are regarded as a group of transactions for accounting treatment:

- (1) these transactions were entered into at the same time or after considering the effects of each other;
- (2) only when regarding these transactions as a whole, can it achieve a complete business result;
- (3) the occurrence of one transaction depends on the occurrence of at least one other transaction;
- (4) a transaction is not economical treated alone, but is economical when considered together with other transactions.

When an entity loses control on its original subsidiary due to partial disposal of equity investment or otherwise, it does not belong to a group of transactions, and the accounting treatment shall be differentiated by individual financial statements and combined financial statements:

- (1) In individual financial statements, for equity disposed, the difference between the carrying amount and the actual payment is included in profit or loss for the period. Where the remaining equity after disposal can implement common control or place significant impact over the investee, it should be changed to equity method, and the remaining equity is adjusted as if the equity method is adopted at the time of acquisition; where the remaining equity after disposal cannot implement common control or place significant impact over the investee, relevant provisions of ASBE 22 — Recognition and Measurement of Financial Instruments shall be adopted for accounting treatment, and the difference between the fair value on the date when the control is lost and the carrying amount is included in profit or loss for the period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(21) Long-term equity investment (continued)

4. Disposal of long-term equity investment (continued)

- (2) In combined financial statements, for the transactions before the loss of control over subsidiaries, the capital reserve (share premium) is adjusted by the difference between the price of disposal and the net asset shares of subsidiaries continuously calculated since the date of acquisition or combination corresponding to the long-term equity investment; where the capital reserve is insufficient, retained earnings are adjusted; at the time of loss of control over subsidiaries, the remaining equity are re-measured according to the fair value at the date of loss of control. The difference between the sum of the price acquired for disposal of equity and the fair value of the remaining equity less shares of net assets constantly calculated since the date of acquisition based on the original shareholding proportion is included in the investment income in the period when the control is lost and is written down to good will. Relevant other comprehensive income related to original equity investment in the subsidiaries is transferred to current investment income at the time of loss of control.

Transactions in relation to the disposal of equity investments in subsidiaries until control is lost belong to a group of transactions, and the accounting treatment shall be differentiated by individual financial statements and combined financial statements:

- (1) In individual financial statements, the difference between the carrying amount of the long term equity investment corresponding to disposal price and equity disposed before the loss of control is recognized as other comprehensive income; and transferred as a whole to profit or loss for the period at the time of loss of control.
 - (2) In combined financial statements, the difference between the accumulated disposal considerations before control is lost and the share of net assets in the subsidiary is recognized as other comprehensive income, and shall be transferred as a whole to profit or loss for the period at the time of loss of control.
5. *Criteria for determination of common control and significant impact*
- If the Company collectively control certain arrangement with the other participants as agreed, and the decisions on the activities that may have significant impact on the return of arrangement are subject to consistent agreement from participants sharing the control power, then the Company and the other participants are deemed to have common control over certain arrangement, which is joint venture arrangement.

Where the joint venture arrangement is realized through individual entity, it is judged according to relevant agreement that, when the Company is entitled to the rights over the net assets of such entity, the entity is a joint venture and adopts equity method for accounting treatment. If it is judged according to relevant agreement that, the Company has no rights over the net assets of such entity, such entity is joint operation, and the Company recognize the items in relation to the shares in the joint operation and adopts provisions of relevant ASBEs for accounting treatment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(21) Long-term equity investment (continued)

5. *Criteria for determination of common control and significant impact (continued)*

Significant impact refers to the power of an investing party to participate in making decisions on the financial and operating policies of an invested entity, but not to control or jointly control together with other parties over the formulation of these policies. The Company determines, the significant impact is placed on investee in one or more situations as follows after a comprehensive consideration of all facts and situations: (1) dispatching representatives in the board of directors or similar power organ of the investee; (2) participating in the formulation of the financial and operation policies of the investee; (3) having significant deals with the investee; (4) dispatching management personnel to the investee; (5) providing key technical information to investee.

(22) Fixed Assets

1. *Recognition of fixed assets*

Fixed assets refer to tangible assets held for the production of merchandize, provision of labor services, renting or operational management with useful life over one accounting year. Fixed assets are recognized when all of the following conditions are met:

- (1) economic benefits related to such fixed assets are likely to flow into the enterprise;
- (2) costs of such fixed assets can be reliably measured.

2. *Initial measurement of fixed assets*

The fixed assets of the Company are initially measured at cost.

- (1) The cost of the externally purchased fixed assets include the purchase price, the import duties, and the other expenditure direct attributable to such assets for such assets to be available for its intended use.
- (2) The cost of a self-constructed fixed asset consists of all necessary expenses incurred from the construction for enabling the asset to be available for its intended use.
- (3) The cost invested to a fixed asset by the investor is determined according to the value agreed upon in the investment contract or agreement. Where the valued agreed upon in the said investment contract or agreement is unfair, the said cost will be determined according to the fair value of the asset.
- (4) Where the price for purchase of the fixed assets exceeds the deferred payment on normal credit terms with substantial financing nature, the cost is determined on the basis of the present value of the purchase price. The difference between the actual payment and the purchase price, besides being capitalized, shall be included in profit or loss for the period during the credit period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(22) Fixed Assets (continued)

3. Subsequent measurement and disposal of fixed assets

(1) Depreciation of fixed assets

The depreciation of fixed assets is provided within the estimated useful life based on the value carried less the expected net residue. For fixed assets with impairment provided, the depreciation can be determined based on the carrying amount less the provision for impairment in future period and the remaining useful life. No depreciation is provided for still in use but fully depreciated fixed assets.

Fixed assets financed by special reserve shall be deducted the cost of fixed assets from special reserve and same amount shall be recognised in the cumulative depreciation. Those fixed assets will no longer be subject to depreciation in the future.

The Company determines the useful life and estimated residual value of fixed assets based on their nature and use condition. The useful life, estimated residual value and method of depreciation of fixed assets are re-assessed at the end of the year, corresponding adjustment is made when any difference from the originally estimated amount is found.

The method of depreciation, year of depreciation and annual depreciation rate of different categories of fixed assets are as follows:

Category	Method of depreciation	Year of depreciation (year)	Residual rate (%)	Annual depreciation rate (%)
Property and buildings	Average year method	30-40	5	2.38-3.17
Machinery and equipment	Average year method	3-20	3-5	4.75-32.33
Transportation equipment	Average year method	5-10	3-5	9.5-19.4
Office equipment	Average year method	3-10	3-5	7.92-32.33
Others	Average year method	3-10	3-5	9.5-32.33

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(22) Fixed Assets (continued)

3. Subsequent measurement and disposal of fixed assets (continued)

(2) Subsequent expenses of fixed assets

For subsequent expenses in relation to fixed assets, those that comply with the recognition criteria for fixed assets are included in the costs of fixed assets; those that do not are included in profit or loss for the period at the time of incurrence.

(3) Impairment of fixed assets

For details of the impairment test method of fixed assets and the method of impairment provision, please refer to Note (27) Impairment of long-term assets.

(4) Disposal of fixed assets

A fixed asset is derecognized when the fixed asset is disposed or the expected use or disposal of such fixed asset cannot create any economic benefits. The disposal income from sale, transfer, retirement or damage of fixed assets is recognized in profit or loss for the period after deducting its carrying amount and relevant taxes.

(23) Constructions in progress

The self-constructed constructions in progress of the Company are measured at actual cost, which consist of the necessary expenses required for bringing such constructions to the expected useable conditions including the cost of construction materials, labor costs, relevant taxes, borrowings capitalized. The Company's construction in progress is accounted for by project category.

The initial carrying amounts of the fixed assets are stated at total expenditures incurred before construction in progress reaching the working condition for their intended use. For construction in progress that has reached working conditions for its intended use but for which the completion of settlement has not been handled, it shall be transferred into fixed assets at the estimated value according to the project budget, construction price or actual cost, etc. from the date when it reaches the working conditions for its intended use. And the fixed assets shall be depreciated in accordance with the Company's policy on fixed asset depreciation. Adjustment shall be made to the originally and provisionally estimated value based on the actual cost after the completion of settlement is handled, but depreciation already provided will not be adjusted.

For details of the impairment test method of construction in progress and the method of impairment provision, please refer to Note (27) Impairment of long-term assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(24) Borrowing Expenses

1. Principles of recognizing capitalization of borrowing expenses

The borrowing expenses of the Company directly attributable to the construction or production of an asset meeting capitalization conditions are capitalized and recognized in relevant asset costs; other borrowing expenses are recognized as expenses based on the amount incurred and recognized in profit or loss for the period.

An asset that meets the capitalization conditions refers to fixed assets, real estate investments and inventories that require a considerable amount of time for construction or production to reach the expected usable or saleable condition.

Borrowing expenses are capitalized when all of the following conditions are met:

- (1) the asset expense has occurred, which includes expenses in the form of cash paid, non-monetary asset transferred or interest-bearing obligations assumed for the construction or production of an asset that meets capitalization conditions;
- (2) the borrowing expenses have occurred;
- (3) the necessary construction or production activities for bringing the asset to the expected usable or saleable conditions have started.

2. Capitalization period of borrowing expenses

Capitalization period refers to the time starting from the borrowing expenses are capitalized to the time capitalization is stopped, except for the period which capitalization of borrowing expenses is suspended.

When the construction or production of an asset meeting capitalization conditions has reached expected useful or saleable conditions, the capitalization of borrowing expenses is stopped.

When a portion of the construction or production of an asset meeting capitalization conditions has completed and can be used individually, the capitalization of borrowing expenses of such portion of asset is stopped.

When portions of the construction or production of an asset have been completed but will only become useful or saleable after the entire asset is completed, the capitalization of borrowing expenses is stopped when the entire asset is completed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(24) Borrowing Expenses (continued)

3. *Suspension of capitalization period*

Capitalization of borrowing expenses is suspended when any abnormal interruption continues for over three months during the construction or production of an asset that meets capitalization conditions. If such interruption is a necessary procedure for the construction or production of the asset that meets capitalization conditions for which to reach expected useful or saleable conditions, the borrowing expenses are continued to be capitalized. The borrowing expenses incurred during the interruption are recognized as profit or loss for the period, and capitalization of borrowing expenses continues when the construction or production activities of the asset resumes.

4. *Calculation of capitalized amount of borrowing expenses*

Interest expenses of special loans (net of interest income from unutilized loans deposited in bank or investment gain earned from temporary investment) and supplementary expenses incurred for the construction or production of asset that meets capitalization conditions before the asset reaches expected useable or saleable condition are capitalized.

The interest amount that should be capitalized on normal borrowings is calculated based on the weighted average of expenses of the aggregate asset exceeding the expenses of the portion of special loan multiplied by the capitalization ratio of the normal borrowings utilized. Capitalization ratio is calculated based on normal weighted average interest rate.

When there is discount or premium in the loan, the discount or premium to be amortized in each accounting period is determined using effective interest method and the interest amount for each period is adjusted.

(25) Right-to-use assets

The Company initially measures the right-to-use assets at cost, which includes:

1. Initial measurement amount of lease liabilities;
2. If there are rental incentives in the rental payments paid before or at the beginning of the lease term, the relevant amount of rental incentives happened shall be deducted;
3. Initial direct expenses incurred by the Company;
4. Expected costs of dismantling and removing leased assets, restoring the site of leased assets or restoring leased assets to the agreed state of leasing terms (excluding costs incurred for the production of inventory).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(25) Right-to-use assets (continued)

After the beginning of the lease period, the Company adopts the cost model to measure the right-to-use assets for subsequent measurement.

If the ownership of the leased assets can be reasonably determined at the expiration of the lease term, the Company shall depreciate the leased assets within the remaining useful life of the leased assets. If it is impossible to reasonably determine the ownership of the leased assets at the expiration of the lease term, the Company shall depreciate the leased assets within the shorter period of time between the lease term and the remaining useful life of the leased assets. In the future, depreciation shall be calculated based on the book value after deduction of impairment reserve refer to the above principles for the right-to-use assets with impairment provision.

The Company determines whether right-of-use assets have incurred impairment in accordance with the provisions of Accounting Standard for Business Enterprises No. 8 – Asset Impairment, and accounts for any identified impairment losses accordingly. For details, please refer to Note (27) Impairment of long-term assets to these financial statements.

(26) Intangible Assets and Development Expenses

Intangible assets refer to the identifiable non-monetary assets owned or controlled by the Company which have no physical form, including land use rights, patent and software

1. *Initial measurement of intangible assets*

The cost of externally purchased intangible assets includes the purchase price, relevant taxation and other expenses directly attributable to bringing the asset to expected usage. If payment for the price of intangible assets purchased is delayed beyond normal credit conditions and is in fact financing in nature, the cost of the intangible asset is determined based on the present value of the purchase price.

For intangible asset obtained through debt restructuring for offsetting the debt of the debtor, the booked value of the intangible asset is determined based on its fair value, and the difference between the carrying amount of the restructured debt and the fair value of the intangible asset used for offsetting the debt is recognized in profit or loss for the period.

The book value of intangible asset received in an exchange for non-monetary asset is based on the fair value of the asset surrendered, provided that the asset received in exchange for non-monetary asset has a commercial substance and the fair value of both the asset received and the asset surrendered can be reliably measured, except there is definite evidence that the fair value of the asset received is more reliable; for exchange of non-monetary asset that cannot satisfy the above conditions, the cost of the intangible asset received is based on the carrying amount of the asset surrendered and the amount of relevant taxation payable, and no profit or loss is recognized.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(26) Intangible Assets and Development Expenses (continued)

1. *Initial measurement of intangible assets (continued)*

For intangible asset obtained through business absorption or combination of entities under common control, the book value is determined by the carrying amount of the combined party; for intangible asset obtained through business absorption or merger of entities not under common control, the book value is determined by the fair value of the intangible asset.

The cost of an internally developed intangible asset include: the materials consumed in developing the intangible asset, labor costs, registration fees, amortization of other patented rights and licensed rights used during the development process, interest expenses meeting capitalization conditions, and other direct costs for bringing the intangible asset to expected usage.

2. *Subsequent measurement of intangible assets*

The Company determines the useful life of intangible assets on acquisition, which are classified as intangible life with limited life and indefinite life. For intangible assets with a limited life, amortisation is provided on a straight-line basis over the period during which economic benefits are expected to be generated for the Company. Where the period over which an intangible asset is expected to generate economic benefits for the Company cannot be estimated, the asset is regarded as having an indefinite useful life and is not amortised.

(1) *Intangible asset with a limited life*

Intangible asset with a limited life is depreciated using straight-line method over the term which it brings economic benefit to the Company.

At the end of each reporting period, the service life and amortisation method of intangible assets with a limited life are reviewed, and adjustments are made where necessary.

Upon re-assessment, at the end of the period there was no difference in the useful life and depreciation method of intangible assets from the previous estimates.

(2) *Intangible assets with indefinite life*

An intangible asset is regarded as having an indefinite life when the term over which the asset is expected to generate economic benefits for the Company cannot be estimated.

At the end of each reporting period, the useful life of intangible assets with indefinite life is reviewed. If there is evidence indicating that the period over which the intangible asset is expected to generate economic benefits for the Company is foreseeable, its useful life is estimated and amortisation is provided in accordance with the amortisation policy for intangible assets with a limited life. If the outcome remains indefinite, after the year-end review, an impairment test should continue in each accounting period.

For details on the methods used to test for impairment of intangible assets and to provision for impairment, please refer to Note (27) Impairment of Long-lived Assets to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(26) Intangible Assets and Development Expenses (continued)

3. *Specific criteria in dividing the research stage and development stage of internal research and development projects of the Company*

Research stage: The stage of original planned investigation and research activities to acquire and understand new scientific or technical knowledge.

Development stage: The stage of activities that apply research results or other knowledge to a plan or design to produce new or substantially improved materials, devices, products, etc. before commercial production or use.

The expenses incurred in the research stage of internal research and development projects are included profit or loss for the period on incurrence.

4. *Specific criteria of capitalization for expenses during development stage*

The expenses during development stage of internal research and development projects are recognized as intangible asset when all the below conditions are met:

- (1) it is technically feasible to complete the intangible asset to bring it to useable or saleable conditions;
- (2) there is an intention to complete the intangible asset for use or sale;
- (3) there is a way for generating economic benefits from the intangible asset, including the ability to prove there exists a market for products produced using the intangible asset or there exists a market for the intangible asset itself; for intangible asset to be used internally, its usability can be proved;
- (4) there is enough support in the areas of technology, financial and other resources to complete the development of the intangible asset, and there is the ability to use or sell the intangible asset;
- (5) the expenses attributable to the development stage of the intangible asset can be reliably measured.

The expenses during development stage that do not comply with the conditions above are included profit or loss for the period on incurrence. Where the research expenditures and the development expenditures are indistinguishable, the Company shall include research expenditures and development expenditures incurred in the current profit or loss. The costs of intangible assets incurred in internal development activities only include the gross expenditures incurred for bringing the intangible asset to expected usage from the point in time of satisfaction of capitalization conditions. The expenditures included in the profit or loss capitalized before the same intangible asset meets the capitalization conditions during the course of development are not adjusted.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(27) Impairment of long-term assets

The Company reviews the long-term equity investments, fixed assets, construction in progress, right-of-use assets and intangible assets with definite useful life at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. Where there is any evidence indicating a possible impairment of assets, the Company shall, on the basis of single item assets, estimate the recoverable amount. Where it is difficult to do so, it shall determine the recoverable amount of the group assets based on the asset group to which the asset belongs.

The estimate of the recoverable amount of the assets are determined at the higher of the net amount of the fair value less the disposal expenses and the present value of the estimated future cash flows.

Where the measurement result of the recoverable amount indicates that the recoverable amount of the long-term asset is lower than its carrying value, the carrying value of the asset shall be recorded down to the recoverable amount, and the reduced amount shall be recognized as the loss of asset impairment and be recorded as the profit or loss for the current period. Simultaneously, a provision for the asset impairment shall be made accordingly. Once the asset impairment loss is recognized, it will not be reversed for the value recovered in the subsequent periods.

After the loss of asset impairment has been recognized, the depreciation or amortization expenses of the impaired asset shall be adjusted accordingly in the future periods so as to amortize the post-adjustment carrying value of the asset systematically (deducting the expected net salvage value) within the residual service life of the asset.

No matter whether there is any sign of possible assets impairment, the business reputation formed by the merger of enterprises and intangible assets with indefinite lives shall be subject to impairment test every year.

When making impairment task on the goodwill shall, amortize the carrying amount of goodwill to asset group or combination of asset group, which are expected to be beneficial from business combination. When making an impairment test on the relevant asset groups or combination of asset groups containing goodwill, if any evidence shows that the impairment of asset groups or combinations of asset groups is possible, the Company shall first make an impairment test on the asset groups or combinations of asset groups not containing the goodwill, calculate the recoverable amount, and compare it with the relevant carrying value and recognize the corresponding impairment loss. Then the Company shall make an impairment test of the asset groups or combinations of asset groups containing goodwill, and compare the carrying value of these asset groups or combinations of asset groups (including the carrying value of the goodwill apportioned thereto) with the recoverable amount. Where the recoverable amount of the relevant assets or combinations of the asset groups is lower than the carrying value thereof, it shall recognize the impairment loss of the goodwill.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(28) Long-term deferred expenditures

1. Amortization method

Long-term deferred expenditures of the Company refer to expenses that have already been spent but should be borne by the Company in the current and future periods and are apportioned over a period of more than one year. Long-term deferred expenditures are amortized using the straightline method in its benefit period. Long-term deferred expenditures of the Company are recorded at the actual cost and amortized evenly over the expected benefit period. For the long-term deferred expenditures that cannot benefit in future accounting period, the amortization value of the item is fully charged to the profit or loss for the current period when it is determined.

(29) Contract Liabilities

Contract Liabilities refer to the Company's obligation to provide goods to the customer for the consideration received or receivable.

(30) Employee Remuneration

Employee remuneration refers to various forms of remuneration or compensation given by the Company to obtain services provided by employees or to dissolve labor relations. Staff remuneration includes short-term employee remuneration, post-employment benefits, termination benefits and other long-term employee benefits.

1. Short-term remuneration

Short-term remuneration refers to the employee compensation in addition to post-employment benefits and termination benefits, which are required to be fully paid within 12 months upon the annual reporting period when the employees provide relevant services. In particular, short-term remuneration of the Company includes staff salaries, bonuses, allowances and subsidies, staff welfare payments, social insurance premiums including medical insurance premiums, industrial injury insurance premiums and maternity insurance premiums, housing provident fund, labour union expenses and staff education expenses, short-term paid leaves, short-term benefits sharing scheme, non-monetary welfare and other short-term remuneration.

During the accounting period when the employees provide services, the Company recognizes the short-term remuneration actually incurred as liabilities and includes them into the profit or loss for the current period and relevant asset costs according to benefits from the services provided by employees. Short-term remunerations are non-monetary benefit and are measured at fair value.

2. Post-employment benefits

Post-employment benefit refers to all kinds of remunerations and benefits other than short-term remuneration and termination benefits that are provided by the Company after the retirement of the employees or termination of labor relation with enterprises in exchange for services provided by employees.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(30) Employee Remuneration (continued)

2. *Post-employment benefits (continued)*

The Company pays the basic endowment insurance premiums and unemployment insurance for employees according to the relevant provisions of the local governments. During the accounting period when employees serve the Company, the paid amount which is calculated based on the payment base and proportion as stipulated in the provisions of the local place is recognised as liabilities and included in current profit or loss or related assets cost.

The Company has established annuity which is jointly paid by the Company and employees. The Company's contribution shall be 6% of the previous year's total wages and shall be charged to costs of the Company, while the individual contribution shall be 3% of the employee's current year basic pension insurance premiums and shall be paid by the Company on behalf of the employee through deduction from the employee's wages.

3. *Termination benefits*

Termination benefit refers to indemnity provided by enterprises for employees for the purpose of terminating labor relation with the employees before the expiry of the labor contract or encouraging employees to accept downsizing voluntarily. For employees who have not terminated the labor contract with the Company but will no longer provide services for the Company in the future and cannot bring economic benefits to the Company, if the Company is committed to providing economic compensation with the nature of dismissal benefit, in case of "early retirement", economic compensation shall be treated as dismissal benefit before the official retirement date, and shall be treated as post-employment benefits after the official retirement date.

Where termination benefits are provided to employees by the Company, liabilities in employee remuneration are recognised in profit or loss for the current period when: the Company is not in a position to withdraw termination benefits provided under termination plans or redundancy plans, or costs or expenses relating to the restructuring exercise which involves the payment of termination benefits are recognised, whichever is earlier.

For termination plan of which the termination benefits which are expected not to be entirely paid after the twelve months of the end of the reporting period and the substantial termination work is completed within one year but the term to pay the compensation payment exceeds one year, the Company adopts the appropriate discounted rate and adopts the discounted amount to measure the amount of termination welfare that should be recognized into the current profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(30) Employee Remuneration (continued)

4. Other long-term employment benefits

Other long-term employment benefit refers to all employee benefit except for short-term benefit, post-employment benefit, and termination benefit, includes long-term paid absence, long-term disability benefit and long-term profit-sharing plan etc.

Relevant accounting treatments for defined contribution plan are adopted for other long-term employment benefit qualified for defined contribution plan. When the qualification is satisfied, net assets and liabilities of other long-term employment benefits are recognized and measured, accordingly. At the end of reporting period, employee benefits from other long-term employment benefits are recognized into the following components: cost of service, net interests on the net assets liabilities of other long-term employment benefit, changes from revaluation of net assets liabilities of other long-term employment benefit. The total net amount of above items will be recognized as profit and loss or costs to related assets for the current year.

(31) Bonds payable

1. General corporate bonds

Bonds payable at fair value through profit or loss are initially recognized at their fair value, and the relevant transaction costs are directly recognized in profit or loss for the current period and subsequently measured at fair value.

For other types of bonds payable, the sum of their fair value and related transaction costs is the initial recognition amount, and the amortized cost is used for subsequent measurement. A premium or discount is an adjustment for interest expense payable over the life of the bond, which is amortized over the life of the bond using the effective interest method.

2. Convertible corporate bonds

For the convertible corporate bonds issued by the Company, the liability component and equity component contained in the convertible corporate bonds issued by the Company shall be split at the time of initial recognition, and the liability component shall be recognized as bonds payable and the equity component shall be recognized as capital reserve. In the spin-off, the initial recognition amount of the debt component is determined by discounting the future cash flows of the debt component, and then the initial recognition amount of the equity component is determined by deducting the initial recognition amount of the debt component from the total issue price. The transaction costs incurred in the issuance of convertible corporate bonds are apportioned between the liability component and the equity component according to their respective relative fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(32) Estimated liabilities

1. *Recognition criteria of estimated liabilities*

Estimated liabilities are recognized when the obligation arising from a contingent event is a present obligation of the Company, it is probable that an outflow of economic benefits will result from the settlement of the obligation, and the amount of the obligation can be reliably measured.

2. *Measurement method of estimated liabilities*

The estimated liabilities of the Company are initially measured as the best estimate of expenses required for the performance of relevant present obligations.

When determining the best estimates, the Company comprehensively considers the risks, uncertainties, time value of money, and other factors relating to the contingencies. If the time value of money is significant, the best estimates will be determined after discount of relevant future cash outflows.

The best estimates shall be treated as follows in different circumstances:

If there is continuous range (or interval) for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate should be determined at the average amount of upper and lower limits within the range.

If there is no continuous range (or interval) for the necessary expenses, or probabilities of occurrence of all the outcomes within this range are unequal despite such a range exists, in case that the contingency involves a single item, the best estimate should be determined at the most likely outcome; if the contingency involves two or more items, the best estimate should be determined according to all the possible outcomes with their relevant probabilities.

When all or part of the expenses necessary for the settlement of an estimated liability of the Company are expected to be compensated by a third party, the compensation shall be separately recognized as an asset only when it is virtually certain that the compensation will be received. The amount recognized for the compensation shall not exceed the book value of the estimated liability.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(33) Lease liabilities

The Company initially measures the lease liabilities according to the present value of the unpaid lease payments at the beginning of the lease term. In calculating the present value of rental payments, the Company adopts the rental interest rate as the discount rate. If it is impossible to determine the interest rate of the lease, the incremental borrowing rate of the Company shall be used as the discount rate. Lease payments include:

1. Fixed payment and substantive fixed payment after deducting the relevant amount of lease incentive;
2. Variable rental payments depending on index or ratio;
3. The amount of the lease payment includes the exercise price of the purchase option when the Company reasonably determines that the option will be exercised;
4. The amount of the lease payment includes the amount to be paid for the exercise of the option to terminate the lease when the lease term reflects that the Company will exercise the option to terminate the lease;
5. The amount expected to be paid based on the residual value of the guarantee provided by the Company.

The Company calculates the interest charges of the lease liabilities for each period of the lease period at a fixed discount rate and takes them into account the profit and loss of the current period or the cost of related assets.

Variable lease payments not included in the measurement of lease liabilities shall be incorporated in current profit and loss or the cost of related assets when they actually occur.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(34) Income

1. *General principles of revenue recognition*

The Company has fulfilled the performance obligations in the contract, that is, when the customer obtains control of the relevant goods or services, the revenue is recognized at the transaction price allocated to the performance obligation. The performance obligation refers to the commitment of the Company to transfer the goods or services that can be clearly distinguished to the customer in the contract. Obtaining control of related commodities means being able to lead the use of the commodities and obtain almost all economic benefits from them.

The Company evaluates the contract on the contract start date, identifies the individual performance obligations contained in the contract, and determines whether the individual performance obligations are performed within a certain period of time or at a certain point in time. If one of the following conditions is met, it is a performance obligation performed within a certain period of time. The Company recognizes revenue within a period of time according to the progress of the performance: (1) The customer obtains and consumes the Company's performance office while the Company is performing the contract economic benefits brought; (2) The customer can control the goods under construction of the Company during the performance of the contract; (3) The goods produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to receiving money for the accumulated performance part that has been completed so far. Otherwise, the Company recognizes revenue when the customer obtains control of the relevant goods or services.

For the performance obligations performed within a certain period of time, the Company uses the input method to determine the appropriate performance progress based on the nature of the goods and services. The output method is to determine the performance progress based on the value of the commodities that have been transferred to the customer (the input method is to determine the performance progress based on the Company's investment to fulfil the performance obligation). When the performance progress cannot be reasonably determined, if the Company's already incurred costs are expected to be compensated, revenue is recognized according to the amount of costs incurred until the performance progress is reasonably determined.

2. *Detailed method for revenue recognition*

(1) *Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(34) Income (continued)

2. Detailed method for revenue recognition (continued)

(1) Revenue from contracts with customers (continued)

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

When a contract contains a financing component which provides the Group with a significant financial benefit for a period exceeding one year, revenue recognised under the contract includes interest accreted on the contract liability using the effective interest method. For contracts where the period between customer payment and the transfer of promised goods or services is one year or less, the transaction price is determined using the practical expedient under IFRS 15, and no adjustment is made for the effects of a significant financing component. (An entity is not required to assess whether a significant financing component exists in such circumstances and may recognise revenue at the contract consideration without reflecting the time value of money.)

(2) Construction services, design, survey and consultancy services

Revenue from the provision of construction and design, survey and consultancy services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced and the customer simultaneously receives and consumes the benefits provided by the Group. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Claims to customers are amounts that the Group seeks to collect from the customers as reimbursement of costs and margins for scope of works not included in the original construction contract. Claims are accounted for as variable consideration and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group uses the expected value method to estimate the amounts of claims because this method best predicts the amount of variable consideration to which the Group will be entitled.

(3) Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(34) Income (continued)

2. Revenue from contracts with customers (continued)

(4) Income from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

(5) Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

3. Revenue treatment principles for specific transactions

(1) Contracts with sales return clauses

In connection with sales with a return clause, when the customer obtains control of the relevant goods, revenue is recognised based on the amount of consideration expected to be received for transferring goods to the customer (i.e., excluding the amount expected to be returned due to sales returns), and a liability is recognised based on the amount expected to be returned due to sales returns. At the same time, the carrying amount of goods expected to be returned when selling goods, after deducting the estimated costs to be incurred to recover such goods (including impairment of returned goods), shall be recognised as an asset (i.e. cost of return receivables), and the net amount of the carrying value of the transferred product upon the transfer less the aforesaid asset cost shall be transferred to cost.

(2) Contracts with quality assurance clauses

In connection with sales with a quality assurance clause, if the quality assurance are separate services to the customer other than serving as an assurance that the products sold comply with agreed-upon specifications, the quality assurance constitute single performance obligations. Otherwise, the Group accounts for quality assurance in accordance with the Accounting Standards for Business Enterprises No. 13 – Contingencies (ASBE No. 13).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(34) Income (continued)

3. Revenue treatment principles for specific transactions (continued)

(3) Sales contracts with additional purchase options for customers

The Company assesses whether the option provides customers with a significant right. If a significant right is provided, it is treated as a separate performance obligation, with transaction price allocated to that performance obligation. Revenue is recognised when the customer exercises the purchase option in the future to obtain control of relevant goods, or when the option expires. If the standalone selling price of customer additional purchase options cannot be directly observed, it is reasonably estimated after comprehensively considering all relevant information such as the difference in discounts customers can obtain by exercising and not exercising the option, and the likelihood of customers exercising the option.

(4) Contracts granting intellectual property licenses to customers

Assess whether the intellectual property license constitutes a separate performance obligation. If it constitutes a separate performance obligation, further determine whether it is performed over a period of time or at a point in time. For granting intellectual property licenses to customers with agreed royalties based on customer actual sales or usage, revenue is recognised at the later of the following two points: when the customer's subsequent sales or usage actually occurs; when the Company fulfills related performance obligations.

(5) Sale and repurchase

- 1) Contracts with repurchase obligations due to forward arrangements with customers: In this case, customers do not obtain control of relevant goods at the sales point, so accounting treatment is performed as lease transactions or financing transactions. Among them, when the repurchase price is lower than the original selling price, it is treated as a lease transaction and accounted for according to relevant lease regulations in enterprise accounting standards; when the repurchase price is not lower than the original selling price, it is treated as a financing transaction, recognising financial liabilities when receiving customer payments, and recognising the difference between such payments and repurchase price as interest expenses etc. during the repurchase period. If the Company does not exercise the repurchase right when due, the financial liability is derecognised when the repurchase right expires, and revenue is recognised simultaneously.
- 2) Contracts with repurchase obligations arising from customer requests: After assessment, if customers have significant economic incentives, sale and repurchase is treated as lease transactions or financing transactions and accounted for according to provisions in 1) above; otherwise, it is treated as sales transactions with sales return clauses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(34) Income (continued)

3. Revenue treatment principles for specific transactions (continued)

(6) Contracts collecting non-refundable initial fees from customers

Non-refundable initial fees collected from customers at (or close to) the contract commencement date should be included in the transaction price. After assessment by the Company, if the initial fee is related to transferring promised goods to customers and such goods constitute a separate performance obligation, revenue is recognised at the transaction price allocated to such goods when transferring the goods; if the initial fee is related to transferring promised goods to customers but such goods do not constitute a separate performance obligation, revenue is recognised at the transaction price allocated to that individual performance obligation when the individual performance obligation containing such goods is fulfilled; if the initial fee is not related to transferring promised goods to customers, the initial fee is treated as advance payment for future goods to be transferred and recognised as revenue when transferring such goods in the future.

(35) Contract costs

1. Contract fulfillment costs

For costs incurred by the Company to fulfill contracts that are not within the scope of other enterprise accounting standards except revenue standards and simultaneously meet the following conditions, the Company recognises them as contract fulfillment costs as an asset:

- (1) The costs are directly related to a current or expected contract, including direct labour, direct materials, manufacturing costs (or similar costs), costs explicitly borne by customers, and other costs incurred solely because of the contract;
- (2) The costs increase the Company's resources for fulfilling performance obligations in the future;
- (3) The costs are expected to be recoverable.

The asset is presented in inventory or other non-current assets based on whether its amortisation period exceeds one normal operating cycle at initial recognition.

2. Contract acquisition costs

Incremental costs incurred by the Company to obtain contracts that are expected to be recoverable are recognised as contract acquisition costs as an asset. Incremental costs refer to costs that the Company would not incur if it did not obtain the contract, such as sales commissions. For those with amortisation periods not exceeding one year, they are recognised in current profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(35) Contract costs (continued)

3. *Contract cost amortisation*

The above assets related to contract costs are amortised at the point of performance obligation fulfillment or according to the performance progress of performance obligations, based on the same basis as revenue recognition of goods or services related to the asset, and recognised in current profit or loss.

4. *Contract cost impairment*

For the above assets related to contract costs, when the carrying amount is higher than the difference between remaining consideration expected to be obtained by the Company from transferring goods related to the asset and estimated costs to be incurred to transfer such related goods, impairment provision should be made for the excess amount and recognised as asset impairment loss.

After making impairment provision, if factors causing impairment in previous periods change, making the above difference higher than the asset's carrying amount, previously made asset impairment provision is reversed and recognised in current profit or loss, but the asset's carrying amount after reversal does not exceed the asset's carrying amount on the reversal date assuming no impairment provision was made.

(36) Government grants

1. *Type*

Government grants are monetary assets and non-monetary assets obtained by the Company at zero consideration from the government. Government grants are classified as asset-related government grants and income-related government grants.

According to the grantee stipulated in the documents of relevant government, government grants are divided into asset-related government grants and income-related government grants.

2. *Recognition of government grants*

If there is evidence at the end of the period that the company can meet the relevant conditions stipulated in the financial support policy and is expected to receive financial support funds, the government grants are recognised according to the receivable amount. Otherwise, government grants are recognised when they are actually received.

If government grants are monetary assets, they shall be measured according to the amount received or receivable. If government grants are non-monetary assets, they shall be measured at fair value; if the fair value cannot be obtained reliably, it shall be measured according to the nominal amount (RMB1 yuan). Government grants measured in nominal amount are directly included in current profits and losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(36) Government grants (continued)

3. *Accounting treatment*

According to the essence of the economic transaction, the Company determines whether a certain type of government grant transaction should be accounted for by the gross or net method. In general, the Company selects only one method for the same or similar government grant transaction, and consistently applies that method to the transaction.

Government grants related to assets shall be deducted from the carrying amount of the relevant assets or recognised as deferred income. If the government grant related to the asset is recognized as deferred income, it shall be included in profit or loss in installments in a reasonable and systematic manner during the useful life of the asset built or purchased.

Government grants related to income that are used for compensation for the relevant costs or losses of the Group in subsequent periods are recognized as deferred income and are included in the profit or loss in the current period or offset the relevant costs in the periods in which the relevant costs, expenses or losses are recognized; a grant that are used for compensation for the relevant costs or losses of the Group already incurred shall be directly included in the profit or loss in the current period or deducted from relevant costs upon receipt.

Government grants related to daily activities of enterprises are included in other income or deducted from relevant costs; government grants that are not related to daily activities of enterprises are included in non-operating income and expenditure.

The government grant related to the discount interest received from policy-related preferential loans offsets the relevant borrowing costs; if the policy-based preferential interest rate loan provided by the lending bank is obtained, the actual borrowing amount received is recognized as the borrowing amount, and the relevant borrowing costs should be calculated based on the loan principal and the preferential policy rate.

When a recognized government grant needs to be returned, if the carrying amount of the relevant asset is offset at the initial recognition, the carrying amount of the asset is adjusted. If there is balance of relevant deferred income, the carrying balance of the relevant deferred income is offset and the excess is recognised in profit and loss in the current period. If the relevant deferred income does not exit, it is directly recognised in profit and loss in the current period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(37) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are measured and recognized based on the difference (temporary difference) between the taxable base of assets and liabilities and their carrying amount. On balance sheet date, the deferred tax assets and deferred tax liabilities are measured at the applicable tax rate during the period, when it is expected to recover such assets or repay such liabilities.

1. *Criteria for recognition of deferred income tax assets*

The Company recognizes deferred income tax assets arising from deductible temporary difference to the extent it is probably that future taxable amount will be available against which the deductible temporary difference can be utilized. However, the deferred income tax assets arising from the initial recognition of assets or liabilities in transactions are not recognized with the following features: (1) the transaction is not a business combination; (2) neither the accounting profit nor the taxable income or deductible losses is affected when the transaction occurs.

For deductible temporary difference in relation to investment in the associates, corresponding deferred income tax assets are recognized in the following conditions: the temporary difference is probably reversed in a foreseeable future and it is likely that taxable income is obtained for deduction of the deductible temporary difference in the future.

2. *Criteria for recognition of deferred income tax liabilities*

The Company recognizes deferred income tax liabilities on the temporary difference between the taxable but not yet paid taxation in the current and previous periods, excluding:

- (1) temporary difference arising from the initial recognition of goodwill;
- (2) transactions or events arising from non-business combination, and neither the accounting profit nor the taxable income (or deductible losses) is affected when the transaction or event occurs;
- (3) for taxable temporary difference in relation to investment in subsidiaries or associates, the time for reversal of the difference can be controlled and the difference is probably not reversed in a foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(37) Deferred tax assets and deferred tax liabilities (continued)

3. *Deferred income tax assets and deferred income tax liabilities are presented net of offset when the following conditions are met*
 - (1) The enterprise has the legal right to settle the current income tax assets and current income tax liabilities on a net basis;
 - (2) Deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or different taxable entities. However, in each future period in which the deferred income tax asset and deferred income tax liability are significant, the tax entity involved intends to settle the current income tax assets and current income tax liabilities on a net basis or simultaneously obtain assets and settle the current income tax liabilities.

(38) Lease

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. If one party to the contract conveys a right to control the use of one or more identified assets for a period of time in exchange for consideration, such contract is, or contains, a lease.

1. *The split of the lease contract*

If the contract contains multiple individual leases, the lessee and the lessor will split the contract and make accounting treatment over each individual lease.

2. *Merger of lease contracts*

When two or more contracts including leases concluded between the Company and the same counterparty or its related parties at the same time or at a similar time meet one of the following conditions, they shall be merged into one contract for accounting treatment:

- (1) The two or more contracts are concluded based on the overall commercial purpose and constitute a package transaction, and if they are not considered as a whole, their overall commercial purpose cannot be understood.
- (2) The consideration amount of one of the two or more contracts depends on the pricing or performance of other contracts.
- (3) The right to use assets transferred by two or more contracts together constitute a separate lease.

3. *Accounting for the Company as lessee*

On the beginning date of the lease, the Company recognizes right-of-use assets and lease liabilities for all leases, except for short-term lease and low-value asset lease with simplified approach.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(38) Lease (continued)

4. Accounting for the Company as lessor

(1) Classification of Leases

The Company divides the lease into financing lease and operating lease on the start date of the lease. Financial lease refers to a lease that essentially transfers almost all the risks and rewards related to the ownership of leased assets. Its ownership may or may not be transferred eventually. Operational lease refers to leases other than financial leases.

If a lease has one or more of the following characteristics, the Company usually classifies it as a financial lease:

- 1) At the end of the lease term, the ownership of the leased assets is transferred to the lessee.
- 2) The lessee has the option to purchase the leased assets, and the purchase price set by the lessee is low enough compared with the expected fair value of the leased assets when exercising the option. Therefore, it can be reasonably determined on the lease start date that the lessee will exercise the option.
- 3) Although the ownership of the assets is not changed, the lease period accounts for the majority of the life of the leased assets.
- 4) At the beginning of the lease, the present value of the rental fee is almost equal to the fair value of the leased assets.
- 5) The nature of leased assets is special. If there is no major transformation, only the lessee can use them.

If one or more of the following conditions exist in a lease, the Company may also be classified as a financial lease:

- 1) If the lessee ends the lease, the lessee shall bear the losses caused by the termination of the lease to the lessor.
- 2) The profits or losses caused by the fluctuation of the fair value of the balance of assets belong to the lessee.
- 3) The lessee can continue to lease far below the market level for the next period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(38) Lease (continued)

4. Accounting for the Company as lessor (continued)

(2) Accounting for financial lease

At the beginning of the lease term, the Company confirms the financial lease receivable on the financial lease and terminates the recognition of the financial lease assets.

When the initial measurement of the financial lease receivable is made, the present value of the financial lease receivable is the sum of the unsecured balance and the amount of the lease receivable that has not yet been received at the beginning of the lease term and the present value discounted at the interest rate included in the lease. The amount of rental receipts includes:

- 1) Fixed payment and substantive fixed payment after deducting the relevant amount of lease incentive;
- 2) Variable rental payments depending on index or ratio;
- 3) In the case of reasonably determining that the lessee will perform the right of purchase option, the amount of rental receipt includes the right price of purchase option;
- 4) The lease term reflects that the lessee will perform the option to terminate the lease. The lease receipt includes the amount to be paid by the lessee in exercising the option to terminate the lease;
- 5) Guarantee residual value provided by the lessee to the lessor, the party concerned with the lessee and an independent third party with financial capacity to fulfill the guarantee obligation.

The Company calculates and confirms the interest income for each period of the lease period abased on the fixed rental interest rate, and the variable rental payments which are not included in the net rental investment amount are included in the profits and losses of the current period when they actually occur.

(3) Accounting for operating lease

The Company adopts the straight line method or other systematic and reasonable method to recognize the rental receipts from operating leases as rental income during each period of the lease period. Capitalization of the initial direct expenses incurred in connection with operating leases shall be apportioned on the same basis as the recognition of rental income during the lease period, and shall be recorded in the profits and losses of the current period. Variable rental payments obtained in connection with operating leases that are not incorporated in the rental receipts shall be incorporated in the profits and losses of the current period when they actually occur.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(39) Measured at fair value

1. *Financial instruments not measured at fair value*

Financial assets and liabilities not measured at fair value mainly include: receivables, short-term borrowings, payables, non-current liabilities due within one year and long-term borrowings, and equity instrument investments that are not quoted in active markets and whose fair value cannot be measured reliably.

The difference between the carrying amount of the above-mentioned financial assets and liabilities not measured at fair value and their fair value is very small, or according to the provisions of the Recognition and Measurement of Financial Instruments standards, investments in equity instruments that are not quoted in active markets and whose fair value cannot be measured reliably are measured at cost.

2. *Financial Instruments Measured at Fair Value*

The Company's financial assets and liabilities measured at fair value mainly include: financial assets or financial liabilities measured at fair value at fair value through profit or loss, and financial assets available for sale.

When the fair value is classified into three levels as a whole, it is based on the lowest level of the three levels to which each significant input used in the measurement at fair value belongs. The three levels are defined as follows:

Level 1: the unadjusted quoted price in the active market for the same asset or liability that is obtainable on the measurement date;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the relevant asset or liability;

Level 2 inputs includes: 1) the quoted price of similar assets or liabilities in the active market; 2) Quoted prices for identical or similar assets or liabilities in non-active markets; 3) Other observable inputs other than quoted prices, including interest rate and yield curves, implied volatility and credit spreads that are observable during the normal interval of quoted prices; 4) Inputs verified by the market, etc.

Level 3: unobservable inputs of the relevant assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

(40) Production safety expense

The Company's production safety expenses, which are provided in accordance with national regulations, are included in the cost of the relevant products or profit or loss for the period, and are also recorded in the "Special Reserve" account. When the provision of production safety expenses is used, it is directly offset in the special reserve if it is an expense. If the production safety expenses formed a fixed asset, the expenditure incurred is accounted for in the item "Construction in progress" and recognized as a fixed asset when the safety project is completed and reaches its intended useable state; meanwhile, the special reserve is written down to the cost of forming fixed assets and accumulated depreciation of the same amount is recognized. No further depreciation is charged on the fixed assets in subsequent periods.

(41) Changes in accounting policies and accounting estimates

1. Changes in accounting policies

There is no change in significant accounting policies for the current period. However, the comparative figures for the current period and for the year ended December 31, 2024 are prepared in accordance with the disclosure requirements of Chinese Accounting Standards for Business Enterprises.

2. Changes in accounting estimates

There was no change in key accounting estimates during current period.

IV. TAXATION

(1) Main types of taxes and corresponding rates

Tax type	Basis of taxation/Income type	Tax rate	Remark
Value-added tax ("VAT")	Output tax is calculated at the applicable tax rate on the taxable income, and is levied according to the difference after deducting deductible input tax for the current period	13%, 9%, 6%	
	Simple taxation method	3%	
City maintenance and construction tax	Turnover tax actually paid	7%	
Education surcharge	Turnover tax actually paid	3%	
Local education surcharge	Turnover tax actually paid	2%	
Enterprise income tax	Taxable income	15%, 25%, 20%, 16.5%	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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(Unless otherwise stated, all amounts are denominated in RMB)

IV. TAXATION (CONTINUED)

(1) Main types of taxes and corresponding rates (continued)

Income tax rates of different tax-paying entities:

Name of tax-paying entities	Income tax rate	Remark
The Company	15.00%	Note 1
Beijing Urban Construction Exploration & Surveying Design Institute Co., Ltd. (北京城建勘測設計研究院有限責任公司)	15.00%	Note 2
China Metro Engineering Consulting Co., Ltd. (中國地鐵工程諮詢有限責任公司)	15.00%	Note 3
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)	15.00%	Note 4
Beijing Guancheng Technology Development Co., Ltd. (北京冠城科技發展有限公司)	20.00%	Note 5
Beijing Huan'an Engineering Inspection Co., Ltd. (北京環安工程檢測有限責任公司)	15.00%	Note 6
Beijing Urban Construction Design (Hong Kong) Co., Ltd. (北京城建設計(香港)有限公司)	16.50%	Note 7
Anhui Jingjian Capital Construction Investment Co., Ltd. (安徽京建投資建設有限公司)	25.00%	
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)	20.00%	Note 8
Beijing Urban Rail Transit Construction Engineering Co., Ltd. (北京城建軌道交通建設工程有限公司)	15.00%	Note 9
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)	20.00%	Note 10
Guizhou Jingjian Capital Construction Investment Co., Ltd. (貴州京建投資建設有限公司)	25.00%	
Yunnan Jingjian Capital Construction Investment Co., Ltd. (雲南京建投資建設有限公司)	25.00%	
Beijing Urban Infrastructure Construction Investment Management Co., Ltd. (北京城建基礎設施投資管理有限公司)	25.00%	
Beijing Jingjian Shuncheng Construction Investment Co., Ltd. (北京京建順城建設投資有限公司)	25.00%	
Huangshan Jingjian Capital Construction Investment Co., Ltd. (黃山京建投資建設有限公司)	25.00%	
Beijing Anjie Engineering Consultants Co., Ltd. (北京安捷工程諮詢有限公司)	15.00%	Note 11
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)	25.00%	
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)	15.00%	Note 12
Hunan Jingjian Capital Construction Investment Co., Ltd. (湖南京建投資建設有限公司)	25.00%	
Beijing Yaocheng Technology Development Co., Ltd. (北京耀城科技發展有限公司)	20.00%	Note 13
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)	15.00%	Note 14

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

IV. TAXATION (CONTINUED)

(2) Preferential tax policies and basis

- Note 1: On 28 October, 2025, after the re-examination by Gaoxin, the Company obtained the High and New Technology Enterprise Certificate again, with a validity period of 3 years. The Company is subject to corporate income tax at a preferential rate of 15%. The certificate number is GR202511000727. The Company handles tax reduction and exemption filing procedures with Local Taxation Bureau of Xicheng District, Beijing during the period for final settlement each year.
- Note 2: On 28 October, 2025, after the re-examination, a subsidiary of the Company, Beijing Urban Construction Exploration & Surveying Design Institute Co., Ltd. obtained the High and New Technology Enterprise Certificate with a validity period of 3 years. The subsidiary is subject to corporate income tax at a preferential rate of 15% from 2019. The certificate number is GR202511002294. The subsidiary handles tax reduction and exemption filing procedures with Local Taxation Bureau of Chaoyang District, Beijing during the period for final settlement each year.
- Note 3: China Metro Engineering Consulting Co., Ltd., a subsidiary of the Company, passed the re-examination for high-tech enterprise certification in 2023 and is subject to a corporate income tax rate of 15%. The certificate number is GR202311002642, issued on 26 October 2023 with a validity period of three years.
- Note 4: On 29 October 2024, Beijing Urban Construction Xinjie Consulting Co., Ltd., a subsidiary of the Company, obtained the high-tech enterprise certificate upon re-examination, with certificate number GR202411003490 and a validity period of three years. Starting from 2024, its corporate income tax is levied at a reduced rate of 15%. The subsidiary shall file for tax reduction and exemption with the Local Taxation Bureau of Xicheng District during the annual final settlement period.
- Note 5: Beijing Guancheng Technology Development Co., Ltd., a subsidiary of the Company, is eligible for the preferential policy for small and low-profit enterprises pursuant to Announcement No. 12 of 2023 issued by the Ministry of Finance and the State Taxation Administration, under which 25% of taxable income is included and corporate income tax is paid at a rate of 20%. This policy shall remain in effect until 31 December 2027.
- Note 6: Beijing Huan'an Engineering Inspection Co., Ltd., a subsidiary of the Company, passed the re-examination for high-tech enterprise certification in 2023 and is subject to a corporate income tax rate of 15%. The certificate number is GR202311001381, issued on 26 October 2023 with a validity period of three years.
- Note 7: Beijing Urban Construction Design (Hong Kong) Co., Ltd., a subsidiary of the Company, is subject to a corporate income tax rate of 16.5% in Hong Kong.
- Note 8: Rail Transit Energy Conservation Beijing Engineering Research Center Co., Ltd., a subsidiary of the Company, is eligible for the preferential policy for small and low-profit enterprises pursuant to Announcement No. 12 of 2023 issued by the Ministry of Finance and the State Taxation Administration, under which 25% of taxable income is included and corporate income tax is paid at a rate of 20%. This policy shall remain in effect until 31 December 2027.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

IV. TAXATION (CONTINUED)

(2) Preferential tax policies and basis (continued)

- Note 9: On 26 October 2023, Beijing Urban Rail Transit Construction Engineering Co., Ltd., a subsidiary of the Company, renewed its high-tech enterprise certificate with certificate number GR202311002075, valid for three years, and is subject to an income tax rate of 15%.
- Note 10: Beijing Urban Construction Transportation Design and Research Institute Co., Ltd., a subsidiary of the Company, is eligible for the preferential policy for small and low-profit enterprises pursuant to Announcement No. 12 of 2023 issued by the Ministry of Finance and the State Taxation Administration, under which 25% of taxable income is included and corporate income tax is paid at a rate of 20%. This policy shall remain in effect until 31 December 2027.
- Note 11: Beijing Anjie Engineering Consultants Co., Ltd., a subsidiary of the Company, passed the re-examination for high-tech enterprise certification in 2023 and is subject to a corporate income tax rate of 15%. The certificate number is GR202311001381, issued on 26 October 2023 with a validity period of three years.
- Note 12: Beijing Rail Transit Design and Research Institute Co., Ltd., a subsidiary of the Company, renewed its high-tech enterprise certificate in 2023 and is subject to a corporate income tax rate of 15%. The certificate number is GR202311002602, issued on 26 October 2023 with a validity period of three years.
- Note 13: Beijing Yaocheng Technology Development Co., Ltd., a subsidiary of the Company, is eligible for the preferential policy for small and low-profit enterprises pursuant to Announcement No. 12 of 2023 issued by the Ministry of Finance and the State Taxation Administration, under which 25% of taxable income is included and corporate income tax is paid at a rate of 20%. This policy shall remain in effect until 31 December 2027.
- Note 14: On 30 December 2025, Beijing Institute of Residential Building Design & Research Co., Ltd., a subsidiary of the Company, obtained the high-tech enterprise certificate upon re-examination, valid for three years. Starting from 2025, its corporate income tax is levied at a reduced rate of 15%, with high-tech enterprise certificate number GR202511005663. The Company shall file for tax reduction and exemption with the State Taxation Bureau of Dongcheng District during the annual final settlement period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS

(The following monetary units are all in RMB unless otherwise specified. The Closing balance is 31 December 2025, the Opening balance is 1 January 2025, and the Prior Period refers to 31 December 2024)

Note 1. Monetary fund

Item	Closing balance	Opening balance
Cash on hand	349,858.10	1,155,708.69
Bank deposits	2,601,496,186.91	3,060,417,192.01
Other monetary fund	38,201,783.04	94,936,136.44
Total	2,640,047,828.05	3,156,509,037.14
Of which: Total amount of overseas funds	8,187,121.02	1,165,028.48

The breakdown of these restricted monetary funds is as follows:

Item	Closing balance	Opening balance
Performance Deposit	20,688,538.21	38,356,769.91
Time deposits or call deposits pledged as security	275,843.75	242,500.00
Judicially frozen funds	18,673,067.66	67,507,471.00
Letter of guarantee margin	7,182,555.82	6,556,034.31
Total	46,820,005.44	112,662,775.22

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 2. Bills receivable

1. Breakdown of bills receivable by category

Item	Closing balance	Opening balance
Bank acceptance bill	9,404,315.25	21,832,333.31
Commercial acceptance bill	37,728,182.67	15,244,790.57
Finance company acceptance bill	190,000.00	
Total	47,322,497.92	37,077,123.88

2. Disclosure based on classification of provision method for bad debts

Category	Closing balance				Carrying Amount
	Carrying Balance		Provision for Bad Debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts on an individual basis					
Provision for bad debts on a collective basis	47,552,609.81	100.00	230,111.89	0.48	47,322,497.92
Including: Bank acceptance bill portfolio	9,594,315.25	20.18			9,594,315.25
Commercial acceptance bill portfolio	37,958,294.56	79.82	230,111.89	0.61	37,728,182.67
Total	47,552,609.81	—	230,111.89	0.48	47,322,497.92

Continued:

Category	Opening balance				Carrying Amount
	Carrying Balance		Provision for Bad Debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts on an individual basis					
Provision for bad debts on a collective basis	37,150,715.80	100.00	73,591.92	0.20	37,077,123.88
Including: Bank acceptance bill portfolio	21,832,333.31	58.77			21,832,333.31
Commercial acceptance bill portfolio	15,318,382.49	41.23	73,591.92	0.48	15,244,790.57
Total	37,150,715.80	—	73,591.92	0.20	37,077,123.88

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 2. Bills receivable (continued)

3. Provision for bad debts provided, recovered or reversed during the current period

Category	Opening balance	Provision	Changes in the current period		Other changes	Closing balance
			recovered or reversed	Write-off		
Provision for bad debts on an individual basis						
Provision for bad debts on a collective basis	73,591.92	156,519.97				230,111.89
Including: Bank acceptance bill portfolio						-
Commercial acceptance bill portfolio	73,591.92	156,519.97				230,111.89
Total	73,591.92	156,519.97				230,111.89

4. Notes receivable which have been endorsed or discounted but not yet due at the end of the period

Item	Amount de-recognized at the end of the period	Amount not de-recognized at the end of the period
Bank acceptance bills	10,046,658.10	
Commercial acceptance bills		1,370,000.00
Total	10,046,658.10	1,370,000.00

Note 3. Trade receivables

1. Disclosure of trade receivables based on aging

The aging analysis of accounts receivable as of the end of the Reporting Period based on invoice dates is as follows:

Aging	Closing balance	Opening balance
Within 6 months	1,503,254,815.31	1,704,301,739.79
6 months to 1 year	890,945,644.42	744,452,899.09
1 to 2 years	1,037,410,815.26	853,960,320.77
2 to 3 years	750,780,872.00	452,640,401.28
3 to 4 years	169,969,142.27	328,826,510.81
4 to 5 years	213,331,978.79	381,208,520.71
Over 5 years	884,114,089.62	726,874,176.67
Sub-total	5,449,807,357.67	5,192,264,569.12
Less: Provision for bad debts	1,204,775,733.93	1,179,531,257.28
Total	4,245,031,623.74	4,012,733,311.84

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 3. Trade receivables (continued)

2. Disclosure by classification of provision method for bad debts

Category	Book balance		Closing balance		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts on an individual basis	213,628,566.00	3.92	127,716,107.20	59.78	85,912,458.80
Provision for bad debts on a collective basis	5,236,178,791.67	96.08	1,077,059,626.73	20.57	4,159,119,164.94
Of which: Aging portfolio	5,236,178,791.67	96.08	1,077,059,626.73	20.57	4,159,119,164.94
Total	5,449,807,357.67	—	1,204,775,733.93	—	4,245,031,623.74

Continued:

Category	Book balance		Closing balance		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts on an individual basis	216,740,171.78	4.17	134,271,910.12	61.95	82,468,261.66
Provision for bad debts on a collective basis	4,975,524,397.34	95.83	1,045,259,347.16	21.01	3,930,265,050.18
Of which: Aging portfolio	4,975,524,397.34	95.83	1,045,259,347.16	21.01	3,930,265,050.18
Total	5,192,264,569.12	—	1,179,531,257.28	—	4,012,733,311.84

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 3. Trade receivables (continued)

Provision for bad debts on an individual basis

Name	Book balance	Provision for bad debts	Closing balance	
			Proportion of provision (%)	Reason for provision
Delingha Culture Tourism Development Co., Ltd. (德令哈文化旅遊發展有限公司)	171,408,859.09	85,496,400.29	49.88	Expected partly not to be recovered
Beijing MTR Construction Administration Corporation (北京市軌道交通建設管理有限公司)	5,720,123.45	5,720,123.45	100.00	Expected not to be recovered
Beijing MTR Construction CIF Airport Company Limited (中基機場建設有限公司)	3,960,268.49	3,960,268.49	100.00	Expected not to be recovered
Beijing Subway Operation Co., Ltd. (北京市地鐵運營有限公司)	3,128,301.87	3,128,301.87	100.00	Expected not to be recovered
CIF International Construction Co., Limited (中基國際建設有限公司)	1,634,813.98	1,634,813.98	100.00	Expected not to be recovered
Beijing Gaoyi Property Development Co., Ltd. (北京高德房地產開發有限公司)	603,773.58	603,773.58	100.00	Expected not to be recovered
Planning Market Department of Chaoyang Branch of Beijing Center for Land Consolidation Reserve (北京市土地整理儲備中心朝陽分中心規劃市場部)	587,948.01	587,948.01	100.00	Expected not to be recovered
China Huaxi Engineering Design and Construction Co. Ltd. Beijing Engineering and Construction Branch (中國華西工程設計建設有限公司北京工程建設分公司)	477,037.74	477,037.74	100.00	Expected not to be recovered
Beijing Dongzhimen Airport Express Railway Company Limited (北 京東直門機場快速軌道有限公司)	415,866.98	415,866.98	100.00	Expected not to be recovered
Beijing Infrastructure Investment Co., Ltd. (北京市基礎設施投資有限公司)	275,849.06	275,849.06	100.00	Expected not to be recovered
Shenzhen Metro No. 3 Line Investment Co., Ltd. (深圳市地鐵三號線投資有限公司)	244,311.65	244,311.65	100.00	Expected not to be recovered
Chaoyang Branch of Beijing Center for Land Consolidation Reserve (北京市土地整理儲備中心朝陽分中心)	125,829.89	125,829.89	100.00	Expected not to be recovered
Other Units	25,045,852.21	25,045,852.21	100.00	Expected not to be recovered
Total	213,628,566.00	127,716,107.20	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 3. Trade receivables (continued)

2. Disclosure by classification of provision method for bad debts (continued)

Provision for bad debts on a collective basis

(1) Aging portfolio

Aging portfolio	Book balance	Closing balance	Proportion of provision (%)
		Provision for bad debts	
Within 6 months	1,503,254,815.31	7,592,145.01	0.51
6 months -1 year	890,945,644.42	30,711,158.85	3.45
1-2 years	1,037,410,815.26	101,883,128.28	9.82
2-3 years	750,780,872.00	122,658,558.58	16.34
3-4 years	169,969,142.27	50,792,412.92	29.88
4-5 years	185,017,610.94	92,574,327.28	50.04
Over 5 years	698,799,891.47	670,847,895.81	96.00
Total	5,236,178,791.67	1,077,059,626.73	20.57

3. Provision for bad debts provided, recovered or reversed during the current period

Category	Opening balance	Provision	Changes in the current period			Closing balance
			recovered or reversed	Write-off	Other changes	
Provision for bad debts on an individual basis	134,271,910.12	6,657,123.52		-965,220.00	-12,247,706.44	127,716,107.20
Provision for bad debts made on a collective basis	1,045,259,347.16	31,800,279.57				1,077,059,626.73
Of which: Aging portfolio	1,045,259,347.16	31,800,279.57				1,077,059,626.73
Total	1,179,531,257.28	38,457,403.09		-965,220.00	-12,247,706.44	1,204,775,733.93

Note: The other change in provision for bad debts of accounts receivable in the current period amounted to RMB-12,247,706.44. Among them, RMB-10,000,000.00 was due to the termination of the "Beijing Rail Transit Yuquan Road Line Engineering Design Contract Section 01" project carried out by UCD and Beijing MTR Construction Administration Corporation, resulting in a reversal of the settlement amount; RMB-2,247,706.44 was due to the termination of the "Dingzhou Municipal Party Committee Compound Renovation Project" carried out by Bodi Landscape and Dingzhou City Investment Municipal Engineering Co., Ltd.(定州市城投市政工程有限公司), resulting in a reversal of the settlement amount.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 3. Trade receivables (continued)

4. Accounts receivable actually written off during the current period

Item	Amount written off
Accounts receivable actually written off	965,220.00

Among which, details of significant accounts receivable written off:

Company name	Nature of amounts	Amount written off	Reason for written off	Written off procedures performed	Whether arising from related party transactions
Bazhou Dingxing Park Construction and Development Co., Ltd. (霸州鼎興園區建設發展有限公司)	Payment for construction	658,680.00	Write-off by debt subsidiary	Approval by the board of directors	No
Heze Lingshang Real Estate Co., Ltd. (荷澤凌上置業有限公司)	Payment for construction	191,100.00	Write-off by debt subsidiary	Approval by the board of directors	No
Infrastructure Office of the Beijing Economic and Technological Development Zone (北京經濟技術開發區基建辦公室)	Payment for construction	115,440.00	Write-off by debt subsidiary	Approval by the board of directors	No
Total		965,220.00			

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 3. Trade receivables (continued)

5. *Accounts receivable and contract assets aggregated by debtor for the top five balances as at the end of the period*

Name	Closing balance of trade receivables	Closing balance of contract assets	Closing balance of trade receivables and contract assets	Percentage to the total closing balance of trade receivables and contract assets (%)	Closing balance of provision for bad debts of trade receivables and provision for impairment of contract assets
Beijing MTR Construction Administration Corporation	510,800,376.49	191,985,532.68	702,785,909.17	5.96	117,022,596.31
Anqing Municipal Bureau of Housing and Urban-Rural Development Administration Committee of Dianzhong New District of Yunnan	270,671,154.85	359,620,000.00	630,291,154.85	5.34	4,869,975.77
Guangzhou Metro Group Co., Ltd.	244,642,116.31	200,923,684.95	445,565,801.26	3.78	12,303,685.19
Beijing Urban Construction Group Co., Ltd.	232,742,746.88	13,808,430.70	246,551,177.58	2.09	5,959,127.56
	213,438,030.39	31,423,997.82	244,862,028.21	2.08	34,449,125.30
Total	1,472,294,424.91	797,761,646.15	2,270,056,071.06	19.25	174,604,510.14

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 4. Prepayments

1. Prepayments by aging

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	51,175,327.90	71.25	29,168,259.55	53.16
1 to 2 years	11,510,350.75	16.03	4,426,639.99	8.07
2 to 3 years	513,714.06	0.72	6,688,214.88	12.19
Over 3 years	8,615,000.17	12.00	14,583,595.20	26.58
Total	71,814,392.88	—	54,866,709.62	—

2. Description of reasons for delay in settlement of significant prepayments aging over 1 year

Name	Closing balance	Aging	Reasons for delay in settlement
Nanjing Changqing Steel Co., Ltd.	3,329,206.86	1-2 years	Project settlement pending
China Institute of Building Standard Design & Research Co., Ltd.	1,874,088.38	Over 3 years	Project settlement pending
Beijing Xinzonghao Technology Co., Ltd.	1,862,965.68	Over 3 years	Project settlement pending
Beijing Dianhua Engineering Company	1,100,917.43	1-2 years	Project settlement pending
Beijing Guojianbiao Engineering Equipment Technology Co., Ltd.	953,292.91	1-2 years	Project settlement pending
Total	9,120,471.26		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 4. Prepayments (continued)

3. Particulars of the top five prepayments at the end of the period

Name	Closing balance	Percentage to the total prepayments (%)	Date of prepayment	Reasons for non-settlement
Nanjing Tuanyuan Crane Machinery Co., Ltd.	5,347,211.34	7.45	2025	Project settlement pending
Nantong Minqi Engineering Machinery Leasing Co., Ltd.	4,963,195.90	6.91	2025	Project settlement pending
Jinan Xinsansi Dynamic Test Technology Co., Ltd.	4,251,022.05	5.92	2025	Project settlement pending
Nanjing Changqing Steel Co., Ltd.	3,329,206.86	4.64	2024	Project settlement pending
Shandong Kaixin Construction Engineering Co., Ltd.	2,892,309.67	4.03	2025	Project settlement pending
Total	20,782,945.82	28.94		

Note 5. Other receivables

Items	Closing balance	Opening balance
Interest receivable		
Dividends receivable	89,583,274.83	89,583,274.83
Other receivables	85,432,940.42	128,590,246.87
Total	175,016,215.25	218,173,521.70

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 5. Other receivables (continued)

(1) Dividends receivable

1. Dividends receivable

Investees	Closing balance	Opening balance
Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd.	85,400,800.00	85,400,800.00
Beijing Urban Construction Zhikong Technology Co., Ltd.	4,182,474.83	4,182,474.83
Total	89,583,274.83	89,583,274.83

2. Significant dividend receivables with aging exceeding 1 year

Investees	Closing balance	Aging	Reasons for non-recovery	Whether impairment has occurred and the reasons therefor
Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd.	85,400,800.00	1-2 years	Deferred payment	No
Beijing Urban Construction Zhikong Technology Co., Ltd.	4,182,474.83	1-2 years	Deferred payment	No
Total	89,583,274.83			

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 5. Other receivables (continued)

(2) Other receivables

1. Disclosure by aging

Aging	Closing balance	Opening balance
Within 6 months	38,881,792.00	71,362,943.01
6 months to 1 year	13,480,691.92	16,414,657.59
1 to 2 years	15,013,343.86	6,235,190.46
2 to 3 years	5,196,434.54	21,444,031.94
3 to 4 years	8,574,098.54	9,120,299.08
4 to 5 years	6,582,361.95	11,681,937.09
Over 5 years	39,012,102.45	31,285,766.92
Sub-total	126,740,825.26	167,544,826.09
Less: provision for bad debts	41,307,884.84	38,954,579.22
Total	85,432,940.42	128,590,246.87

2. Classification by nature of the amount

Nature of the amount	Closing balance	Opening balance
Deposits and margin	66,260,691.45	112,650,913.48
Standby fee	136,764.49	547,903.35
Others	19,035,484.48	15,391,430.04
Total	85,432,940.42	128,590,246.87

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 5. Other receivables (continued)

(2) Other receivables (continued)

3. Disclosure by classification of provision for bad debts

Category	Carrying balance		Closing balance		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts on an individual basis	10,176,547.01	8.03	10,176,547.01	100.00	
Provision for bad debts on a collective basis	116,564,278.25	91.97	31,131,337.83	26.71	85,432,940.42
Of which: Aging portfolio	116,564,278.25	91.97	31,131,337.83	26.71	85,432,940.42
Total	126,740,825.26	100.00	41,307,884.84		85,432,940.42

Continued:

Category	Carrying balance		Opening balance		Carrying amount
	Amount	Percentage (%)	Amount	Proportion of provision (%)	
Provision for bad debts on an individual basis	11,959,607.16	7.14	11,959,607.16	100.00	
Provision for bad debts on a collective basis	155,585,218.93	92.86	26,994,972.06	17.35	128,590,246.87
Of which: Aging portfolio	155,585,218.93	92.86	26,994,972.06	17.35	128,590,246.87
Total	167,544,826.09	100.00	38,954,579.22		128,590,246.87

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 5. Other receivables (continued)

(2) Other receivables (continued)

3. Disclosure by classification of provision for bad debts (continued)

Provision for bad debts on an individual basis

Name	Book Balance	Closing balance		Reason for provision
		Provision for bad debts	Proportion of provision (%)	
Hengtai Property*(恒泰物業)	2,772,597.90	2,772,597.90	100	Expected to be uncollectible
Chengrong Company*(成榮公司)	146,000.00	146,000.00	100	Expected to be uncollectible
Beijing Survey, Design and Management Office*(北京勘察設計管理處)	1,000,000.00	1,000,000.00	100	Expected to be uncollectible
Beijing Mechanical Construction Company*(北京機械施工公司)	500,000.00	500,000.00	100	Expected to be uncollectible
Pension for Employees of Tertiary Industry Enterprises*(三產職工養老金)	591,102.60	591,102.60	100	Expected to be uncollectible
Supplementary Savings Pension for Employees of Tertiary Industry Enterprises*(三產職工補充儲蓄養老金)	346,490.11	346,490.11	100	Expected to be uncollectible
Administrative Service Center of Shanghai Municipal Commission of Housing and Urban-Rural Development*(上海市城鄉建設和管理委員會行政服務中心)	20,000.00	20,000.00	100	Expected to be uncollectible
Preliminary Design and Construction Drawing Design for Expansion of Auxiliary Production Facilities at Xiaohang Vehicle Base of Nanjing Metro*(南京地鐵肖行車輛基地擴建生產輔助設施初步設計施工圖設計)	20,000.00	20,000.00	100	Expected to be uncollectible
Jinan Construction Engineering Transaction Center*(濟南建設工程交易中心)	100,000.00	100,000.00	100	Expected to be uncollectible
Hangzhou Dongsheng Real Estate Co., Ltd.*(杭州東勝置業有限公司)	10,000.00	10,000.00	100	Expected to be uncollectible
Shandong Zhongchengxin Engineering Consulting Co., Ltd.*(山東忠誠信工程諮詢有限公司)	200,000.00	200,000.00	100	Expected to be uncollectible
Jiangsu Transportation Engineering Investment Consulting Co., Ltd. Zhejiang Branch*(江蘇交通工程投資諮詢有限公司浙江分公司)	100,000.00	100,000.00	100	Expected to be uncollectible

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 5. Other receivables (continued)

(2) Other receivables (continued)

3. Disclosure by classification of provision for bad debts (continued)

Provision for bad debts on a collective basis

Name	Book Balance	Closing balance		Reason for provision
		Provision for bad debts	Proportion of provision (%)	
Beijing Shusheng Engineering Cost Consulting Co., Ltd. *(北京數聖工程造價諮詢有限公司)	20,000.00	20,000.00	100	Expected to be uncollectible
Dalian Hanlin Project Management Consulting Co., Ltd. *(大連瀚霖項目管理諮詢有限公司)	16,000.00	16,000.00	100	Expected to be uncollectible
Hefei Municipal Government Procurement Center*(合肥市政府採購中心)	300,000.00	300,000.00	100	Expected to be uncollectible
Lanzhou Rail Transit Co., Ltd. *(蘭州市軌道交通有限公司)	491,000.00	491,000.00	100	Expected to be uncollectible
Renqiu Municipal Financial Payment Center*(任丘市財政支付中心)	20,000.00	20,000.00	100	Expected to be uncollectible
Chengdu Financial City Investment and Development Co., Ltd. *(成都金融城投資發展有限責任公司)	106,400.00	106,400.00	100	Expected to be uncollectible
Qian'an Haian Investment Co., Ltd. *(遷安市海安投資有限公司)	100,000.00	100,000.00	100	Expected to be uncollectible
China Railway Design Group Co., Ltd. *(中國鐵路設計集團有限公司)	1,022,000.00	1,022,000.00	100	Expected to be uncollectible
Gu'an Jingyu Xingfu Real Estate Development Co., Ltd. *(固安京御幸福房地產開發有限公司)	100,000.00	100,000.00	100	Expected to be uncollectible
Delingha Municipal Facilities Maintenance Team* (德令哈市市政設施養護隊)	20,000.00	20,000.00	100	Expected to be uncollectible
Lanzhou Rail Transit Co., Ltd. *(蘭州市軌道交通有限公司)	95,000.00	95,000.00	100	Expected to be uncollectible
Sino-Thai International High-Tech Co., Ltd. *(中泰國際高新技術有限公司)	239,539.85	239,539.85	100	Expected to be uncollectible
Huangshan Press Group Co., Ltd. *(黃山報業集團有限公司)	50,000.00	50,000.00	100	Expected to be uncollectible
Others	1,790,416.55	1,790,416.55	100	Expected to be uncollectible
Total	10,176,547.01	10,176,547.01		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 5. Other receivables (continued)

(2) Other receivables (continued)

3. Disclosure by classification of provision for bad debts (continued)

Provision for bad debts on a collective basis (continued)

(1) Aging portfolio

Aging	Book balance	Closing balance	Proportion of provision (%)
		Provision for bad debts	
Within 6 months	38,881,792.00	1,071,010.80	2.75
6 months -1 year	13,480,691.92	747,018.01	5.54
1-2 years	15,013,343.86	1,140,941.25	7.60
2-3 years	4,806,894.69	764,612.35	15.91
3-4 years	8,574,098.54	2,322,787.15	27.09
4-5 years	6,582,361.95	3,053,237.48	46.39
Over 5 years	29,225,095.29	22,031,730.80	75.39
Total	116,564,278.25	31,131,337.83	26.71

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 5. Other receivables (continued)

(2) Other receivables (continued)

3. Disclosure by classification of provision for bad debts (continued)

Provision for bad debts according to the general model of expected credit losses

	Phase 1 Expected credit losses over the next 12 months	Phase 2 Expected credit losses over the entire duration (no credit impairment occurred)	Phase 3 Expected credit loss over the entire duration (credit impairment occurred)	Total
Provision for bad debts				
Opening balance	17,748,911.72	9,246,060.34	11,959,607.16	38,954,579.22
Opening balance in the current period	-	-	-	-
- Transfer to the second stage				
- Transfer to the third stage		-544,539.85	544,539.85	
- Reverse to the second stage				
- Reverse to the first stage				
Provision in the current period	8,086,366.43	-3,405,460.81	-2,327,600.00	2,353,305.62
Reverse in the current period				
Resale in the current period				
Write-off in the current period				
Other changes				
Closing balance	25,835,278.15	5,296,059.68	10,176,547.01	41,307,884.84

4. Provision for bad debts provided, recovered or reversed during the current period

Category	Opening balance	Provision	Changes in the current period			Closing balance
			Recovered or reversed	Offset or write-off	Other changes	
Provision for bad debts on an individual basis	11,959,607.16	-1,783,060.15				10,176,547.01
Provision for bad debts on a collective basis	26,994,972.06	4,136,365.77				31,131,337.83
Of which: Aging portfolio	26,994,972.06	4,136,365.77				31,131,337.83
Total	38,954,579.22	2,353,305.62				41,307,884.84

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 5. Other receivables (continued)

(2) Other receivables (continued)

5. Other receivables aggregated by debtor for the top five balances as at the end of the period

Name	Nature of the amount	Closing balance	Aging	Percentage to the total closing balance of other receivables	Closing balance of provision for bad debts
Beijing Uni.-Construction Group Co., Ltd.	Current account	8,115,885.82	Within 6 month	6.40	
Hengtai Property	Deposits	2,772,597.90	6 years or above	2.19	2,772,597.90
Lanzhou Rail Transit Co., Ltd.	Deposits and margin	2,395,693.80	4-6 years	1.89	950,212.85
Guangzhou Metro Group Co., Ltd.	Current account from external parties	2,315,909.00	7-12 months	1.83	115,795.45
Beijing Yiqun Engineering Consultant Co., Ltd.	Deposits and margin	2,048,000.00	Within 1 year	1.62	425,116.00
Total		17,648,086.52		13.93	4,263,722.20

Note 6. Inventories

1. Classification of inventories

Item	Carrying balance	Closing balance Provision for decline in value of inventories	Carrying amount	Carrying balance	Opening balance Provision for decline in value of inventories	Carrying amount
Raw materials	24,746,580.32	24,746,580.32	35,622,623.18			35,622,623.18
Semi-finished products	23,352,720.18	23,352,720.18	21,030,664.09			21,030,664.09
Inventories	23,570,646.32	23,570,646.32	23,841,904.15			23,841,904.15
Revolving materials	16,022,437.53	16,022,437.53	14,429,136.54			14,429,136.54
Total	87,692,384.35	87,692,384.35	94,924,327.96			94,924,327.96

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 7. Contract assets

1. Particulars of contract assets

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Quality guarantee deposit	91,737,729.66	445,620.11	91,292,109.55	113,380,972.77	550,981.64	112,829,991.13
Completed and unsettled assets	5,465,283,215.91	559,186,647.26	4,906,096,568.65	5,028,141,510.75	412,329,903.03	4,615,811,607.72
Contract assets of PPP Projects	786,014,844.74	5,098,150.93	780,916,693.81	792,503,020.39	4,992,827.12	787,510,193.27
Total	6,343,035,790.31	564,730,418.30	5,778,305,372.01	5,934,025,503.91	417,873,711.79	5,516,151,792.12

2. Disclosure by category of provision for bad debts

Category	Carrying balance		Closing balance		Carrying amount
	Amount	Percentage (%)	Amount	Proportion of provision (%)	
Provision for bad debts on an individual basis					
Provision for bad debts on a collective basis	6,343,035,790.31	100.00	564,730,418.30	8.90	5,778,305,372.01
Of which: Aging portfolio	6,343,035,790.31	100.00	564,730,418.30	8.90	5,778,305,372.01
Total	6,343,035,790.31		564,730,418.30		5,778,305,372.01

Continued:

Category	Carrying balance		Opening balance		Carrying amount
	Amount	Percentage (%)	Amount	Proportion of provision (%)	
Provision for bad debts on individual basis					
Provision for bad debts on a collective basis	5,934,025,503.91	100.00	417,873,711.79	7.04	5,516,151,792.12
Of which: Aging portfolio	5,934,025,503.91	100.00	417,873,711.79	7.04	5,516,151,792.12
Total	5,934,025,503.91		417,873,711.79		5,516,151,792.12

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 7. Contract assets (continued)

3. Provision for bad debts provided, recovered or reversed during the current period

Category	Opening balance	Provision	Changes in the current period		Other changes	Closing balance
			recovered or reversed	Write-off		
Provision for bad debts on an individual basis						
Provision for bad debts on a collective basis	417,873,711.79	146,856,706.51				564,730,418.30
Of which: Aging portfolio	417,873,711.79	146,856,706.51				564,730,418.30
Total	417,873,711.79	146,856,706.51				564,730,418.30

Note 8. Non-current assets due within one year

Item	Closing balance	Opening balance
long-term receivable due within one year	12,216,885.32	14,861,336.39
Total	12,216,885.32	14,861,336.39

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 9. Other current assets

Item	Closing balance	Opening balance
Input VAT to be deducted and prepaid taxes and fees	138,167,149.24	120,180,296.70
Deferred Expenditures (including decoration works cost, decoration cost)	4,441,987.63	5,519,292.97
Total	142,609,136.87	125,699,589.67

Note 10. Long-term receivable

1. Long-term receivable

Nature of the amount	Closing balance			Opening balance			Range of discount rate
	Carrying balance	Provision for bad debts	Carrying amount	Carrying balance	Provision for bad debts	Carrying amount	
Finance leases	369,634.74		369,634.74	369,634.74		369,634.74	4.75
Of which: Unrealised financing income	43,106.33		43,106.33	43,106.33		43,106.33	4.75
Performance guarantees	20,109,754.94	584,014.13	19,525,740.81	24,318,513.32	1,202,819.56	23,115,693.76	4.75
Less: long-term receivables due within one year	12,615,322.58	398,437.26	12,216,885.32	15,150,053.76	288,717.37	14,861,336.39	
Total	7,864,067.10	185,576.87	7,678,490.23	9,538,094.30	914,102.19	8,623,992.11	

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 11. Long-term equity investment

1. Long-term equity investments

Investee	Opening balance (carrying amount)	Impairment provision opening balance	Changes in the current period					Closing balance (carrying amount)	Impairment provision closing balance
			Gains and losses on investments accounted for using equity method	Adjustments to other comprehensive income	Changes in other equity	Declaration and payment of cash dividends or profits	Provision for impairment		
I. Joint Ventures									
Zhengzhou Rail Transit Design and Research Institute Co., Ltd. (鄭州市軌道交通設計研究院有限公司)	13,942,171.65		1,369,246.97			490,000.00		14,821,418.62	
Beijing Shengrong Real Estate Development Co., Ltd. (北京晟通置業發展有限公司)	35,127,265.78		-410,603.97					34,716,661.81	
Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd. (雲南京建軌道交通投資建設 有限公司)	2,061,713,373.02		43,402,249.91					2,105,115,622.93	
Huangshan City Tourism Railway Investment and Development Co., Ltd. (黃山市城市旅遊鐵路投資發 展有限公司)	10,395,674.81		24,595.80					10,420,270.61	
Subtotal	2,121,178,485.26		44,385,488.71			490,000.00		2,165,073,973.97	
II. Associates									
Beijing Shunjie Smart Graphic Design and Production Co., Ltd. (北京順捷智慧圖文設計製作有限公司)	2,182,370.14		133,095.00			26,000.00		2,289,465.14	
Huangshan Eastern Development Investment Co., Ltd. (黃山東部開發投資有限公司)	1,363,358.90		-9,179.89					1,354,179.01	
Urban Rail Innovation Network Center Co., Ltd. (城軌 創新網絡中心有限公司)	13,364,143.51		-330,896.46					13,033,247.05	

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 11. Long-term equity investment (continued)

1. Long-term equity investments (continued)

Investee	Opening balance (carrying amount)	Impairment provision opening balance	Changes in the current period					Closing balance (carrying amount)	Impairment provision closing balance
			Gains and losses on investments accounted for using equity method	Adjustments to other comprehensive income	Changes in other equity	Declaration and payment of cash dividends or profits	Provision for impairment		
Beijing Chengmei Xiangju Cultural Tourism Development Co., Ltd. (北京美鄉居文化旅遊發展 有限公司)	2,867,813.41		-203,675.83					2,664,137.58	
Chongqing Yuxi Express Line Construction and Operation Co., Ltd. (重慶市渝西快線建設運營有限 公司)	809,752,318.15		34,853,182.64					844,605,500.79	
Guangxi Xinghe Intelligent Technology Co., Ltd. (廣西 星河智能科技有限公司)	1,080,733.13		329,164.03		294,357.80			1,704,254.96	
Wenzhou Xingfu Rail Digital Intelligence Technology Co., Ltd. (溫州幸福通數智科技有限公司)	3,236,994.85		154,076.45					3,391,071.30	
Zhejiang Jinghang Green Energy Technology Co., Ltd. (浙江京杭綠能科技股份有限公司)	3,163,246.62		-1,371,067.52					1,792,179.10	
Hunan Rail Transit Electromechanical Engineering Co., Ltd. (湖南軌道機械工程有限公司)	13,367,316.64		-2,088,315.21					11,279,001.43	
Zhongnan Sanjia Engineering Consulting (Beijing) Co., Ltd. (中勘三佳工程諮詢(北京)有限公司)	6,730,840.10		679,783.38			2,794,579.35		4,616,044.13	
Shaoxing Jingyue Metro Co., Ltd. (紹興京越地鐵有限 公司)	471,116,430.25	138,924,000.00	-20,220,442.82					589,819,987.43	
Subtotal	1,328,225,565.70	138,924,000.00	11,925,723.77		294,357.80	2,820,579.35		1,476,549,067.92	
合計	3,449,404,050.96	138,924,000.00	56,311,212.48		294,357.80	3,310,579.35		3,641,623,041.89	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 12. Other equity instruments investment

1. Other equity instrument investments

Item	Opening balance	Additional investment	Decrease in investment	Increase/decrease during the period		Others	Closing balance
				Gains included in other comprehensive income during the period	Losses included in other comprehensive income during the period		
Zhongdixin Geographic Information Equity Investment Fund Limited (Limited Partnership)	1,900,000.00		766,924.98		1,133,075.02		
Zhongshan Deep Water Environmental Water Co., Ltd.	800.00						800.00
China Communications Fourth Airlines (Zhongshan) Environmental Protection Engineering Co., Ltd.	20,000.00						20,000.00
Beijing Jingxi Ecological Cultural Tourism Investment Co., Ltd.	3,300,247.32				659,533.48		2,640,713.84
Beijing Urban Construction Intelligent Control Co., Ltd.	222,574,748.71				136,723,032.78		85,851,715.93
Total	227,795,796.03		766,924.98		138,515,641.28		88,513,229.77

Continued:

Item	Dividend income recognised during the year	Accumulative gains included in other comprehensive income	Accumulative losses included in other comprehensive income	Reason for being designated as measured at fair value through other comprehensive income
Zhongdixin Geographic Information Equity Investment Fund Limited (Limited Partnership)				
Zhongshan Deep Water Environmental Water Co., Ltd.				
China Communications Fourth Airlines (Zhongshan) Environmental Protection Engineering Co., Ltd.				
Beijing Jingxi Ecological Cultural Tourism Investment Co., Ltd.			4,359,286.16	
Beijing Urban Construction Zhikong Technology Co., Ltd.			102,609,778.07	
Total			106,969,064.23	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 12. Other equity instruments investment (continued)

1. Other equity instrument investments (continued)

Explanation of the circumstances leading to derecognition in the current period

Item	Accumulated gains transferred to retained earnings	Accumulated losses transferred to retained earnings	Reason for derecognition
Zhongdixin Geographic Information Equity Investment Fund Limited (Limited Partnership)	244,534.00		Disposal
Total	244,534.00		Disposal

Note 13. Other non-current financial assets

Items	Closing balance	Opening balance
Equity instrument investments	10,704,000.00	5,178,000.00
Of which: Beijing Jiuzhou First Rail Environmental Technology Co., Ltd. (北京九州一軌環境科技股份有限公司)	10,704,000.00	5,178,000.00
Total	10,704,000.00	5,178,000.00

Note 14. Fixed assets

Item	Closing balance	Opening balance
Fixed assets	1,224,310,141.85	1,264,222,355.74
Liquidation of fixed assets		
Total	1,224,310,141.85	1,264,222,355.74

Note: The fixed assets in the above table refer to the fixed assets after deducting disposal of fixed assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 14. Fixed assets (continued)

(I) Fixed assets

1. Particulars of fixed assets

Item	Property and building	Machinery and equipment	Transportation equipment	Office equipment	Total
I. Original carrying amount					
1. Opening balance	944,096,982.26	828,100,465.58	45,511,010.76	238,417,106.48	2,056,125,565.08
2. Increase during the current period	1,961,084.42	56,635,770.53	316,628.33	7,083,877.26	65,997,360.54
Reclassification					
Addition		13,442,137.57	316,628.33	7,083,877.26	20,842,643.16
Transfer from construction-in progress		43,193,632.96			43,193,632.96
Business combination not under common control					
Contribution from shareholders					
Other increase	1,961,084.42				1,961,084.42
3. Decrease during the current period		127,918.59	3,205,436.14	3,418,917.34	6,752,272.07
Disposal or retirement		127,918.59	3,205,436.14	3,418,917.34	6,752,272.07
Finance lease receivable					
Assets classified as held for sale					
Transfer to investment properties					
Disposal of subsidiaries					
Other decrease					
4. Closing balance	946,058,066.68	884,608,317.52	42,622,202.95	242,082,066.40	2,115,370,653.55

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 14. Fixed assets (continued)

(I) Fixed assets (continued)

1. Particulars of fixed assets (continued)

Item	Property and building	Machinery and equipment	Transportation equipment	Office equipment	Total
II. Accumulated depreciation					
1. Opening balance	97,616,038.40	519,573,624.69	33,671,308.71	141,042,237.54	791,903,209.34
2. Increase during the current period	28,240,072.72	43,490,157.59	2,587,386.71	31,040,239.11	105,357,856.13
Reclassification					0.00
Provision for the period	28,240,072.72	29,684,298.46	2,587,386.71	31,040,239.11	91,551,997.00
Business combination not under common control					0.00
Other increase		13,805,859.13			13,805,859.13
3. Decrease during the current period		40,731.00	3,090,647.88	3,069,174.89	6,200,553.77
Disposal or retirement		40,731.00	3,090,647.88	3,069,174.89	6,200,553.77
Finance lease receivable					
Assets classified as held for sale					
Transfer to investment properties					
Disposal of subsidiaries					
Other decrease					
4. Closing balance	125,856,111.12	563,023,051.28	33,168,047.54	169,013,301.76	891,060,511.70

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 14. Fixed assets (continued)

(I) Fixed assets (continued)

1. Particulars of fixed assets (continued)

Item	Property and building	Machinery and equipment	Transportation equipment	Office equipment	Total
III. Impairment provision					
1. Opening balance					
2. Increase during the current period					
Reclassification					
Provision for the period					
Business combination not under common control					
Other increase					
3. Decrease during the current period					
Disposal or retirement					
Finance lease receivable					
Assets classified as held for sale					
Transfer to investment properties					
Disposal of subsidiaries					
Other decrease					
4. Closing balance					
IV. Carrying amount					
1. Closing carrying amount	820,201,955.56	321,585,266.24	9,454,155.41	73,068,764.64	1,224,310,141.85
2. Opening carrying amount	846,480,943.86	308,526,840.89	11,839,702.05	97,374,868.94	1,264,222,355.74

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 14. Fixed assets (continued)

(1) Fixed assets (continued)

2. Fixed assets which do not have certificates of title at the end of the period

Item	Carrying amount	Reasons for not having certificates of title
Property and building	1,629,305.92	The title certificate has not yet been transferred to the name of the owner
Total	1,629,305.92	

Note 15. Construction-in-progress

Item	Closing balance	Opening balance
Construction-in-progress	88,819.00	29,387,773.83
Construction materials		
Total	88,819.00	29,387,773.83

Note: The construction-in-progress in the above table refer to the construction-in-progress after deducting construction materials.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 15. Construction-in-progress (continued)

(I) Construction-in-progress

1. Particulars of construction-in-progress

Item	Closing balance		Carrying amount	Opening balance		Carrying amount
	Carrying balance	Impairment provision		Carrying balance	Impairment provision	
Shield Machine No. 143				29,387,773.83		29,387,773.83
Innovation Project Equipment (Subway Refrigeration Test Bench)	88,819.00		88,819.00			-
Total	88,819.00	-	88,819.00	29,387,773.83		29,387,773.83

2. Movements in material construction-in-progress during the current period

Name of the construction project	Opening balance	Increase during the current period	Transferred to fixed assets during the current period	Other decrease during the current period	Closing balance
Shield Machine No. 143	29,387,773.83		29,387,773.83		
Total	29,387,773.83		29,387,773.83		

Continued:

Name of the construction project	Budget (RMB10'000)	Percentage of input over budget (%)	Construction progress (%)	Accumulated amount of interest capitalised	Of which: Interest capitalized during the current period	Interest Capitalisation rate for the period (%)	Source of fund
Shield Machine No. 143	3,067.57	95.80	100.00				Self-financing
Total	3,067.57	95.80	100.00				

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 16. Right-of-use assets

1. Particulars of right-of-use assets

Item	Land	Property and building	Machinery, transportation equipment and office equipment	Total
I. Original carrying amount				
1. Opening balance	11,826,240.53	449,415,069.37	11,200,553.00	472,441,862.90
2. Increase during the current period		70,237,440.55	119,491.83	70,356,932.38
Reclassification				
Lease		70,237,440.55	119,491.83	70,356,932.38
Business combination not under common control				
Contribution from shareholders				
Other increase				
3. Decrease during the current period	9,843,689.11	150,960,580.07	1,286,222.75	162,090,491.93
Expiration of lease	9,843,689.11	150,960,580.07	1,286,222.75	162,090,491.93
Disposal of subsidiaries				
Other decrease				
4. Closing balance	1,982,551.42	368,691,929.85	10,033,822.08	380,708,303.35
II. Accumulated depreciation				
1. Opening balance	8,724,019.82	192,679,280.96	8,425,901.25	209,829,202.03
2. Increase during the current period	1,920,244.27	80,581,233.98	851,723.30	83,353,201.55
Reclassification				
Provision for the period	1,920,244.27	80,581,233.98	851,723.30	83,353,201.55
Business combination not under common control				
Other increase				
3. Decrease during the current period	9,843,689.11	100,514,967.41	1,286,222.75	111,644,879.27
Expiration of lease	9,843,689.11	100,514,967.41	1,286,222.75	111,644,879.27
Disposal of subsidiaries				
Other decrease				
4. Closing balance	800,574.98	172,745,547.53	7,991,401.80	181,537,524.31

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025
(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 16. Right-of-use assets (continued)

1. Particulars of right-of-use assets (continued)

Item	Land	Property and building	Machinery, transportation equipment and office equipment	Total
III. Impairment provision				
1. Opening balance				
2. Increase during the current period				
Reclassification				
Provision for the period				
Business combination not under common control				
Other increase				
3. Decrease during the current period				
Expiration of lease				
Disposal of subsidiaries				
Other decrease				
4. Closing balance				
IV. Carrying amount				
1. Closing carrying amount	1,181,976.44	195,946,382.32	2,042,420.28	199,170,779.04
2. Opening carrying amount	3,102,220.71	256,735,788.41	2,774,651.75	262,612,660.87

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 17. Intangible assets

1. Particulars of intangible assets

Item	Land use rights	Software	Franchise rights	Data resources	Other	Total
— Original carrying amount						
1. Opening balance	374,194,363.52	67,053,288.18	590,945,709.75	1,484,323.97	21,000,000.00	1,054,677,685.42
2. Increase during the current period	420,000.00	1,294,859.76	5,439,274.46	1,910,374.28		9,064,508.50
Addition		1,294,859.76				1,294,859.76
Internal research and development				1,910,374.28		1,910,374.28
Increase from other causes	420,000.00		5,439,274.46			5,859,274.46
3. Decrease during the current period						
Disposal						
Disposal of subsidiaries						
Decrease from other causes						
4. Closing balance	374,614,363.52	68,348,147.94	596,384,984.21	3,394,698.25	21,000,000.00	1,063,742,193.92
— Accumulated amortisation						
1. Opening balance	44,549,424.70	55,604,545.74	90,502,305.93		21,000,000.00	211,656,276.37
2. Increase during the current period	5,497,026.56	5,408,286.59	29,362,708.62	296,864.76		40,564,886.53
Provision for the period	5,497,026.56	5,408,286.59	29,362,708.62	296,864.76		40,564,886.53
Business combination not under common control						
Increase from other causes						
3. Decrease during the current period						
Disposal						
Disposal of subsidiaries						
Decrease from other causes						
4. Closing balance	50,046,451.26	61,012,832.33	119,865,014.55	296,864.76	21,000,000.00	252,221,162.90

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 17. Intangible assets (continued)

1. Particulars of intangible assets (continued)

Item	Land use rights	Software	Franchise rights	Data resources	Other	Total
III. Impairment provision						
1. Opening balance						
2. Increase during the current period						
Provision for the period						
Business combination not under common control						
Increase from other causes						
3. Decrease during the current period						
Disposal of subsidiaries						
Assets classified as held for sale						
Transfer						
Decrease from other causes						
Other transferring out						
4. Closing balance						
IV. Carrying amount						
1. Closing carrying amount	324,567,912.26	7,335,315.61	476,519,969.66	3,097,833.49		811,521,031.02
2. Opening carrying amount	329,644,938.82	11,448,742.44	500,443,403.82	1,484,323.97		843,021,409.05

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 17. Intangible assets (continued)

2. Data resources recognised as intangible assets

Item	Externally purchased data resources as intangible assets	Self- developed data resources as intangible assets	Data resources obtained through other means as intangible assets	Total
I. Original carrying amount				
1. Opening balance		1,484,323.97		1,484,323.97
2. Increase during the current period		1,910,374.28		1,910,374.28
Of which: Purchased				
Internal research and development		1,910,374.28		1,910,374.28
Other increase				
3. Decrease during the current period				
Of which: Disposal				
Expired and derecognised				
Other decrease				
4. Closing balance		3,394,698.25		3,394,698.25
II. Accumulated amortisation				
1. Opening balance				
2. Increase during the current period		296,864.76		296,864.76
3. Decrease during the current period				
Of which: Disposal				
Expired and derecognised				
Other decrease				
4. Closing balance		296,864.76		296,864.76

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 17. Intangible assets (continued)

2. Data resources recognised as intangible assets (continued)

Item	Externally purchased data resources as intangible assets	Self- developed data resources as intangible assets	Data resources obtained through other means as intangible assets	Total
III. Impairment provision				
1. Opening balance				
2. Increase during the current period				
3. Decrease during the current period				
4. Closing balance				
IV. Carrying amount				
1. Closing carrying amount		3,097,833.49		3,097,833.49
2. Opening carrying amount		1,484,323.97		1,484,323.97

Note 18. Goodwill

1. Original carrying amount of goodwill

Name of investee or item which generated goodwill	Opening balance	Increase during the current period Generated from business combination	Decrease during the current period Disposal	Closing balance
Beijing Rail Transit Design & Research Institute Co., Ltd.	5,740,795.57			5,740,795.57
Total	5,740,795.57			5,740,795.57

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 18. Goodwill (continued)

2. Impairment provision for goodwill

Name of investee or item which generated goodwill	Opening balance	Increase during the current period Provision	Decrease during the current period Disposal	Closing balance
Beijing Rail Transit Design & Research Institute Co., Ltd.				
Total				

Note 19. Long-term deferred expenditures

Item	Opening balance	Increase during the current period	Amortisation during the current period	Other decrease	Closing balance
Renovation fees	174,203,954.25	12,065,442.18	35,675,658.41		150,593,738.02
Total	174,203,954.25	12,065,442.18	35,675,658.41		150,593,738.02

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 20. Deferred income tax assets and deferred income tax liabilities

1. Deferred income tax assets before offsetting

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Impairment provision for assets	1,808,200,624.31	334,380,651.17	1,635,629,423.66	310,350,148.71
Deductible loss	107,634,059.65	26,908,514.92	198,151,263.88	49,537,815.97
Accelerated depreciation of fixed assets	-167,074,449.65	-25,061,167.45	-165,949,735.27	-24,892,460.29
Provided but unpaid employee remuneration payable	160,354,224.92	24,053,133.74	135,819,210.16	20,372,881.53
Estimated liabilities	105,451,703.17	25,562,137.48	91,472,481.82	21,725,852.84
Lease liabilities and right-of-use assets	8,037,945.19	1,215,698.02	8,503,193.03	1,286,254.57
Internal unrealised profits	80,097,173.47	12,013,377.03	89,324,410.26	13,398,661.54
Unrealised discounted interest expense	1,586,577.52	237,986.63	1,558,019.87	233,702.98
Appreciation of other equity instrument investments			1,377,609.02	206,641.35
Changes in fair value of other non-current financial assets	108,269,064.24	16,240,359.64	3,030,000.00	757,500.00
Total	2,212,556,922.81	415,550,691.18	1,998,915,876.42	392,976,999.20

2. Deferred income tax liabilities before offsetting

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
Internal unrealised profits	19,732,360.99	2,961,053.13	20,225,511.13	3,033,826.67
Changes in fair value of other equity instrument investments	2,496,000.00	624,000.00	29,113,502.07	4,367,025.31
Right-of-use assets	2,066,065.99	309,909.89		
Total	24,294,426.98	3,894,963.02	49,339,013.20	7,400,851.98

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 20. Deferred income tax assets and deferred income tax liabilities (continued)

3. Deferred income tax assets or liabilities presented at net amount after offsetting

Item	Offset amount of deferred income tax assets and liabilities at the end of the period	Closing balance of deferred income tax assets or liabilities after offsetting	Offset amount of deferred income tax assets and liabilities at the beginning of the period	Opening balance of deferred income tax assets or liabilities after offsetting
Deferred income tax assets		415,550,691.18		392,976,999.20
Deferred income tax liabilities		3,894,963.02		7,400,851.98

4. Details of unrecognised deferred income tax assets

Item	Closing balance	Opening balance
Provision for impairment of assets	1,505,323.57	451,359.84
Deductible loss	75,239,357.59	22,245,000.00
Total	78,250,004.73	23,322,848.88

5. Deductible losses on unrecognised deferred income tax assets that will expire in the following years

Year	Closing balance	Opening balance	Remark
2025		2,025,713.77	
2026			
2027	5,498,604.42	5,498,604.42	
2028	7,013,681.81	7,013,681.81	
2029			
2030	55,161,318.11		
Indefinite	7,565,753.25	7,707,000.00	
Total	75,239,357.59	22,245,000.00	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 21. Other non-current assets

Item	Closing balance		Carrying amount	Opening balance		Carrying amount
	Carrying balance	Impairment provision		Carrying balance	Impairment provision	
Contract assets	4,326,482,331.50	18,631,319.28	4,307,851,012.22	4,542,474,336.48	18,565,530.61	4,523,908,805.87
Input value-added tax credit	103,086,264.91		103,086,264.91	103,227,315.99		103,227,315.99
Prepayment for the acquisition of long-term assets	20,624,594.00		20,624,594.00	20,624,594.00		20,624,594.00
Total	4,450,193,190.41	18,631,319.28	4,431,561,871.13	4,666,326,246.47	18,565,530.61	4,647,760,715.86

Note 22. Assets with restricted ownership or right-of-use

Item	Carrying balance	At the end of the period			Carrying balance	At the beginning of the period		
		Carrying amount	Restriction type	Restriction		Carrying amount	Restriction type	Restriction
Monetary funds	46,820,005.44	46,820,005.44	Restrictions on use	Deposits, restricted frozen funds, bank guarantee deposits and others	112,662,775.22	112,662,775.22	Restrictions on use	Deposits, restricted frozen funds, bank guarantee deposits and others
Bills receivables	1,370,000.00	1,370,000.00	Restrictions on use	Endorsed or discounted but not yet reached maturity				
Trade receivables	521,923,954.35	521,923,954.35	Pledge	Used as collateral to secure bank borrowings, with ownership or usage rights restricted	357,736,095.50	357,736,095.50	Pledge	Used as collateral to secure bank borrowings, with ownership or usage rights restricted
Intangible assets					500,443,403.82	500,443,403.82	Pledge	Used as collateral to secure bank borrowings, with ownership or usage rights restricted
Others	5,060,896,319.26		Pledge	Used as collateral to secure bank borrowings, with ownership or usage rights restricted	5,365,548,328.59	5,365,548,328.59	Pledge	Used as collateral to secure bank borrowings, with ownership or usage rights restricted
Total	5,631,010,279.05	570,113,959.79			6,336,390,603.13	6,336,390,603.13		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 23. Short-term borrowings

1. Classification of short-term borrowings

Items	Closing balance	Opening balance
Pledged borrowing	370,435,263.89	380,528,305.56
Guaranteed borrowing		30,499,225.47
Borrowing on credit	214,379,966.46	389,029,945.72
Total	584,815,230.35	800,057,476.75

Note 24. Bills payable

Type	Closing balance	Opening balance
Bank acceptance bills		3,799,872.00
Commercial acceptance bills		43,298,838.91
Total		47,098,710.91

Note 25. Accounts payable

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	2,502,600,908.45	2,567,708,148.67
1 to 2 years (including 2 years)	1,538,348,246.81	1,334,999,374.92
2 to 3 years (including 3 years)	537,458,190.79	602,581,241.99
Over 3 years	855,814,776.14	1,034,637,883.22
Total	5,434,222,122.19	5,539,926,648.80

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 25. Accounts payable (continued)

1. Material trade payables aged over one year

Name	Closing balance	Reasons for outstanding or not carried forward
China Railway Electrification Engineering Group Co., Ltd.*	136,021,788.11	Unsettled subcontract project payment
Beijing Urban Construction Intelligent Control Co., Ltd.	54,347,372.00	Unsettled subcontract project payment
Chongqing Railway (Group) Co., Ltd.	47,720,000.00	Unsettled subcontract project payment
北京傲世華業貿易有限公司	37,354,338.09	Unsettled subcontract project payment
China Railway 25th Bureau Group 3rd Engineering Co., Ltd.	35,146,352.72	Unsettled subcontract project payment
CRRC Zhuzhou Locomotive Co., Ltd	33,886,661.16	Unsettled subcontract project payment
北京城建亞泰東黃山項目部	33,708,300.77	Unsettled subcontract project payment
黃山市徽州天翔交通建設工程有限公司	20,613,685.14	Unsettled subcontract project payment
China Railway First Survey and Design Institute Group Co., Ltd.	20,601,248.14	Unsettled subcontract project payment
Total	419,399,746.13	—

Note 26. Contract liabilities

1. Contract liabilities

Items	Closing balance	Opening balance
Advance on design fee, survey, and consultancy	452,232,350.43	506,608,688.82
Settled and uncompleted	1,998,960,571.37	2,224,799,455.38
Total	2,451,192,921.80	2,731,408,144.20

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 27. Salaries payable

1. List of salaries payable

Item	Opening balance	Increase during the current period	Decrease during the current period	Closing balance
Short-term salaries	382,307,572.51	1,562,892,136.14	1,603,727,682.42	341,472,026.23
Post-employment benefits – defined contribution plan	5,355,193.89	211,317,913.26	212,363,692.84	4,309,414.31
Termination benefits	118,306.40	10,425,495.07	10,495,587.07	48,214.40
Other benefits mature within 1 year	3,880,000.00	773,960.16	833,960.16	3,820,000.00
Total	391,661,072.80	1,785,409,504.63	1,827,420,922.49	349,649,654.94

2. List of short-term salaries

Item	Opening balance	Increase during the current period	Decrease during the current period	Closing balance
Wages, bonuses, allowances and subsidies	355,206,384.34	1,214,366,361.81	1,255,424,423.73	314,148,322.42
Employee welfare		73,792,161.51	73,792,161.51	
Social insurance	2,849,895.38	109,153,652.23	109,198,934.95	2,804,612.66
Of which: Basic medical insurance	2,470,871.79	104,111,100.22	104,155,770.93	2,426,201.08
Work injury insurance	379,023.59	4,568,662.52	4,569,274.53	378,411.58
Maternity insurance	–	473,889.49	473,889.49	–
Housing provident fund	414,548.36	132,335,345.14	132,082,051.50	667,842.00
Union fund and staff education fund	23,836,744.43	28,220,961.56	28,206,456.84	23,851,249.15
Short-term accumulated compensated absences				
Short-term profit (bonus) sharing plan				
Cash-settled share-based payment				
Other short-term salaries		5,023,653.89	5,023,653.89	
Total	382,307,572.51	1,562,892,136.14	1,603,727,682.42	341,472,026.23

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 27. Salaries payable (continued)

3. Particulars of defined contribution plan

Item	Opening balance	Increase during the current period	Decrease during the current period	Closing balance
Basic pension contribution	3,004,195.25	176,136,983.79	176,065,274.94	3,075,904.10
Unemployment insurance	287,539.81	5,666,955.81	5,665,845.47	288,650.15
Enterprise annuity contributions	2,063,458.83	29,513,973.66	30,632,572.43	944,860.06
Total	5,355,193.89	211,317,913.26	212,363,692.84	4,309,414.31

Note 28. Tax payable

Tax item	Closing balance	Opening balance
VAT	69,963,223.27	88,708,294.76
Enterprise income tax	36,909,275.12	36,300,183.97
Individual income tax	38,535,716.58	42,314,603.03
City maintenance and construction tax	18,126,424.80	17,547,173.27
Property tax	275,948.82	220,539.72
Land use tax	58,241.72	47,044.28
Education surcharge (including local education surcharge)	11,103,822.57	10,914,045.05
Others	5,041,777.90	5,548,246.97
Total	180,014,430.78	201,600,131.05

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 29. Other payables

Item	Closing balance	Opening balance
Interest payable		
Dividend payable	10,046,726.92	13,908,422.72
Other payables	351,043,753.91	284,179,008.18
Total	361,090,480.83	298,087,430.90

Note: Other payables in the above table refer to other payables after excluding accrued interest and dividends payable.

(I) Dividend payable

Item	Closing balance	Opening balance	Reasons for non-payment for more than one year
Ordinary share dividends	10,046,726.92	13,908,422.72	No settlement was made yet
Total	10,046,726.92	13,908,422.72	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 29. Other payables (continued)

(II) Other payables

1. Other payables based on nature of the payments

Nature of the amount	Closing balance	Opening balance
Deposit and guarantee	80,383,652.53	85,079,758.89
Payables for asset acquisitions and lease expenses	63,294,077.36	64,729,562.05
Amounts withheld and payable on behalf of others	17,403,050.12	4,872,117.34
Receipts and payments of construction funds on behalf of others	41,351,022.59	35,950,438.06
Document formatting and materials fees	1,475,512.12	11,670,359.23
Agency fees payable	172,978.19	2,295,016.57
Others	146,963,461.00	79,581,756.04
Total	351,043,753.91	284,179,008.18

2. Material trade payables aged over one year or overdue

Name	Closing balance	Reasons for outstanding or not carried forward
Beijing Uni.-Construction Group Co., Ltd.	10,000,000.00	The project has not yet completed completion acceptance and audit
Beijing Zhuzong Commercial Asset Management Co., Ltd.	14,237,753.74	The project has not yet completed completion acceptance and audit
Total	24,237,753.74	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 30. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term borrowings due within 1 year	362,538,261.39	208,117,979.03
Bonds payable due within 1 year	3,210,410.95	2,381,917.81
Long-term payables due within 1 year	6,275,327.15	14,961,048.56
Lease liabilities due within 1 year	68,118,639.14	81,837,804.76
Expected liabilities due within 1 year	3,266,934.69	6,681,727.57
Total	443,409,573.32	313,980,477.73

Note 31. Other current liabilities

Items	Closing balance	Opening balance
Short-term bonds payable	503,981,917.81	506,627,945.21
Output tax to be carried forward	181,760,820.30	229,459,320.28
Notes receivable not derecognized	1,370,000.00	1,100,000.00
Total	687,112,738.11	737,187,265.49

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 31. Other current liabilities (continued)

1. Change in short-term debentures payable:

Bond name	Par value	Nominal interest rate (%)	Issuance date	Term of bonds	Issuance amount	Opening balance
24 UCD SCP001	500,000,000.00	1.92	2024/4/24	267 days	500,000,000.00	506,627,945.21
25 UCD SCP001	500,000,000.00	1.86	2025/1/10	201 days	500,000,000.00	
25 UCD SCP002	500,000,000.00	1.69	2025/7/11	263 days	500,000,000.00	
Total	1,500,000,000.00				1,500,000,000.00	506,627,945.21

Continued:

Bond name	Issued during the current period	Accrued interest at par value	Amortisation of premium or discount	Repaid during the current period	Closing balance	Default or not
24 UCD SCP001		394,520.54		-507,022,465.75		No
25 UCD SCP001	500,000,000.00	5,121,369.86		-505,121,369.86		No
25 UCD SCP002	500,000,000.00	3,981,917.81			503,981,917.81	No
Total	1,000,000,000.00	9,497,808.21		-1,012,143,835.61	503,981,917.81	

Note 32. Long-term borrowings

Category of borrowing	Closing balance	Opening balance
Pledged borrowing	3,880,250,305.64	4,186,024,094.09
Credit borrowing	163,600,000.00	148,000,000.00
Total	4,043,850,305.64	4,334,024,094.09

Note: The end of period interest rate range for pledged borrowing was 3.15%-3.9%; and the end of period interest rate range for borrowing on credit was 1.85%-4.9%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 33. Bonds payable

1. Type of bonds payable

Item	Closing balance	Opening balance
Preference shares		
Perpetual bonds		
Convertible corporate bonds		
Other bonds payable	753,210,410.95	502,381,917.81
Less: Bonds payable due within one year	3,210,410.95	2,381,917.81
Total	750,000,000.00	500,000,000.00

2. Changes in bonds payable (excluding preference shares, perpetual bonds and other financial instruments classified as financial liabilities)

Name of bond	Par value	Coupon rate (%)	Issue date	Maturity	Issue amount	Opening balance
24 UCD MTN001	500,000,000.00	2.52	2024/10/24	3 years	500,000,000.00	502,381,917.81
25 UCD MTN001	250,000,000.00	2.34	2025/12/4	3 years	250,000,000.00	—
Less: Bonds payable due within 1 year						2,381,917.81
Total	750,000,000.00	—	—	—	750,000,000.00	500,000,000.00

Continued:

Name of bond	Issue in the current period	Interest accrued at par value	Amortisation of premiums and discounts	Repayment in the current period	Closing balance	Default or not
24 UCD MTN001	—	12,979,726.02	—	12,600,000.00	502,761,643.83	No
25 UCD MTN001	250,000,000.00	448,767.12	—	—	250,448,767.12	No
Less: Bonds payable due within 1 year		13,428,493.14		12,600,000.00	3,210,410.95	
Total	250,000,000.00	—	—	—	750,000,000.00	—

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 34. Lease liabilities

Items	Closing balance	Opening balance
Lease payments	242,478,564.28	312,219,097.26
Less: Unrecognized financing costs	38,238,648.64	44,590,811.29
Less: Lease liabilities due within 1 year	68,118,639.14	81,837,804.76
Total	136,121,276.50	185,790,481.21

Interest expense on lease liabilities recognised in the current period amounted to RMB11,569,507.22.

Note 35. Long-term payables

Items	Closing balance	Opening balance
Long-term payables	7,245,454.10	4,154,413.82
Special payables		
Total	7,245,454.10	4,154,413.82

Note: The long-term payables in the above table refers to long-term payables after deducting special payables.

(I) Long-term payables

1. Classification of long-term payables

Nature of the amount	Closing balance	Opening balance
Quality guarantee deposits and security deposits	7,245,454.10	4,154,413.82
Total	7,245,454.10	4,154,413.82

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 36. Long-term salaries payable

Item	Closing balance	Opening balance
Post-employment benefits — net liability of defined contribution plan	76,531,627.62	82,483,667.07
Less: Undiscounted long-term salaries payable due within one year	3,820,000.00	3,880,000.00
Total	72,711,627.62	78,603,667.07

1. Defined contribution plan

(1) Movements in present value of obligation of defined contribution plan

Item	Incurred during the current period	Incurred during the previous period
I. Opening balance	82,483,667.07	78,380,157.52
II. Defined contribution costs included in profit or loss for the period	3,720,000.00	-2,350,000.00
1. Service costs for the period	2,110,000.00	2,240,000.00
2. Prior service costs	-6,690,000.00	
3. Settlement gain (loss is presented by "-" sign)		
4. Net interest	1,610,000.00	2,100,000.00
III. Defined contribution costs included in other comprehensive income	-5,240,000.00	12,980,000.00
1. Actuarial gain (loss is presented by "-" sign)	-5,240,000.00	12,980,000.00
IV. Other movements	-4,432,039.45	-6,526,490.45
1. Consideration paid upon settlement		
2. Benefits paid	-4,432,039.45	-6,526,490.45
V. Closing balance	76,531,627.62	82,483,667.07

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 36. Long-term salaries payable (continued)

1. Defined contribution plan (continued)
- (2) Net liabilities (net assets) of the defined contribution plan

Item	Incurred during the current period	Incurred during the previous period
I. Opening balance	82,483,667.07	78,380,157.52
II. Defined contribution costs included in profit or loss for the period	3,720,000.00	-2,350,000.00
III. Defined contribution costs included in other comprehensive income	-5,240,000.00	12,980,000.00
IV. Other movements	-4,432,039.45	-6,526,490.45
V. Closing balance	76,531,627.62	82,483,667.07

- (3) Material actuarial assumptions on the present value of the defined benefits obligation
and results of the sensitivity analysis

Material actuarial assumptions	At the end of the current period	At the end of the previous period	Change in assumption (%)	Effect on the present value of the defined contribution plan at the end of the period	
				Increase	Decrease
Discount rate (%)	2.25	2.00	0.25	-2,810,000.00	3,010,000.00
Mortality rate (%)	CL5/CL6 (2010-2013)	CL5/CL6 (2010-2013)			
Annual turnover rate (%)	3.00	3.00			
Expected growth rate of corporate contributions to social insurance and housing fund (%)	4.00	4.00			
Annual growth rate of medical benefits (%)	6.00	6.00	0.25	570,000.00	-540,000.00

The Group has post-employment benefits — defined benefit plan. The defined benefit is determined based on an actuarial valuation performed by Towers Watson Company, an independent actuary. The undersigned actuary of the actuarial valuation report is Wu Haichuan, a fellow of the Society of Actuaries and a fellow of the China Association of Actuaries, who meets the qualification requirements for the issuance of actuarial opinions in respect of post-employment benefits and termination benefits.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 37. Estimated liabilities

Items	Closing balance	Opening balance	Reason of occurrence
Pending litigations	2,060,000.00		May be liable for damages
Product quality guarantee	97,443,819.93	80,049,805.67	Provision for product quality guarantee fees
Onerous contracts to be performed	5,851,608.18	7,979,006.27	Increase in the cost of contracts to be performed
Total	105,355,428.11	88,028,811.94	

Note 38. Deferred income

Items	Opening balance	Increase during the current period	Decrease during the current period	Closing balance	Reason of occurrence
Asset-related government grants	5,244,544.49		1,380,071.05	3,864,473.44	See Table 1 for details
Income-related government grants	2,107,104.42	900,000.00	627,391.97	2,379,712.45	See Table 1 for details
Total	7,351,648.91	900,000.00	2,007,463.02	6,244,185.89	

1. *Deferred income in relation to government grants*

For details of government grants received by the Company, please refer to Note 9. Government grants (ii) Liability items related to government grants.

Note 39. Other non-current liabilities

Items	Closing balance	Opening balance
PPP project tax payable to be transferred	352,511,888.51	342,159,383.49
Total	352,511,888.51	342,159,383.49

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 40. Share capital

Name of investor	Opening balance		Increase during the period	Decrease during the period	Closing balance	
	Investment	Percentage (%)			Investment	Percentage (%)
Beijing Urban Construction Group Co., Ltd. (北京城建集團有限責任公司)	571,031,118.00	42.34			571,031,118.00	42.34
Beijing Infrastructure Investment Co., Ltd. (北京市基礎設施投資有限公司)	87,850,942.00	6.51			87,850,942.00	6.51
Beijing Chengtong Enterprise Management Center (General Partnership) (北京城通企業管理中心(普通合夥))	76,000,000.00	5.64			76,000,000.00	5.64
Beijing Jingguofa Equity Investment Fund (Limited Partnership) (北京京國發股權投資基金(有限合夥))	46,000,000.00	3.41			46,000,000.00	3.41
Beijing Jingguochuang Advantage Industry Fund (Limited Partnership) (北京京國創優勢產業基金(有限合夥))	46,000,000.00	3.41			46,000,000.00	3.41
Beijing MTR Construction Administration Corporation (北京市軌道交通建設管理有限公司)	43,925,470.00	3.26			43,925,470.00	3.26
Beijing Gonglian Highway Connect Line Co., Ltd. (北京市公聯公路聯絡線有限責任公司)	43,925,470.00	3.26			43,925,470.00	3.26
Beijing Shengda Xingye Real Estate Development Co., Ltd. (北京盛達興業房地產開發有限公司)	23,184,000.00	1.72			23,184,000.00	1.72
Beijing You Neng Shang Zhuo Venture Capital Fund (LLP) (北京優能尚卓創業投資基金(有限合夥))	22,816,000.00	1.69			22,816,000.00	1.69
Overseas listed foreign Shares (H Shares)	387,937,000.00	28.76			387,937,000.00	28.76
Total	1,348,670,000.00	-			1,348,670,000.00	-

Note 41. Capital reserve

Items	Opening balance	Increase during the current period	Decrease during the current period	Closing balance
Capital premium (share premium)	451,611,383.91			451,611,383.91
Other capital reserve	194,594,925.19	294,357.80		194,889,282.99
Total	646,206,309.10	294,357.80		646,500,666.90

Explanation of capital reserve:

- In 2025, the capital increase by other shareholders of Guangxi Xinghe Smart Technology Co., Ltd.* (廣西星河智能科技有限公司), a joint venture of BUCG, resulted in an increase in the net assets of the investee attributable to BUCG, leading to an increase in capital reserves of RMB294,357.80.

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 42. Other comprehensive income

Items	Opening balance	Amount before income tax during the current period	Incurred during the current period							Closing balance
			Less: Transfer to profit or loss during the period that previously included in other comprehensive income	Less: Transfer to financial assets measured at amortized cost during the period that previously included in other comprehensive income	Less: Transfer to relevant assets or liabilities from hedging reserves	Less: Income tax expenses	Attributable to the parent company after tax	Attributable to minority shareholder after tax	Less: Changes arising from the remeasurement of defined benefit plans carried forward	
I. Other comprehensive income that will not be reclassified to profit or loss	16,768,814.88	-133,275,641.28				-19,881,891.97	-96,624,934.43		244,534.00	-96,869,468.43
1. Changes from re-measurement of defined benefit plans	-20,115,750.63	5,240,000.00					-14,875,750.63			-14,875,750.63
2. Other comprehensive income that may not be transferred to profit or loss under the equity method										
3. Changes in fair value of other equity instrument investments	36,884,565.51	-138,515,641.28				-19,881,891.97	-81,749,183.80		244,534.00	-81,993,717.80
4. Changes in fair value of the enterprise's own credit risk										
II. Other comprehensive income that will be reclassified to profit or loss	-239,961.77	146,058.84					-93,902.93			-93,902.93
1. Other comprehensive income that may be transferred to profit or loss under the equity method										
2. Changes in fair value of other debt investments										
3. Differences on foreign currency translation	-239,961.77	146,058.84					-93,902.93			-93,902.93
4. Disposal income arising from a package disposal of subsidiaries before the loss of control										
5. Conversion of other assets to investment property measured by fair value model										
Total of other comprehensive income	16,528,853.11	-133,129,582.44				-19,881,891.97	-96,718,837.36		244,534.00	-96,963,371.36

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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(Unless otherwise stated, all amounts are denominated in RMB)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 43. Special reserve

Items	Opening balance	Increase during the current period	Decrease during the current period	Closing balance
Safety production fee	5,389,706.71	122,323,003.81	110,901,863.47	16,810,847.05
Total	5,389,706.71	122,323,003.81	110,901,863.47	16,810,847.05

Note 44. Surplus reserve

Items	Opening balance	Increase during the current period	Decrease during the current period	Closing balance
Statutory surplus reserve	667,141,761.43	7,193,238.57	–	674,335,000.00
Total	667,141,761.43	7,193,238.57	–	674,335,000.00

Note 45. Undistributed profits

Items	Current period	Previous period
Retained earnings at the end of the previous period before adjustment	5,011,885,481.00	4,761,077,758.64
Total retained earnings adjustment at the beginning of the period (increase +, decrease -)		
Adjusted retained earnings at the beginning of the period	5,011,885,481.00	4,761,077,758.64
Add: Net profit attributable to owners' equity of the parent company during the current period	515,193,735.86	511,724,872.70
Less: Withdrawal of statutory surplus reserve	7,193,238.57	28,406,442.34
Withdrawal of discretionary surplus reserve		
Withdrawal of general risk reserve		
Dividend payable on ordinary shares	145,251,759.00	232,510,708.00
Add: Surplus reserves for making up losses		
Changes of defined benefits plan transferred to retained earnings		
Other comprehensive income transferred to retained earnings	244,534.00	
Undistributed profits at the end of the period	5,374,878,753.29	5,011,885,481.00

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 46. Operating income and operating cost

1. Operating income and operating cost

Items	Amount incurred for the period		Amount incurred for the prior period	
	Revenue	Cost	Revenue	Cost
Design, survey and consultancy	4,088,965,687.41	2,872,675,839.93	4,392,106,607.47	3,131,763,015.60
Construction contracting	3,438,340,816.21	3,160,583,319.14	4,279,584,648.66	3,971,906,056.86
Total	7,527,306,503.62	6,033,259,159.07	8,671,691,256.13	7,103,669,072.46

Note 47. Taxes and surcharges

Items	Incurred during the current period	Incurred during the previous period
City maintenance and construction tax	11,808,177.49	11,564,423.31
Education surcharge	7,127,771.90	5,133,529.76
Local education surcharge	2,089,265.79	2,943,089.83
Stamp duty	5,529,099.03	5,288,348.93
Environmental protection tax		600,730.61
Property tax	11,595,078.26	10,873,220.90
Vehicle and vessel tax	22,230.00	124,917.07
Land use tax	664,372.11	369,633.57
Hydraulic construction fund		237,381.72
Other	390,893.13	257,346.48
Total	39,226,887.71	37,392,622.18

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 48. Selling expenses

Items	Incurred during the current period	Incurred during the previous period
Employee compensation	35,450,320.49	36,131,620.22
Bidding costs	6,242,065.65	9,253,282.37
Travel expenses	2,252,886.75	2,057,728.06
Office expenses	3,143,271.74	8,397,441.44
Other expenses	2,545,006.22	7,359,142.35
Total	49,633,550.85	63,199,214.44

Note 49. Administrative expenses

Items	Incurred during the current period	Incurred during the previous period
Employee compensation	267,401,856.40	307,689,982.94
Depreciation and amortization	74,893,383.90	71,099,461.17
Office expenses	38,879,534.50	39,382,392.53
Intermediary service fee	26,135,762.44	30,462,529.03
Travel expenses	7,056,085.67	7,348,670.10
Rent and property management fees	8,000,627.22	10,389,919.63
Publicity budget	232,912.33	1,909,606.39
Labour fees	2,074,919.78	2,870,996.54
Business entertainment expenses	896,605.80	2,128,870.29
Other fees	32,676,148.68	36,131,086.29
Total	458,247,836.72	509,413,514.91

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 50. Research and development expenditure

Items	Amounts in the current period	Amounts in the prior period
labour costs	225,984,410.87	214,837,386.37
Material consumption	34,599,549.29	55,292,297.21
Testing, inspection, and processing fees	9,260,254.38	18,388,880.13
Depreciation and amortization	12,988,496.37	7,447,107.44
Technical service fees and consulting fees	10,872,976.48	6,575,578.93
Commissioning external agency costs	58,252.43	3,144,126.34
Others	12,692,935.90	19,470,950.38
Total	306,456,875.72	325,156,326.80

For details of the Company's research and development expenditure, please refer to Note 8 "Research and Development Expenses".

Note 51. Finance costs

Items	Amounts in the current period	Amounts in the prior period
Interest expense	237,982,275.03	282,015,620.45
Less: Interest income	358,320,542.13	390,647,514.69
Net exchange gains or losses	6,835,284.92	-3,249,906.82
Bank charges	5,606,365.79	4,677,703.54
Others	2,535,445.76	1,189,197.81
Total	-105,361,170.63	-106,014,899.71

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 52. Other income

1. Details of other income

Source of other income	Amounts in the current period	Amounts in the prior period
Government grants	5,101,089.82	3,336,222.13
Refund of individual income tax handling fees	1,515,991.76	4,048,806.46
Others	691,280.57	8,032.45
Total	7,308,362.15	7,393,061.04

2. Government grants included in other income

For details of the government grants received by the Company, please refer to Note 9 and Government Grants (III) Government grants recognised in profit or loss for the current period.

Note 53. Investment income

1. Details of investment income

Item	Amounts in the current period	Amounts in the prior period
Income on long-term equity investments accounted for using the equity method	56,311,212.48	43,580,238.44
Dividend income from investments in other equity instruments during the holding period		5,490,292.18
Investment income from other non-current financial assets during the holding period	14,040.00	30,000.00
Total	56,325,252.48	49,100,530.62

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 54. Gain on change in fair value

Sources of gain on change in fair value	Amounts in the current period	Amounts in the prior period
Other non-current financial assets	5,526,000.00	-3,210,000.00
Total	5,526,000.00	-3,210,000.00

Note 55. Credit impairment losses

Items	Amounts in the current period	Amounts in the prior period
Bad debt losses on notes receivable	-156,519.97	71,961.18
Bad debt losses on accounts receivable	-28,631,850.27	-51,638,845.22
Bad debt losses on other receivables	-2,353,305.62	-6,490,715.38
Bad debt losses on long-term receivables	728,525.32	-71,498.48
Others	-237,084.83	73,122.28
Total	-30,650,235.37	-58,055,975.62

In the table above, losses are expressed in “-”.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

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V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 56. Asset impairment losses

Items	Amounts in the current period	Amounts in the prior period
Impairment loss on contract assets	-146,755,190.91	-118,183,254.00
Other non-current assets	-1,665,788.66	1,216,685.82
Total	-148,420,979.57	-116,966,568.18

In the table above, losses are expressed in “-”.

Note 57. Gain on disposal of assets

Item	Amounts in the current period	Amounts in the prior period
Gain or loss on disposal of assets held for sale		
Gain or loss on disposal of fixed assets	2,407,271.45	1,147,469.12
Gain or loss on disposal of right-of-use assets	28,030.63	1,078,588.97
Total	2,435,302.08	2,226,058.09

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 58. Non-operating income

Item	Amounts in the current period	Amounts in the prior period	Amount included in non-recurring gains or losses for the current period
Gain on scrapping and write-off of non-current assets	422,767.79	6,163,884.26	422,767.79
Penalty gains	4,089.00	1,805,460.00	4,089.00
Government grants	50,000.00	9,716.98	50,000.00
Insurance claim proceeds		811,670.73	
Others	1,864,315.14	2,560,550.12	1,864,315.14
Total	2,341,171.93	11,351,282.09	2,341,171.93

- Government grants recognised in profit or loss for the current period

For details of the government grants received by the Company, please refer to Note 9 “Government Grants” (III) Government grants recognised in profit or loss for the current period.

Note 59. Non-operating expenses

Item	Amounts in the current period	Amounts in the prior period	Amount included in non-recurring gains or losses for the current period
Liquidated damages	2,016,953.56	1,368,421.58	2,016,953.56
Penalty payments	1,507,659.64	251,444.97	1,507,659.64
Charitable donation expenses	2,786,100.00	66,247.06	2,786,100.00
Loss on scrapping of non-current assets	72,017.36	62,180.86	72,017.36
Others	407,586.40	473,017.22	407,586.40
Total	6,790,316.96	2,221,311.69	6,790,316.96

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 60. Income tax expense

1. Income tax expense

Items	Amounts in the current period	Amounts in the prior period
Current income tax expenses	104,344,333.49	138,362,113.19
Deferred income tax expenses	-6,142,582.86	-38,154,490.08
Total	98,201,750.63	100,207,623.11

2. Reconciliation between accounting profit and income tax expenses

Item	Amounts in the current period
Total profit	633,917,920.92
Income tax expenses calculated at statutory/applicable tax rates	95,087,688.14
Effect of different tax rates applied by subsidiaries	9,408,830.65
Effect of adjustments to income tax on prior periods	2,784,770.10
Effect of non-taxable income	-6,551,890.90
Effect of non-deductible costs, expenses and losses	4,202,494.09
Effect of deductible loss on utilisation of deferred income tax assets not recognised in the previous period	-1,552,372.43
Effect of deductible temporary difference or deductible loss on deferred income tax assets not recognised in the current period	14,279,142.04
Super-deduction of research and development expenses	-19,456,911.06
Income tax expenses	98,201,750.63

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 61. Notes to statement of cash flows

1. Cash relating to operating activities

(1) Cash received relating to other operating activities

Item	Amounts in the current period	Amounts in the prior period
Government grants	3,993,626.80	3,110,567.64
Current account payment from individuals or other entities	327,708,595.50	238,597,248.47
Penalty income	4,089.00	1,805,460.00
Liquidated damages for current assets		811,670.73
Total	331,706,311.30	244,324,946.84

(2) Cash paid relating to other operating activities

Item	Amounts in the current period	Amounts in the prior period
Penalty expenses	1,507,659.64	251,444.97
Various period expenses not separately listed	130,246,622.00	147,735,734.90
Payment of current account	272,626,304.59	242,436,587.57
Liquidated damages	2,016,953.56	1,368,421.58
Charitable donation expenses	2,786,100.00	66,247.06
Total	409,183,639.79	391,858,436.08

2. Cash paid relating to financing activities

(1) Cash paid relating to other financing activities

Item	Amounts in the current period	Amounts in the prior period
Payment of principal and interest on lease liabilities	85,865,326.54	98,273,293.92
Cash paid for the purchase of minority interest in a subsidiary		3,503,830.15
Total	85,865,326.54	101,777,124.07

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 62. Supplementary information for statement of cash flows

1. Supplementary Information for Statement of Cash Flows

Item	Amounts in the current period	Amounts in the prior period
1. Adjustment of net profit to cash flow of operating activities		
Net profit	535,716,170.29	528,284,858.29
Add: Credit impairment loss	30,650,235.37	58,055,975.62
Impairment provision for assets	148,420,979.57	116,966,568.18
Depreciation of fixed assets, fuel and gas assets and biological assets	91,551,997.00	118,428,206.68
Depreciation of right-of-use assets	83,353,201.55	98,256,479.16
Amortisation of intangible assets	40,564,886.53	48,394,366.14
Amortisation of long-term deferred expenditures	35,675,658.41	27,072,309.24
Loss on disposal of fixed assets, intangible assets and other long-term assets (presented by a "-" sign for gain)	-2,435,302.08	-2,226,058.09
Loss on scrapped fixed assets (presented by a "-" sign for gain)	-350,750.43	-6,101,703.40
Loss on change in fair value (presented by a "-" sign for gain)	-5,526,000.00	3,210,000.00
Financial costs (presented by a "-" sign for gain)	244,817,559.95	282,015,620.45
Investment loss (presented by a "-" sign for gain)	-56,325,252.48	-49,100,530.62
Decrease in deferred income tax assets (presented by a "-" sign for increase)	-22,573,691.98	-34,624,001.27
Increase in deferred income tax liabilities (presented by a "-" sign for decrease)	-3,505,888.96	-183,131.85
Decrease in inventories (presented by a "-" sign for increase)	7,231,943.61	-24,260,447.34
Decrease of operating receivables (presented by a "-" sign for increase)	-233,243,609.95	467,299,275.79
Increase of operating payables (presented by a "-" sign for decrease)	-324,205,516.27	-292,351,293.44
Others	-262,153,579.89	-655,258,674.85
Net cash flows from operating activities	307,663,040.24	683,877,818.69
2. Significant investing and financing activities that do not involve cash receipts and payments		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Addition of right-of-use assets for the current period		
3. Net movement in cash and cash equivalents		
Cash at the end of the period	2,593,227,822.61	3,043,846,261.92
Less: cash at the beginning of period	3,043,846,261.92	3,309,696,070.74
Add: cash equivalents at end of the period		
Less: cash equivalents at beginning of the period		
Net increase in cash and cash equivalents	-450,618,439.31	-265,849,808.82

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 62. Supplementary information for statement of cash flows (continued)

2. *Total cash outflow relating to lease*

Total cash outflow relating to lease was RMB135,642,131.82 (previous period: RMB147,219,234.07).

3. *The composition of cash and cash equivalents*

Item	Closing balance	Opening balance
I. Cash	2,593,227,822.61	3,043,846,261.92
Of which: Cash on hand	349,858.10	1,155,708.69
Bank deposit available for payment at any time	2,592,877,964.51	3,042,690,553.23
Other monetary funds available for payment at any time		
II. Cash equivalents		
Of which: Bond investment due in three months		
III. Cash and cash equivalents at the end of the period	2,593,227,822.61	3,043,846,261.92
Of which: Restricted cash and cash equivalents used by the parent or subsidiaries within the Group		

Note 63. Foreign currency monetary items

1. *Foreign currency monetary items*

Item	Closing balance in foreign currency	Exchange rate	Closing balance in RMB
Monetary funds			
Of which: U.S. dollars	40,440,922.11	7.02880	284,251,153.32
Hong Kong dollars	7,214,612.19	0.90322	6,516,378.88
Ruble	4,202.81	0.08805	370.07
Singapore dollars	102,606.38	5.4586	560,087.19
Accounts receivable			
Of which: Hong Kong dollars	1,418,814.68	0.90322	1,281,501.80

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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(Unless otherwise stated, all amounts are denominated in RMB)

V. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 64. Lease

(I) Disclosure as a lessee

As a lessee, the Company's other information is included as follows:

Item	Amount incurred for the period	Amount incurred for the prior period
Short-term lease expenses for which the simplified treatment method is applied	49,776,805.28	45,442,110.00
Variable lease payments not included in the measurement of lease liabilities	232,230,836.15	300,608,000.00
Interest expense on lease liabilities	11,569,507.22	14,542,325.50
Total cash outflows relating to leases	135,642,131.82	147,219,234.07

(II) Disclosure as a lessor

1. Operating lease as a lessor

The income in relation to operating leases is as follows:

Item	Rental income	Of which: income relating to variable lease payments not included in the lease receipts
Rental income	9,282,869.33	
Total	9,282,869.33	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

VI. RESEARCH AND DEVELOPMENT EXPENSES

(1) By nature of expenses

Item	Amount incurred for the period	Amount incurred for the prior period
Labour costs	227,894,785.15	216,321,710.34
Material consumption	34,599,549.29	55,292,297.21
Testing, inspection, and processing fees	9,260,254.38	18,388,880.13
Depreciation and amortization	12,988,496.37	7,447,107.44
Technical service fees and consulting fees	10,872,976.48	6,575,578.93
Commissioning external agency costs	58,252.43	3,144,126.34
Others	12,692,935.90	19,470,950.38
Total	308,367,250.00	326,640,650.77
Among which: Research and development expenses expensed	306,456,875.72	325,156,326.80
Research and development expenses capitalised	1,910,374.28	1,484,323.97

(2) Development expenditures on R&D projects eligible for capitalization

Item	Increase during the period		Decrease during the period		Closing balance
	Opening balance	Internal development expenditure	Others	Recognized as intangible asset	Recognised in profit or loss for the current period
Beijing Urban Rail Transit Engineering Geological Big Data Platform (北京 市城市轨道交通工程地 质大数据平台)		1,910,374.28		1,910,374.28	
Total		1,910,374.28		1,910,374.28	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

VII. CHANGES IN THE SCOPE OF COMBINATION

(1) Other reasons for the change of the consolidation scope

Beijing Uni.-Construction Bodi Landscape Development Co., Ltd.* ("Bodi Landscape"), a wholly-owned subsidiary of Beijing Institute of Residential Building Design & Research Co., Ltd., which is itself a subsidiary of the Company, completed its deregistration with the Administrative Office for Market Regulation of Beijing Economic and Technological Development Zone on 24 December 2025, and its legal person status was formally terminated.

VIII. INTERESTS IN OTHER ENTITIES

(1) Interests in subsidiaries

1. Composition of the Group

Name of subsidiaries	Registered capital (RMB'0000)	Principal Place of Business	Registered Address	Business Nature	Shareholding Percentage (%)		Way of Contracting
					direct	indirect	
Beijing Urban Construction Exploration & Surveying Design Institute Co., Ltd.	10,000.00	Beijing	Chaoyang District, Beijing	Surveying, designing and engineering exploration	100		Incorporation
China Metro Engineering Consulting Co., Ltd.	1,334.00	Beijing	Xicheng District, Beijing	Rail transit engineering consulting	56.22		Incorporation
Beijing Urban Construction Xinjie Consulting Co., Ltd.	500.00	Beijing	Xicheng District, Beijing	Rail transit engineering consulting	100		Incorporation
Beijing Guancheng Technology Development Co., Ltd.	3,000.00	Beijing	Xicheng District, Beijing	Property management	100		Incorporation
Beijing Huan'an Engineering Inspection Co., Ltd.	3,000.00	Beijing	Xicheng District, Beijing	Engineering consulting, monitoring and testing	100		Incorporation
Beijing Urban Construction Design (Hong Kong) Co., Ltd.	236.58	Hong Kong	Hong Kong	Advisory services	100		Incorporation
Anhui Jingjian Capital Construction Investment Co., Ltd.	50,000.00	Anqing, Anhui Province	Anqing Economic and Technological Development Zone, Anhui Province	Construction project investment, construction and operation maintenance	88		Incorporation
Rail Transit Energy Conservation Beijing Engineering Research Center Co., Ltd.	1,000.00	Beijing	Xicheng District, Beijing	Engineering services and development, consulting	90		Incorporation

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

(1) Interests in subsidiaries (continued)

1. Composition of the Group (continued)

Name of subsidiaries	Registered capital (RMB'0000)	Principal Place of Business	Registered Address	Business Nature	Shareholding Percentage (%)		Way of Contracting
					direct	indirect	
Beijing Urban Rail Transit Construction Engineering Co., Ltd.	30,000.00	Beijing	Tongzhou District, Beijing	Construction contracting	100		Incorporation
Beijing Urban Construction Transportation Design and Research Institute Co., Ltd.	3,000.00	Beijing	Xicheng District, Beijing	Construction design	100		Incorporation
Guizhou Jingjian Capital Construction Investment Co., Ltd.	36,000.00	Zunyi, Guizhou Province	Xinpu New District, Zunyi, Guizhou Province	Construction project investment, construction and operation maintenance	75		Incorporation
Yunnan Jingjian Capital Construction Investment Co., Ltd.	38,698.00	Kunming, Yunnan Province	Central Yunnan New District, Kunming, Yunnan Province	Construction project investment, construction and operation maintenance	90		Incorporation
Beijing Urban Infrastructure Construction Investment Management Co., Ltd.	10,000.00	Beijing	Xicheng District, Beijing	Investment management and consultancy services	100		Incorporation
Beijing Jingjian Shuncheng Construction Investment Co., Ltd.	70,000.00	Beijing	Shunyi District, Beijing	Project investment, metro operation and management	70		Incorporation
Huangshan Jingjian Capital Construction Investment Co., Ltd.	10,000.00	Huangshan, Anhui Province	Huangshan, Anhui Province	Construction project investment, construction and operation maintenance	90		Incorporation
Beijing Anjie Engineering Consultants Co., Ltd.	500.00	Beijing	Xicheng District, Beijing	Engineering services and development, consultancy services	51		Incorporation

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

(1) Interests in subsidiaries (continued)

1. Composition of the Group (continued)

Name of subsidiaries	Registered capital (RMB'0000)	Principal Place of Business	Registered Address	Business Nature	Shareholding Percentage (%)		Way of Contracting
					direct	indirect	
Beijing Urban Construction Design & Development Group Guangzhou Construction Co., Ltd.	1,000.00	Guangzhou	Guangzhou, Guangdong Province	Construction contracting	100		Incorporation
Beijing Rail Transit Design and Research Institute Co., Ltd.	1,000.00	Beijing	Mentougou District, Beijing	Urban rail transit line surveying and design	50		Other
Hunan Jingjian Capital Construction Investment Co., Ltd.	14,997.32	Hunan	Zhuzhou, Hunan Province	Construction project investment, construction and operation maintenance	69.99		Incorporation
Beijing Yaocheng Technology Development Co., Ltd.	1,000.00	Beijing	Xicheng District, Beijing	Technology development and consulting services	100		Incorporation
Beijing Institute of Residential Building Design & Research Co., Ltd.	4,000.00	Beijing	Chaoyang District, Beijing	Architectural design	100		Business combination under common control
Tianjin Anqiju Construction Technology Co., Ltd.*	4,300.00	Tianjin	Baodi District, Tianjin	Technology promotion and application services	100		Incorporation
Beijing Zhuyuan Engineering Consulting Co., Ltd.	500.00	Beijing	Dongcheng District, Beijing	Professional technical services	100		Incorporation

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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(Unless otherwise stated, all amounts are denominated in RMB)

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

(1) Interests in subsidiaries (continued)

1. Composition of the Group (continued)

- (1) As at December 31, 2025 and 2024, the Company has exercised control over Beijing Rail Transit Design and Research Institute Co., Ltd. through an agreement entered into with the other shareholder of Beijing Rail Transit Design (which holds a 50% equity interest in Beijing Rail Transit Design). Pursuant to this agreement, such shareholder has confirmed that it will act in accordance with the Company's decisions regarding the relevant activities of Beijing Rail Transit Design and Research Institute Co., Ltd..

- (2) *The grounds for not controlling the investees of which the Group is holding more than half of the voting rights*

The reason why the Company holds 78.28% equity interest in Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd. but does not have control over it is as follows: In December 2017, the Company, China Railway Electrification Bureau Group Co., Ltd. and Kunming Rail Transit Line No. 4 Investment Management Co., Ltd. jointly established Yunnan Jingjian Rail Transit. The registered capital of the company was RMB100 million, of which Beijing Urban Construction Design made a paid-in capital contribution of RMB78.28 million, representing 78.28% of the registered capital; China Railway Electrification Bureau Group Co., Ltd. made a paid-in capital contribution of RMB7.52 million, representing 7.52%; and Kunming Rail Transit Line No. 4 Investment Management Co., Ltd. made a paid-in capital contribution of RMB14.20 million, representing 14.20%. Pursuant to the articles of association of the company, the shareholders' meeting, which is composed of all shareholders, is the governing body of the company. At the shareholders' meeting, voting rights are exercised by the shareholders in proportion to their respective paid-in capital contributions. Resolutions of the shareholders' meeting on matters under discussion shall be adopted in accordance with the procedures and voting requirements set out in the Company Law. Resolutions of the shareholders' meeting shall be adopted only with the unanimous consent of all shareholders. The board of directors comprises five directors, of which three are nominated by the Company and one is nominated by each of the other shareholders. The board of directors adopts a one-director-one-vote system. A board meeting shall be held with the attendance of more than half of the directors. Resolutions on the establishment of internal management structure of the company may be adopted with the approval of more than half of the directors, while resolutions on other matters shall be adopted with the unanimous consent of all directors.

Accordingly, the Company does not possess the power to control the investee at the level of the shareholders' meeting and the board of directors, nor is it able to direct the financial and operating policies of Yunnan Jingjian Rail Transit. The non-consolidation of the investee is in accordance with the Accounting Standards for Enterprises.

- (3) None of the subsidiaries had issued any debt securities at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

(1) Interests in subsidiaries (continued)

2. Significant non-wholly-owned subsidiaries

Name of subsidiaries	Shareholding ratio of minority shareholders (%)	Profit or loss attributable to minority shareholders for the period	Dividends declared to be distributed to minority shareholders for the period	Balance of minority equity as at the end of the period	Remark
China Metro Engineering Consulting Co., Ltd.	43.78	553,418.14	147,423.93	15,408,717.38	
Beijing Anjie Engineering Consultants Co., Ltd.	49	1,220,996.93	147,573.30	17,256,316.17	
Beijing Rail Transit Design and Research Institute Co., Ltd.	50	5,405,109.53	771,080.99	34,056,092.69	
Anhui Jingjian Capital Construction Investment Co., Ltd.	12	5,090,826.69	3,600,000.00	79,165,470.01	
Yunnan Jingjian Capital Construction Investment Co., Ltd.	10	2,263,697.08		46,941,029.55	
Hunan Jingjian Capital Construction Investment Co., Ltd.	30.01			45,205,900.00	

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

(1) Interests in subsidiaries (continued)

3. Key financial information of significant non-wholly-owned subsidiaries (continued)

Continued:

Name of subsidiaries	Amount incurred for the period			Cash flows		Amount incurred for the prior period		Cash flows from operating activities
	Operating income	Net profit	comprehensive income	from operating activities	Operating income	Net profit	comprehensive income	
China Metro Engineering Consulting Co., Ltd.* (中國地鐵工程諮詢有限公司)	30,638,636.58	1,264,143.81	1,264,143.81	-4,030,370.33	39,096,858.11	1,237,302.84	1,237,302.84	8,027,661.50
Beijing Anjie Engineering Consultants Co., Ltd.* (北京安捷工程諮詢有限公司)	44,445,605.79	2,491,830.47	2,491,830.47	10,865,736.26	51,426,876.83	1,003,893.82	1,003,893.82	-332,244.23
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)	352,264,679.16	10,810,219.05	10,810,219.05	-38,547,208.27	371,178,897.18	5,711,711.04	5,711,711.04	64,031,983.62
Anhui Jingjian Capital Construction Investment Co., Ltd.* (安徽京建設投資有限公司)	40,011,253.92	42,423,555.78	42,423,555.78	352,893,043.07	39,949,088.47	43,545,697.01	43,545,697.01	191,962,205.25
Yunnan Jingjian Capital Construction Investment Co., Ltd.* (雲南京建設投資有限公司)	20,848,905.58	22,636,970.78	22,636,970.78	33,796,622.34	16,446,619.48	21,495,321.21	21,495,321.21	33,452,609.11
Hunan Jingjian Capital Construction Investment Co., Ltd.* (湖南京建設投資有限公司)	2,149,008.53	5,540,466.39	5,540,466.39	5,033,001.75	6,814,711.46	4,006,466.13	4,006,466.13	26,085,340.83

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

(2) Equity in Joint Ventures or Associates

1. Significant joint ventures or associates

Name of joint ventures or associates	Principal Place of Business	Registered Address	Business Nature	Shareholding Percentage (%)		Accounting treatment
				Direct	Indirect	
Beijing Shengtong Real Estate Development Co., Ltd.	Beijing	Beijing	Real estate	40.00%		Equity method
Zhengzhou Rail Transit Design and Research Institute Co., Ltd.* (鄭州軌道交通設計研究院有限公司)	Zhengzhou	Zhengzhou	Research and experimental development	49.00%		Equity method
Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd.* (雲南京建軌道交通投資建設有限公司)	Kunming, Yunnan Province	Kunming, Yunnan Province	Road transportation	78.28%		Equity method
Huangshan Region Travel Metro Investment Development Co., Ltd.* (黃山市市域旅遊鐵路投資發展有限公司)	Huangshan, Anhui Province	Huangshan, Anhui Province	Road transportation	24.00%		Equity method
Urban Rail Innovation Network Center Co., Ltd.* (城軌創新網絡中心有限公司)	Beijing	Beijing	Science and technology promotion and application service	18.52%		Equity method
Shaoxing Jingyue Metro Co., Ltd.* (紹興京越地鐵有限公司)	Shaoshing	Shaoshing	Road transportation	7.65%		Equity method
Chongqing Yuxi Express Railway Construction and Operation Co., Ltd. (重慶市渝西快線建設運營有限公司)	Chongqing	Chongqing	Railway transportation	30.60%		Equity method

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

(2) Equity in Joint Ventures or Associates (continued)

1. Significant joint ventures or associates (continued)

(1) Basis for holding less than 20% of the voting rights but having significant impact

The Company holds 10.15% of equity interests in Beijing Chengmei Xiangju Cultural Tourism Development Co., Ltd.* (北京乘美鄉居文化旅遊發展有限公司), but the Company appointed 1 director, who accounts for one-fifth of the board of directors consisting of 5 members, and thus has a significant influence over it.

The Company holds 13.40% of the equity interests in Guangxi Xinghe Intelligent Technology Co., Ltd.* (廣西星河智能科技有限公司), but the Company appointed 2 directors, who account for two-sevenths of the board of directors consisting of 7 members, and thus has a significant influence over it.

The Company holds 7.65% of the equity interests in Shaoxing Jingyue Metro Co., Ltd.* (紹興京越地鐵有限公司), but the Company appointed 2 directors, who account for two-sevenths of the board of directors consisting of 7 members, and thus has a significant influence over it.

The Company holds 18.52% of the equity interests in Urban Rail Innovation Network Center Co., Ltd.* (城軌創新網絡中心有限公司), but the Company appointed 1 director, who accounts for one-ninth of the board of directors consisting of 9 members, and thus has a significant influence over it.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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(Unless otherwise stated, all amounts are denominated in RMB)

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

(2) Equity in Joint Ventures or Associates (continued)

2. Key financial information of significant joint ventures

Item	Closing balance/Amount incurred for the period			
	Beijing Shengtong Real Estate Development Co., Ltd.* (北京晟通置業 發展有限公司)	Zhengzhou Rail Transit Design and Research Institute Co., Ltd.* (鄭州軌道交通設計 研究院有限公司)	Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd.* (雲南京建軌道交通 投資建設有限公司)	Huangshan Region Travel Metro Investment Development Co., Ltd.* (黃山市市域旅遊鐵路 投資發展有限公司)
Current assets	895,140,693.37	30,869,249.25	4,810,052,733.93	12,663,797.21
Non-current assets	3,866,533.08	3,816,096.77	5,306,353,181.77	4,754,717.00
Total assets	899,007,226.45	34,685,346.02	10,116,405,915.70	17,418,514.21
Current liabilities	812,215,571.93	3,481,620.62	3,145,990,956.28	720.00
Non-current liabilities	–	955,932.30	4,390,609,809.30	–
Total liabilities	812,215,571.93	4,437,552.92	7,536,600,765.58	720.00
Minority interests				
Total equity attributable to shareholders of the parent company	86,791,654.52	30,247,793.10	2,579,805,150.12	17,417,794.21
Net assets pro rata to shareholding ratio	34,716,661.81	14,821,418.62	2,019,471,471.51	10,420,270.61
Adjustment matters	–	–	85,644,151.42	–
Carrying amount of equity investments in the joint venture	34,716,661.81	14,821,418.62	2,105,115,622.93	10,420,270.61
Fair value of equity investments with publicly available quotations				
Net assets	86,791,654.52	30,247,793.10	2,579,805,150.12	17,417,794.21
Operating revenue	183,486,238.53	18,895,471.03	690,710,364.20	–
Finance costs	-141,977.92	-60,487.91	447,524,123.43	-7,336.89
Income tax expense	-328,677.78	951,569.47	-12,480,010.71	–
Net profit	-986,033.33	2,824,684.91	47,541,090.67	102,482.52
Net profit from discontinued operations				
Other comprehensive income				
Total comprehensive income	-986,033.33	2,824,684.91	47,541,090.67	102,482.52
Dividend received from joint ventures during the current period		490,000.00	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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(Unless otherwise stated, all amounts are denominated in RMB)

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

(2) Equity in Joint Ventures or Associates (continued)

2. Key financial information of significant joint ventures (continued)

Continued:

Item	Opening balance/Amount incurred for the prior period			
	Beijing Shengtong Real Estate Development Co., Ltd.* (北京晟通置業發展有限公司)	Zhengzhou Rail Transit Design and Research Institute Co., Ltd.* (鄭州軌道交通設計研究院有限公司)	Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd.* (雲南京建軌道交通投資建設有限公司)	Huangshan Region Travel Metro Investment Development Co., Ltd.* (黃山市域旅遊鐵路投資發展有限公司)
Current assets	900,871,510.91	28,915,132.49	4,281,613,420.45	12,965,712.26
Non-current assets	3,537,855.30	2,964,285.16	5,694,873,982.49	4,778,332.09
Total assets	904,409,366.21	31,879,417.65	9,976,487,402.94	17,744,044.35
Current liabilities	816,631,678.36	3,483,067.36	2,768,290,972.34	428,732.66
Non-current liabilities	-	-	4,675,932,371.15	-
Total liabilities	816,631,678.36	3,483,067.36	7,444,223,343.49	428,732.66
Minority interests				
Total equity attributable to shareholders of the parent company	87,777,687.85	28,396,350.29	2,532,264,059.45	17,315,311.69
Net assets pro rata to shareholding ratio	35,127,265.78	13,942,171.65	1,982,256,305.74	10,395,674.81
Adjustment matters	-	-	79,457,067.28	-
Carrying amount of equity investments in the joint venture	35,127,265.78	13,942,171.65	2,061,713,373.02	10,395,674.81
Fair value of equity investments with publicly available quotations				
Net assets	87,777,687.85	28,396,350.29	2,532,264,059.45	17,315,311.69
Operating revenue	51,670,802.75	20,949,425.77	720,695,558.31	-
Finance costs	-288,506.94	-203,035.77	-205,728,158.56	-20,103.39
Income tax expense	499,184.13	1,024,020.92	55,817,205.40	-
Net profit	1,497,552.37	3,688,234.73	3,732,149.78	-927,649.32
Net profit from discontinued operations				
Other comprehensive income				
Total comprehensive income	1,497,552.37	3,688,234.73	3,732,149.78	-927,649.32
Dividend received from joint ventures during the current period	-	490,000.00	85,900,800.00	-

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(Unless otherwise stated, all amounts are denominated in RMB)

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

(2) Equity in Joint Ventures or Associates (continued)

3. Key financial information of significant associates

Item	Closing balance/Amount incurred for the period		
	Urban Rail Innovation Network Center Co., Ltd.* (城軌創新 網絡中心有限公司)	Shaoxing Jingyue Metro Co., Ltd.* (紹興京越 地鐵有限公司)	Chongqing Yuxi Express Railway Construction and Operation Co., Ltd. (重慶市渝西快線 建設運營有限公司)
Current assets	79,267,409.97	3,211,554,395.70	367,193,666.52
Non-current assets	2,673,072.03	15,445,765,602.01	8,708,496,501.83
Total assets	81,940,482.00	18,657,319,997.71	9,075,690,168.35
Current liabilities	11,250,531.33	2,081,364,867.38	329,055,319.52
Non-current liabilities	296,781.13	8,809,081,880.80	6,153,064,471.22
Total liabilities	11,547,312.46	10,890,446,748.18	6,482,119,790.74
Minority interests			
Total equity attributable to shareholders of the parent company	70,393,169.54	7,766,873,249.53	2,593,570,377.61
Net assets pro rata to shareholding ratio	13,033,247.05	594,165,803.59	793,632,535.55
Adjustment matters	0	-4,345,816.16	50,972,965.24
Carrying amount of equity investments in associates	13,033,247.05	589,819,987.43	844,605,500.79
Fair value of equity investments with publicly available quotations			
Operating revenue	11,565,598.95	299,123,095.17	326,569,051.93
Net profit	-1,786,697.95	-60,527,928.37	58,088,637.74
Net profit from discontinued operations			
Other comprehensive income			
Total comprehensive income	-1,786,697.95	-60,527,928.37	58,088,637.74
Dividend received from associates during the current period			

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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(Unless otherwise stated, all amounts are denominated in RMB)

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

(2) Equity in Joint Ventures or Associates (continued)

3. Key financial information of significant associates (continued)

Continued:

Item	Opening balance/Amount incurred for the prior period		
	Urban Rail Innovation Network Center Co., Ltd.* (城軌創新網絡 中心有限公司)	Shaoxing Jingyue Metro Co., Ltd.* (紹興京越 地鐵有限公司)	Chongqing Yuxi Express Railway Construction and Operation Co., Ltd. (重慶市渝西快線 建設運營有限公司)
Current assets	98,533,560.13	1,714,583,030.16	389,902,714.69
Non-current assets	4,563,924.35	16,862,348,214.63	8,336,168,652.49
Total assets	103,097,484.48	18,576,931,244.79	8,726,071,367.18
Current liabilities	29,074,712.28	3,963,952,563.12	464,178,574.88
Non-current liabilities	1,842,904.71	8,479,569,949.48	5,712,440,515.36
Total liabilities	30,917,616.99	12,443,522,512.60	6,176,619,090.24
Minority interests			
Total equity attributable to shareholders of the parent company	72,179,867.49	6,133,408,732.19	2,549,452,276.94
Net assets pro rata to shareholding ratio	13,364,143.51	469,205,768.01	780,132,396.74
Adjustment matters	–	1,910,662.24	29,619,921.41
Carrying amount of equity investments in associates	13,364,143.51	471,116,430.25	809,752,318.15
Fair value of equity investments with publicly available quotations			
Operating revenue	31,519,362.97	301,603,187.22	1,539,350,451.65
Net profit	595,903.68	17,973,186.08	56,970,052.53
Net profit from discontinued operations			
Other comprehensive income			
Total comprehensive income	595,903.68	17,973,186.08	56,970,052.53
Dividend received from associates during the current period			

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(Unless otherwise stated, all amounts are denominated in RMB)

VIII. INTERESTS IN OTHER ENTITIES (CONTINUED)

(2) Equity in Joint Ventures or Associates (continued)

4. The aggregate financial information of the joint ventures and associates that are not individually material is set out below:

Item	Closing balance/ Amount incurred for the period	Opening balance/ Amount incurred for the prior period
Associates:		
Total investment book value	29,090,332.65	33,992,673.79
The aggregate amount calculated based on the shareholding ratio for each of the following items	—	—
Net Profit	-2,376,119.59	-2,587,497.71
Other Comprehensive Income		
Total Comprehensive Income	-2,376,119.59	-2,587,497.71

IX. GOVERNMENT GRANTS

(1) Liability items related to government grants

Accounting item	Opening balance	The additional grant amount for the period	The amount included in non-operating income for the period	The amount included in other income for the period	Amount of cost and expense offset in the period	Addition: Other changes	Closing balance	Asset-related/ Revenue-related
Deferred revenue	5,244,544.49			1,100,726.97	279,344.08		3,864,473.44	Asset-related
Deferred revenue	2,107,104.42	900,000.00		627,391.97			2,379,712.45	Revenue-related
Total	7,351,648.91	900,000.00		1,728,118.94	279,344.08		6,244,185.89	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

IX. GOVERNMENT GRANTS (CONTINUED)

(2) Government grants included in profit or loss for the period

Type	Amount incurred for the period	Amount incurred for the prior period
Revenue-related	4,050,362.85	1,435,075.07
Asset-related	1,380,071.05	1,910,864.04
Total	5,430,433.90	3,345,939.11

(3) Explanation on government grants

Type	Amount incurred for the period	Asset-related/ Revenue-related
National Engineering Test Project on Green and Safe Construction Technology for Urban Rail Transit	985,326.72	Asset-related
Research on Key Technologies of Unmanned Vessel for Off-Site Supervision of Water Environment with Vessel-Shore Coordination	850,000.00	Revenue-related
Research on Key Technologies for Passenger Flow Monitoring and Dynamic Assessment in Urban Rail Transit Networks Based on Digital Twins	800,000.00	Revenue-related
High-tech industry funds granted by the Administrative Committee of Zhongguancun Science Park Chaoyang Park	700,000.00	Revenue-related
Subsidies for maintaining and expanding employment	558,881.23	Revenue-related
Research Funding for Bid Package 2 of the Bishan-Tongliang Line	338,140.56	Asset-related
Demonstration Application of Digital Exploration Technologies for Urban Engineering in Complex Geological Conditions within Beijing Subway Protection Zones	283,018.87	Revenue-related
Dynamic Analysis and Control of Safety Risks in Urban Subway Construction	274,309.10	Revenue-related

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

IX. GOVERNMENT GRANTS (CONTINUED)

(3) Explanation on government grants (continued)

Type	Amount incurred for the period	Asset-related/ Revenue-related
Research and Demonstration of Magnetic Suspension Purification Air Conditioning Equipment and Its Intelligent Control Technology for Rail Transit Stations	145,575.84	Revenue-related
Subsidies for Unemployed Individuals with Disabilities	137,613.69	Revenue-related
Rail Transit Energy Efficiency Innovation Capacity Building Project	89,265.72	Revenue-related
Development and Demonstration Application of Fault Monitoring and Intelligent Diagnosis System for Metro Electromechanical Equipment	70,999.98	Revenue-related
Research and Application of Construction Technology and Environmental Impact of Non- dewatering Excavation Method in Deep Water- Rich Sand and Gravel Strata in Beijing	56,603.77	Asset-related
The 4th Batch of the First Round of 2025 “Foundation Building and Capacity Expansion”	50,000.00	Revenue-related
Additional Input Tax Credit	43,457.09	Revenue-related
Others	47,241.33	Revenue-related
Total	5,430,433.90	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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(Unless otherwise stated, all amounts are denominated in RMB)

X. RISK DISCLOSURES RELATED TO FINANCIAL INSTRUMENTS

The main financial instruments of the Company include monetary funds, equity investments, borrowings, accounts receivable, accounts payable, etc. The Company faces risks associated with various financial instruments in its daily operations, primarily including credit risk, liquidity risk, and market risk. The risks related to these financial instruments, as well as the risk management policies adopted by the Company to mitigate these risks, are as follows:

The Board of Directors is responsible for planning and establishing the Company's risk management framework, formulating the Company's risk management policies and related guidelines, and supervising the implementation of risk management measures. The Company has developed risk management policies to identify and analyze the risks it faces. These risk management policies clearly specify particular risks, covering various aspects such as market risk, credit risk, and liquidity risk management. The Company regularly assesses changes in the market environment and its own business operations to determine whether to update its risk management policies and systems. The Company's risk management is conducted by the risk management committee in accordance with the policies approved by the board of directors. The risk management committee identifies, evaluates, and mitigates relevant risks through close collaboration with other business departments of the Company. The Company's internal audit department conducts regular reviews of risk management controls and procedures and reports the results to the audit committee of the Company. The Company diversifies financial instrument risks through appropriate investment and business portfolio diversification, and reduces risks concentrated in a single industry, specific region, or particular counterparty through the formulation of corresponding risk management policies.

(1) Various risks arising from financial instruments

1. *Credit Risk*

Credit risk refers to the risk of financial loss to the Company arising from a counterparty's failure to fulfill its contractual obligations. Management has established appropriate credit policies and continuously monitors credit risk exposure.

The Company has adopted a policy to transact only with creditworthy counterparties. Additionally, the Company evaluates customers' creditworthiness and sets appropriate credit terms based on their financial condition, the possibility of obtaining guarantees from third parties, credit history, and other factors such as current market conditions. The Company continuously monitors the balances and recoverability of notes receivable and accounts receivable. For customers with poor credit histories, the Company employs methods such as written reminders, shortening credit terms, or canceling credit terms to ensure it does not incur significant credit losses. Furthermore, the Company reviews the recoverability of financial assets at each balance sheet date to ensure that adequate expected credit loss provisions have been made for related financial assets.

The other financial assets of the Company include monetary funds, trade receivables, other receivables, etc. The credit risk of these financial assets arises from counterparty default, and the maximum credit risk exposure is the carrying amount of each financial asset in the balance sheet. The Company has not provided any other guarantees that could expose it to credit risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

X. RISK DISCLOSURES RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

(1) Various risks arising from financial instruments (continued)

1. Credit Risk (continued)

The Company's monetary funds are primarily held with financial institutions such as state-owned controlled banks and other large and medium-sized commercial banks. Management believes these commercial banks have high creditworthiness and strong asset positions, and there is no significant credit risk that would result in any major losses due to counterparty default. The Company's policy is to control the amount of deposits held with each financial institution based on the market reputation, operating scale, and financial background of well-known financial institutions, in order to limit the credit risk exposure to any single financial institution.

As part of the Company's credit risk asset management, the Company uses account aging to evaluate the impairment losses of accounts receivable and other receivables. The Company's accounts receivable and other receivables involve a large number of customers, and aging information can reflect these customers' ability to repay accounts receivable and other receivables as well as their bad debt risk. Based on historical data, the Company calculates the historical actual bad debt rates for different aging periods and adjusts them to determine the expected loss rate by considering forward-looking information such as predictions of current and future economic conditions, including national GDP growth rate, total infrastructure investment, and national monetary policy. For long-term receivables, the Company reasonably assesses the expected credit losses by comprehensively considering the settlement period, contractually agreed payment period, the debtor's financial condition, the economic situation of the industry in which the debtor operates, and adjusting for the aforementioned forward-looking information.

As of December 31, 2025, the carrying amounts and expected credit losses for the relevant assets are as follows:

Item	Book balance	Provisions for impairment
Bills receivable	47,552,609.81	230,111.89
Trade receivables	5,449,807,357.67	1,204,775,733.93
Other receivables	216,324,100.09	41,307,884.84
Contract assets	6,343,035,790.31	564,730,418.30
Long-term receivables (including amounts due within one year)	20,109,754.94	584,014.13
Other non-current assets	4,309,910,961.53	2,059,949.31
Total	16,386,740,574.35	1,813,688,112.40

As the Company's major customers are government agencies and state-owned enterprises, the Company believes that they are reliable and of high credit quality and hence, there is no significant credit risk with these customers. As the Company's exposure to credit risk spreads over a diversified portfolio of customers, there is no significant concentration of credit risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

X. RISK DISCLOSURES RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

(1) Various risks arising from financial instruments (continued)

2. Liquidity risk

Liquidity risk refers to the risk that the Company may encounter a shortage of funds when fulfilling obligations settled by delivering cash or other financial assets. Each member enterprise under the Company is responsible for its own cash flow forecasting. Based on the cash flow forecast results of each member enterprise, the Company continuously monitors its short-term and long-term capital requirements at the corporate level to ensure the maintenance of sufficient cash reserves; meanwhile, it continuously monitors compliance with the provisions of borrowing agreements and obtains commitments for sufficient standby funds from major financial institutions to meet short-term and long-term capital needs. In addition, the Company has entered into credit facility agreements with major correspondent banks to support the performance of the Company's obligations related to commercial papers. As at 31 December 2025, the Company had banking credit facilities provided by several domestic banks in an amount of RMB27,863 million, of which the utilised credit amount was RMB10,912 million.

As at 31 December 2025, the financial liabilities and off-balance sheet guarantee items of the Company are presented below by remaining contractual maturity based on undiscounted contractual cash flows:

Item	Immediate repayment	Closing balance			Total
		Within 1 year	1 to 5 years	Over 5 years	
Non-derivative financial liabilities					-
Short-term loans		584,815,230.35			584,815,230.35
Trade payables		5,434,222,122.19			5,434,222,122.19
Other payables		351,043,753.91			351,043,753.91
Other current liabilities		505,351,917.81			505,351,917.81
Long-term loans		362,538,261.39	835,700,000.00	3,208,150,305.64	4,406,388,567.03
Bonds payable			750,000,000.00		750,000,000.00
Long-term payables			7,245,454.10		7,245,454.10
Subtotal of non-derivative financial liabilities		7,237,971,285.65	1,592,945,454.10	3,208,150,305.64	12,039,067,045.39
Derivative financial liabilities					
Total		7,237,971,285.65	1,592,945,454.10	3,208,150,305.64	12,039,067,045.39

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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(Unless otherwise stated, all amounts are denominated in RMB)

X. RISK DISCLOSURES RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

(1) Various risks arising from financial instruments (continued)

3. Market risk

(1) Interest rate risk

The Company's main operations are located within China, and its principal businesses are settled in Renminbi. However, the Company's recognised foreign currency assets and liabilities and future foreign currency transactions (foreign currency assets, liabilities and transactions are mainly denominated in US dollars and Hong Kong dollars) are still exposed to exchange rate risk. The Company monitors the scale of its foreign currency transactions, foreign currency assets and liabilities to minimise the exchange rate risk incurred; for this purpose, the Company may adopt relevant measures to hedge against such exchange rate risk.

- 1) As at 31 December 2025, the amounts of the foreign currency financial assets and foreign currency financial liabilities held by the Company when converted into Renminbi are presented below:

Item	Closing balance		Total
	Items in U.S. Dollars	Items in Hong Kong dollars	
Foreign currency financial assets:			
Monetary fund	284,251,153.32	6,516,378.88	290,767,532.20
Trade receivables		1,281,501.80	1,281,501.80
Subtotal	284,251,153.32	7,797,880.68	292,049,034.00

2) Sensitivity Analysis:

As at 31 December 2025, if the Renminbi appreciates or depreciates by 5% against the US Dollar and Hong Kong Dollar in respect of the Company's various financial assets denominated in US Dollar and Hong Kong Dollar, with all other factors remaining unchanged, the Company's net profit would decrease or increase by approximately RMB14,602,451.86 (approximately RMB14,291,852.19 for 2024).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

X. RISK DISCLOSURES RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

(1) Various risks arising from financial instruments (continued)

3. Market risk (continued)

(2) Interest Rate Risk

The Company's interest rate risk mainly arises from bank borrowings and the like. Financial liabilities at floating interest rates expose the Company to cash flow interest rate risk, while financial liabilities at fixed interest rates expose the Company to fair value interest rate risk. The Company determines the relative proportion of fixed-rate and floating-rate contracts based on prevailing market conditions.

The finance department of the Company continuously monitors the Company's interest rate levels. An increase in interest rates will raise the cost of new interest-bearing debts and the interest expenses on the Company's outstanding interest-bearing debts measured at floating interest rates, and may materially adversely affect the Company's financial performance. The management will make timely adjustments in light of the latest market conditions to mitigate interest rate risk.

- 1) The Company has no interest rate swap arrangements for the current year
- 2) As of 31 December 2025, the Company's long-term interest-bearing debts mainly consist of floating-rate contracts denominated in Renminbi, with an amount of RMB4,669.40 million.
- 3) Sensitivity Analysis:
As of 31 December 2025, if the interest rates on floating-rate borrowings increase or decrease by 100 basis points, with all other factors remaining unchanged, the Company's net profit would decrease or increase by approximately RMB47,342,527.78 (approximately RMB45,538,533.33 for 2024).

The above sensitivity analysis assumes that the interest rate changes have occurred at the balance sheet date and have been applied to all of the Company's borrowings obtained at floating interest rates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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(Unless otherwise stated, all amounts are denominated in RMB)

XI. FAIR VALUE

(1) Closing fair value of assets and liabilities measured at fair value

Item	Fair value at the end of the period			Total
	Level 1	Level 2	Level 3	
I. Fair value measurement on a recurring basis	-	-	-	-
(I) Other non-current financial assets	10,704,000.00	-	-	10,704,000.00
1. Financial assets at fair value through profit or loss	10,704,000.00	-	-	10,704,000.00
(1) Investment in equity instruments	10,704,000.00			10,704,000.00
(2) Investment in other equity instruments			88,513,229.77	88,513,229.77
Total assets measured at fair value on a recurring basis	10,704,000.00		88,513,229.77	99,217,229.77
Total liabilities measured at fair value on a recurring basis				
II. Fair value measurement on a non-recurring basis	-	-	-	-
Total assets measured at fair value on a non-recurring basis				
Total liabilities measured at fair value on a non-recurring basis				

(2) The determination basis for market price of recurring and non-recurring fair value measurements categorised within level 1

The fair value of the unrestricted tradable shares held by the Company is determined based on the closing prices quoted in the public market of the stock exchange.

(3) Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurements categorised within level 2

The shares of unlisted companies held by the Company are determined with reference to the latest capital increase price. Upon review by the Company, it is of the view that the adoption of the latest capital increase price can better reflect the fair value of equity instruments and meet the needs of the Company's portfolio management; therefore, the closing fair value of equity instruments is recognised based on the latest capital increase price.

(4) Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurements categorised within level 3

For the financial assets or financial liabilities of the Company without an active market, their fair value is determined by adopting valuation techniques. In the valuation process, the Company applies valuation techniques that are applicable under the current circumstances and supported by sufficient available data and other information, selects inputs consistent with the characteristics of the relevant assets or liabilities considered by market participants in transactions of such assets or liabilities, and prioritises the use of relevant observable inputs to the greatest extent possible. Where relevant observable inputs are unavailable or impracticable to obtain, unobservable inputs are adopted.

XI. FAIR VALUE (CONTINUED)

- (5) Analysis on the measurement items measured at fair value of level 3 on a going concern, adjustment information between the book value as at the beginning of the last year and the book value as at the end of the year and sensitivity of unobservable parameters

1. Adjustment information between the book value as at the beginning of the last year and the book value as at the end of the year

Item	Beginning balance	Transfer to level 3	Transfer from level 3	Total current profit or loss		Purchases, issuances, sales, and settlements			For assets held at the end of the Reporting Period, current unrealized gains or changes included in profit or loss
				Included in the profit or loss	Included in the comprehensive income	Purchases	Issuances	Sales Settlements	
Investments in other equity instruments	227,795,796.03			-138,515,641.28		-766,924.98			88,513,229.77
Total assets	227,795,796.03			-138,515,641.28		-766,924.98			88,513,229.77
Total liabilities									

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) Parent of the Company

Name of parent	Place of incorporation	Business nature	Registered capital (RMB'0,000)	Shareholding ratio in the Company (%)	Voting ratio in the Company (%)
Beijing Urban Construction Group Co., Ltd.	No. 18 North Taipingzhuang Road, Haidian District, Beijing	Engineering and Construction	750,000.00	42.34	42.34

The Company is a wholly state-owned enterprise whose ultimate controlling party is State-owned Assets Supervision and Administration Commission of Beijing Municipal People's Government.

(2) For details of subsidiaries of the Company, please refer to Note VIII. (I) Interest in Subsidiaries".

(3) Joint ventures and associates of the Company

For details of joint ventures or associates, please refer to Note VIII and Note (14) Long-term equity investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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(Unless otherwise stated, all amounts are denominated in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(4) Other related parties

Name of other related party	Relationship between other related parties and the Company
Beijing Chengan Huitai Properties Co., Ltd. (北京城安輝泰置業有限公司)	A joint venture of BUCG
Beijing Chengao Properties Co., Ltd. (北京城奧置業有限公司)	Fellow subsidiaries
Beijing Chenggu Hnengtai Real Estate Development Co., Ltd. (北京城谷恆泰房地產開發有限責任公司)	An associate of BUCG
Beijing Chenggu Properties Development Co., Ltd. (北京城谷置業發展有限公司)	Fellow subsidiaries
Beijing Urban Construction Installation Group Co., Ltd. (北京城建安裝集團有限公司)	Fellow subsidiaries
BUCG The Eighth Construction Development Co., Ltd (北京城建八建設發展有限責任公司)	Fellow subsidiaries
Beijing Urban Construction North Group Co., Ltd. (北京城建北方集團有限公司)	Associates of BUCG
Beijing Urban Construction Chuangda Properties Co., Ltd. (北京城建創達置業有限公司)	Fellow subsidiaries
Beijing Urban Road & Bridge Real Estate Investment Co., Ltd. (北京城建道橋地產投資有限公司)	Associates of BUCG
Beijing Urban Construction Road & Bridge Group Co., Ltd. (北京城建道橋建設集團有限公司)	Associates of BUCG
Beijing Chenjianer Construction Engineering Co., Ltd (北京城建二建設工程有限公司)	Fellow subsidiaries
Beijing Urban Construction Real Estate Development Co., Ltd. (北京城建房地產開發有限公司)	Fellow subsidiaries
Beijing Urban Construction Huasheng Transportation Construction Co., Ltd. (北京城建華晟交通建設有限公司)	Fellow subsidiaries
Beijing Urban Construction Huaxia Infrastructure Engineering Co., Ltd. (北京城建華夏基礎建設工程有限公司)	Associates of BUCG
Beijing Urban Construction Huangshan Investment Development Co., Ltd. (北京城建黃山投資發展有限公司)	Fellow subsidiaries
Beijing Urban Group (Xiamen) Engineering Construction Co., Ltd. (北京城建集團(廈門)工程建設有限責任公司)	Fellow subsidiaries
Beijing New City Jiaye Real Estate Development Co., Ltd. (北京城建嘉業房地產開發有限公司)	Fellow subsidiaries
Beijing Urban Construction Engineering Co., Ltd. (北京城建建設工程有限公司)	Fellow subsidiaries
Beijing Urban and Rural Construction Elaboration Steel Structure Engineering Co., Ltd. (北京城建精工鋼結構工程有限公司)	Fellow subsidiaries

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(4) Other related parties (continued)

Name of other related party	Relationship between other related parties and the Company
Beijing Urban Construction Sixth Group Co., Ltd. (北京城建六建設集團有限公司)	Non-controlling shareholder
Beijing Urban Construction Longda Properties Co., Ltd. (北京城建隆達置業有限公司)	Fellow subsidiaries
Beijing Urban Construction No.7 Engineering Co., Ltd. (北京城建七建設工程有限公司)	Fellow subsidiaries
Beijing Urban Construction Tenth Construction Engineering Co., Ltd. (北京城建十建設工程有限公司)	Associates of BUCG
Beijing Chengjian Shiliu Construction Co., Ltd. (北京城建十六建築工程有限責任公司)	Fellow subsidiaries
Beijing Urban Construction Investment Development Co., Ltd. (北京城建投資發展股份有限公司)	Fellow subsidiaries
Beijing Urban Construction Wanke Tianyun Properties Co., Ltd. (北京城建萬科天運置業有限公司)	Fellow subsidiaries
Beijing Urban Construction Fifth Group Co., Ltd. (北京城建五建設集團有限公司)	Fellow subsidiaries
Beijing Urban Construction Fifth Dimension Co., Ltd. (北京城建五維建設有限公司)	Associates of BUCG
Beijing Urban Construction New Material Co., Ltd. (北京城建新材料有限公司)	Fellow subsidiaries
Beijing Urban Construction Xinghai Urban Renewal Construction & Development Co., Ltd. (北京城建興海城市更新建設發展有限公司)	Fellow subsidiaries
Beijing Urban Construction Xinghe Real Estate Development Co., Ltd. (北京城建興合房地產開發有限公司)	Fellow subsidiaries
Beijing Urban Construction Xinghua Real Estate Co., Ltd. (北京城建興華地產有限公司)	Fellow subsidiaries
Beijing Urban Construction Xinghua Kangqing Real Estate Co., Ltd. (北京城建興華康慶房地產開發有限公司)	Fellow subsidiaries
Beijing Urban Construction Xiongrong Real Estate Co., Ltd. (北京城建興榮房地產開發有限公司)	Fellow subsidiaries
Beijing Urban Construction Xingrui Real Estate Development Co., Ltd. (北京城建興瑞置業開發有限公司)	Fellow subsidiaries
Beijing Urban Construction Xingsheng Real Estate Development Co., Ltd. (北京城建興勝房地產開發有限公司)	Fellow subsidiaries
Beijing Urban Construction Xingsheng Properties Co., Ltd. (北京城建興勝置業有限公司)	Fellow subsidiaries

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(4) Other related parties (continued)

Name of other related party	Relationship between other related parties and the Company
Beijing Urban Construction Xingshun Real Estate Development Co., Ltd. (北京城建興順房地產開發有限公司)	Fellow subsidiaries
Beijing Urban Construction Xingtai Real Estate Development Co., Ltd. (北京城建興泰房地產開發有限公司)	Fellow subsidiaries
Beijing Urban Construction Xingye Land Co., Ltd. (北京城建興業置地有限公司)	Fellow subsidiaries
Beijing Urban Construction Xingyue Land Estate Co., Ltd. (北京城建興悅置地有限公司)	Fellow subsidiaries
Beijing Urban Construction Xingyun Real Estate Co., Ltd. (北京城建興雲房地產有限公司)	Fellow subsidiaries
Beijing Urban Construction Xutai Real Estate Development Co., Ltd. (北京城建旭泰房地產開發有限責任公司)	Fellow subsidiaries
Beijing Urban Construction Yatai Group Co., Ltd. (北京城建亞泰建設集團有限公司)	Fellow subsidiaries
Beijing Urban Construction Yatai Building Installation Engineering Co., Ltd. (北京城建亞泰建築安裝工程有限公司)	Fellow subsidiaries
Beijing Urban Construction Yatai Jindian Construction Engineering Co., Ltd. (北京城建亞泰金典建設工程有限公司)	Fellow subsidiaries
Beijing Urban Construction Yatai Jintong Concrete Co., Ltd. (北京城建亞泰金砼混凝土有限公司)	Fellow subsidiaries
NO.1 Construction & Development Co., Ltd (北京城建一建設發展有限公司)	Fellow subsidiaries
Beijing Yuandong Construction Investment Group Co., Ltd (北京城建遠東建設投資集團有限公司)	Associates of BUCG
Beijing Urban Construction Great Wall Construction Group Co., Ltd. (北京城建長城建設集團有限公司)	Associates of BUCG
Beijing Urban Construction Intelligent Control Co., Ltd. (北京城建智控科技股份有限公司)	Fellow subsidiaries
Beijing Urban Construction Properties Co., Ltd. (北京城建置業有限公司)	Fellow subsidiaries
Beijing Urban Construction Chongqing Real Estate Co., Ltd. (北京城建重慶地產有限公司)	Fellow subsidiaries
Beijing Chengmao Real Estate Development Co., Ltd. (北京城茂房地產開發有限公司)	Fellow subsidiaries

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(4) Other related parties (continued)

Name of other related party	Relationship between other related parties and the Company
Beijing Chengmao Future Real Estate Development Co., Ltd. (北京城茂未來房地產開發有限公司)	Fellow subsidiaries
Beijing Urban Rail Transit Consulting Co., Ltd. (北京城市軌道交通諮詢有限公司)	Beneficial shareholder and its affiliates
Beijing Urban Rapid Rail Construction Management Co., Ltd. (北京城市快軌建設管理有限公司)	Beneficial shareholder and its affiliates
Beijing Urban Railway Construction Rail Transit Investment Development Co., Ltd. (北京城市鐵建軌道交通投資發展有限公司)	Associates of BUCG
Beijing Urban Railway Co., Ltd. (北京城市鐵路股份有限公司)	Beneficial shareholder and its affiliates
Beijing Urban Underground Space Development and Construction Co., Ltd. (北京城投地下空間開發建設有限公司)	Beneficial shareholder and its affiliates
Beijing Shengtong Real Estate Development Co., Ltd. (北京晟通置業發展有限公司)	A joint venture
Beijing Chengmei Xiangju Cultural Tourism Development Co., Ltd. (北京乘美鄉居文化旅遊發展有限公司)	Associate
Beijing Maglev Transportation Development Co., Ltd. (北京磁浮交通發展有限公司)	Beneficial shareholder and its affiliates
Beijing Subway Rolling Stock Equipment Co., Ltd. (北京地鐵車輛裝備有限公司)	Beneficial shareholder and its affiliates
Beijing Subway Engineering Management Co., Ltd. (北京地鐵工程管理有限公司)	Beneficial shareholder and its affiliates
Beijing Subway Building Facilities Maintenance Co., Ltd. (北京地鐵建築設施維護有限公司)	Beneficial shareholder and its affiliates
Beijing Subway Jingtong Development Co., Ltd. (北京地鐵京通發展有限責任公司)	Beneficial shareholder and its affiliates
Beijing Metro Science and Technology Development Co., Ltd. (北京地鐵科技發展有限公司)	Beneficial shareholder and its affiliates
Beijing Subway Line 6 Investment Co., Ltd. (北京地鐵六號線投資有限責任公司)	Beneficial shareholder and its affiliates
Beijing Subway Line 7 Investment Co., Ltd. (北京地鐵七號線投資有限責任公司)	Beneficial shareholder and its affiliates

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(4) Other related parties (continued)

Name of other related party	Relationship between other related parties and the Company
Beijing Subway Line 12 Investment Co., Ltd. (北京地鐵十二號線投資有限責任公司)	Beneficial shareholder and its affiliates
Beijing Subway Line 16 Investment Co., Ltd. (北京地鐵十六號線投資有限責任公司)	Beneficial shareholder and its affiliates
Beijing Subway Line 16 Investment Co., Ltd. (北京地鐵十七號線投資有限責任公司)	Beneficial shareholder and its affiliates
Beijing Subway Line 5 Investment Co., Ltd. (北京地鐵五號線投資有限責任公司)	Beneficial shareholder and its affiliates
Beijing Metro Information Development Co., Ltd. (北京地鐵信息發展有限公司)	Beneficial shareholder and its affiliates
Beijing Metro Real Estate Co., Ltd. (北京地鐵置業有限公司)	Beneficial shareholder and its affiliates
Beijing Metro Resource Development and Operation Co., Ltd. (北京地鐵資源開發經營有限公司)	Beneficial shareholder and its affiliates
Beijing Underground Railway Tongcheng Advertising Co., Ltd. (北京地下鐵道通成廣告股份有限公司)	Beneficial shareholder and its affiliates
Beijing Oriental Taiyang Curtain Wall Co., Ltd. (北京東方泰洋幕牆股份有限公司)	Associates of BUCG
Beijing Dongzhimen Airport Express Rail Co., Ltd. (北京東直門機場快速軌道有限公司)	Beneficial shareholder and its affiliates
Beijing Gonglian Dingsheng Transportation Hub Construction and Development Co., Ltd. (北京公聯鼎晟交通樞紐建設發展有限公司)	Beneficial shareholder and its affiliates
Beijing Gonglian Transportation Hub Construction and Management Co., Ltd. (北京公聯交通樞紐建設管理有限公司)	Beneficial shareholder and its affiliates
Beijing Gonglian Jieda Highway Maintenance Engineering Co., Ltd. (北京公聯潔達公路養護工程有限公司)	Beneficial shareholder and its affiliates
Beijing Rail Transit Network Management Co., Ltd. (北京軌道交通路網管理有限公司)	Beneficial shareholder and its affiliates
Beijing Rail Transit New Airport Line Investment Co., Ltd. (北京軌道交通新機場線投資有限責任公司)	Beneficial shareholder and its affiliates
Beijing National Speed Skating Oval Operation Co., Ltd. (北京國家速滑館經營有限責任公司)	Associates of BUCG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(4) Other related parties (continued)

Name of other related party	Relationship between other related parties and the Company
Beijing Hexin Rentai Real Estate Co., Ltd. (北京和信仁泰置業有限公司)	Fellow subsidiaries
Beijing Huachuang Ruitong Construction Labor Service Co., Ltd. (北京華創瑞通建築勞務有限公司)	Associates of BUCG
Beijing Huayu Xingyuan Landscape and Ancient Architecture Design Co., Ltd. (北京華宇星園林古建設計有限公司)	Fellow subsidiaries
Beijing Huanhui Real Estate Co., Ltd. (北京環匯置業有限公司)	Associates of BUCG
Beijing Huoying Comprehensive Transportation Hub Investment Co., Ltd. (北京霍營綜合交通樞紐投資有限公司)	Beneficial shareholder and its affiliates
Beijing Jianyuan Wanyu Real Estate Development Co., Ltd. (北京建遠萬譽房地產開發有限公司)	Associates of BUCG
Beijing Jin'an Xingtai Construction Engineering Co., Ltd. (北京金安興泰建築工程有限公司)	Fellow subsidiaries
Beijing Jindi Real Estate Development Co., Ltd. (北京金第房地產開發有限責任公司)	Fellow subsidiaries
Beijing Jindu Landscape Greening Co., Ltd. (北京金都園林綠化有限責任公司)	Fellow subsidiaries
Beijing Jinfeng Runhong Real Estate Co., Ltd. (北京金豐潤鴻置業有限公司)	Fellow subsidiaries
Beijing Jingu Chuangzhan Real Estate Co., Ltd. (北京金谷創展置業有限責任公司)	Fellow subsidiaries
Beijing Jincheng Huixin Labor Service Co., Ltd. (北京錦程匯鑫勞務服務有限公司)	Fellow subsidiaries
Beijing Jingcheng Metro Co., Ltd. (北京京城地鐵有限公司)	Beneficial shareholder and its affiliates
Beijing Jingcheng Jiaye Property Co., Ltd. (北京京城佳業物業股份有限公司)	Fellow subsidiaries
Beijing Jingchuang Investment Co., Ltd. (北京京創投資有限公司)	Beneficial shareholder and its affiliates
Beijing Jingtou Urban Pipe Gallery Investment Co., Ltd. (北京京投城市管廊投資有限公司)	Beneficial shareholder and its affiliates
Beijing Jingtou Fengde Real Estate Co., Ltd. (北京京投豐德房地產有限公司)	Beneficial shareholder and its affiliates

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(4) Other related parties (continued)

Name of other related party	Relationship between other related parties and the Company
Beijing Jingtou Rail Transit Real Estate Development Co., Ltd. (北京京投軌道交通置業開發有限公司)	Beneficial shareholder and its affiliates
Beijing Jingtou Rail Transit Asset Operation and Management Co., Ltd. (北京京投軌道交通資產經營管理有限公司)	Beneficial shareholder and its affiliates
Beijing Jingtou Transportation Development Co., Ltd. (北京京投交通發展有限公司)	Beneficial shareholder and its affiliates
Beijing Jingtou Transportation Hub Investment Co., Ltd. (北京京投交通樞紐投資有限公司)	Beneficial shareholder and its affiliates
Beijing Jingtou Longde Real Estate Co., Ltd. (北京京投隆德置業有限公司)	Beneficial shareholder and its affiliates
Beijing Jingtou Runde Real Estate Co., Ltd. (北京京投潤德置業有限公司)	Beneficial shareholder and its affiliates
Beijing Jingtou Xinghai Real Estate Co., Ltd. (北京京投興海房地產有限公司)	Beneficial shareholder and its affiliates
Beijing Jingtou Xingtian Real Estate Co., Ltd. (北京京投興檀房地產有限公司)	Beneficial shareholder and its affiliates
Beijing Jingtou Xingtong Real Estate Co., Ltd. (北京京投興通置業有限公司)	Beneficial shareholder and its affiliates
Beijing Jingtou Xingye Real Estate Co., Ltd. (北京京投興業置業有限公司)	Beneficial shareholder and its affiliates
Beijing Jingtou Yiyajie Transportation Technology Co., Ltd. (北京京投億雅捷交通科技有限公司)	Beneficial shareholder and its affiliates
Beijing Jingtou Yintai Shangde Real Estate Co., Ltd. (北京京投銀泰尚德置業有限公司)	Beneficial shareholder and its affiliates
Beijing Jingtou Yintai Real Estate Co., Ltd. (北京京投銀泰置業有限公司)	Beneficial shareholder and its affiliates
Beijing Jingtou Zhidi Real Estate Co., Ltd. (北京京投置地房地產有限公司)	Beneficial shareholder and its affiliates
Beijing Jingtou Asset Operation Co., Ltd. (北京京投資產經營有限公司)	Beneficial shareholder and its affiliates
Beijing Jingxi Ecological Cultural Tourism Investment Co., Ltd. (北京京西生態文旅投資有限公司)	Non-controlling shareholder
Beijing Jingsheng Qiantong Real Estate Co., Ltd. (北京景晟乾通置業有限公司)	Associates of BUCG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(4) Other related parties (continued)

Name of other related party	Relationship between other related parties and the Company
Beijing Jiuyuan Tongyun Construction Equipment Leasing Co., Ltd. (北京九源通韻建築設備租賃有限公司)	Fellow subsidiaries
Beijing Kezhu Construction Engineering Quality Monitoring Co., Ltd. (北京科築建築工程質量監測有限公司)	Fellow subsidiaries
Beijing Pingzhu Real Estate Development Co., Ltd. (北京平築房地產開發有限公司)	Fellow subsidiaries
Beijing Shengda Huiyu Construction Labor Service Co., Ltd. (北京勝達輝宇建築勞務有限公司)	Associates of BUCG
Beijing Century Hongcheng Real Estate Co., Ltd. (北京世紀鴻城置業有限公司)	Fellow subsidiaries
Beijing Deyijia Property Management Co., Ltd. (北京市德意嘉物業管理有限責任公司)	Fellow subsidiaries
Beijing Metro Operation Co., Ltd. (北京市地鐵運營有限公司)	Beneficial shareholder and its affiliates
Beijing Donghu Real Estate Co., Ltd. (北京市東湖房地產有限公司)	Fellow subsidiaries
Beijing Gonglian Highway Connect Line Co., Ltd. (北京市公聯公路聯絡線有限責任公司)	Beneficial shareholder and its affiliates
Beijing Rail Transit Construction and Management Co., Ltd. (北京市軌道交通建設管理有限公司)	Beneficial shareholder and its affiliates
Beijing Rail Transit Operation and Management Co., Ltd. (北京市軌道交通運營管理有限公司)	Beneficial shareholder and its affiliates
Beijing Flower and Tree Co., Ltd. (北京市花木有限公司)	Fellow subsidiaries
Beijing Infrastructure Investment Co., Ltd. (北京市基礎設施投資有限公司)	Beneficial shareholder and its affiliates
Beijing Infrastructure Land Consolidation and Reserve Co., Ltd. (北京市基礎設施土地整理儲備有限公司)	Beneficial shareholder and its affiliates
Beijing Lize City Terminal Investment and Development Co., Ltd. (北京市麗澤城市航站樓投資發展有限公司)	Beneficial shareholder and its affiliates
Beijing Suburban Railway Integration Development Group Co., Ltd. (北京市域鐵路融合發展集團有限公司)	Beneficial shareholder and its affiliates
Beijing Landscape and Ancient Architecture Design and Research Institute Co., Ltd. (北京市園林古建設計研究院有限公司)	Fellow subsidiaries

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(4) Other related parties (continued)

Name of other related party	Relationship between other related parties and the Company
Beijing Landscape Greening Group Co., Ltd. (北京市園林綠化集團有限公司)	Fellow subsidiaries
Beijing Municipal Road and Bridge Co., Ltd. (北京市政路橋股份有限公司)	Non-controlling shareholder
Beijing Municipal Road and Bridge Group Co., Ltd. (北京市政路橋集團有限公司)	Non-controlling shareholder
Beijing Shuangcheng Tongda Real Estate Development Co., Ltd. (北京雙城通達房地產開發有限公司)	Associates of BUCG
Beijing Shuangcheng Real Estate Development Co., Ltd. (北京雙城置業開發有限公司)	Associates of BUCG
Beijing Tongchao Urban Renewal Co., Ltd. (北京通朝城市更新有限責任公司)	Fellow subsidiaries
Beijing Xiangding Real Estate Co., Ltd. (北京祥鼎置業有限公司)	Fellow subsidiaries
Beijing Xiangye Vanke Real Estate Development Co., Ltd. (北京祥業萬科房地產開發有限公司)	Fellow subsidiaries
Beijing Xiangzhiyuan Real Estate Co., Ltd. (北京祥之源置業有限公司)	Fellow subsidiaries
Beijing Yatai Kegong Steel Structure Engineering Co., Ltd. (北京亞泰科工鋼結構工程有限公司)	Fellow subsidiaries
Beijing Yatai Zhibo Technology Development Co., Ltd. (北京亞泰智博科技發展有限公司)	Fellow subsidiaries
Beijing Yicheng Real Estate Co., Ltd. (北京怡城置業有限公司)	Associates of BUCG
Beijing Horticulture Co., Ltd. (北京園藝有限公司)	Fellow subsidiaries
Beijing Yuemao Real Estate Development Co., Ltd. (北京樾茂房地產開發有限公司)	Fellow subsidiaries
Beijing Yunmeng Mountain Investment and Development Co., Ltd. (北京雲蒙山投資發展有限公司)	Fellow subsidiaries
Beijing Zhaocheng Real Estate Development Co., Ltd. (北京招城房地產開發有限公司)	Fellow subsidiaries
Beijing Zhaocheng Real Estate Development Co., Ltd. (北京兆城房地產開發有限公司)	Fellow subsidiaries
Beijing Smart City Network Co., Ltd. (北京智慧城市網絡有限公司)	Non-controlling shareholder

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(4) Other related parties (continued)

Name of other related party	Relationship between other related parties and the Company
Beijing Zhongling Engineering Design Consulting Co., Ltd. (北京中領工程設計諮詢有限公司)	Associates of BUCG
Beijing Zhongsheng Hengxin Engineering Testing Technology Co., Ltd. (北京中盛恒信工程檢測科技有限公司)	Associates of BUCG
Beijing Uni-Construction Beiyu Property Service Co., Ltd. (北京住總北宇物業服務有限責任公司)	Fellow subsidiaries
Beijing Uni-Construction Second Development and Construction Co., Ltd. (北京住總第二開發建設有限公司)	Fellow subsidiaries
Beijing Uni-Construction Sixth Development and Construction Co., Ltd. (北京住總第六開發建設有限公司)	Fellow subsidiaries
Beijing Uni-Construction Third Development and Construction Co., Ltd. (北京住總第三開發建設有限公司)	Fellow subsidiaries
Beijing Uni-Construction Fourth Development and Construction Co., Ltd. (北京住總第四開發建設有限公司)	Fellow subsidiaries
Beijing Uni-Construction First Development and Construction Co., Ltd. (北京住總第一開發建設有限公司)	Fellow subsidiaries
Beijing Uni-Construction Real Estate Development Co., Ltd. (北京住總房地產開發有限責任公司)	Fellow subsidiaries
Beijing Uni-Construction Supply Chain Management Co., Ltd. (北京住總供應鏈管理有限公司)	Fellow subsidiaries
Beijing Uni-Construction Group Co., Ltd. (北京住總集團有限責任公司)	Fellow subsidiaries
Beijing Uni-Construction Jingfang Real Estate Development Co., Ltd. (北京住總京房房地產開發有限公司)	Fellow subsidiary
Beijing Uni-Construction Jingshun Real Estate Development Co., Ltd. (北京住總京順房地產開發有限公司)	Fellow subsidiary
Beijing Uni-Construction Tech. & Trade Holding Group Co., Ltd. (北京住總科貿控股集團有限公司)	Fellow subsidiary
Beijing Uni-Construction Lvdu Investment and Development Co., Ltd. (北京住總綠都投資開發有限公司)	Fellow subsidiary
Beijing Uni-Construction Commercial Asset Management Co., Ltd. (北京住總商業資產管理有限公司)	Fellow subsidiary
Beijing Uni-Construction Tongcheng Real Estate Development Co., Ltd. (北京住總通成房地產開發有限責任公司)	Fellow subsidiary
Beijing Uni-Construction New Building Materials Co., Ltd. (北京住總新型建材有限公司)	Fellow subsidiary

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(4) Other related parties (continued)

Name of other related party	Relationship between other related parties and the Company
Beijing Uni-Construction Landmark Co., Ltd. (北京住總置地有限公司)	Fellow subsidiary
Beijing Uni-Construction Real Estate Co., Ltd. (北京住總置業有限公司)	Fellow subsidiary
Beijing Uni-Construction Decoration Co., Ltd. (北京住總裝飾有限責任公司)	Fellow subsidiary
Guoao Investment Development Co., Ltd. (國奧投資發展有限公司)	Associate of BUCG
Huangshan Eastern Development and Investment Co., Ltd. (黃山東部開發投資有限公司)	Associate
Huangshan Jingshun Investment and Development Co., Ltd. (黃山京順投資發展有限公司)	Fellow subsidiary
Huangshan District State-owned Assets Operation Co., Ltd. (黃山市黃山區國有資產運營有限公司)	A non-controlling shareholder
Huangshan Region Travel Metro Investment Development Co., Ltd. (黃山市市域旅遊鐵路投資發展有限公司)	A joint venture
Cornerstone Jingxin (Tianjin) Financial Leasing Co., Ltd. (基石京信(天津)融資租賃有限公司)	Beneficial shareholder and its affiliates
Beijing-Zhangjiakou Inter-city Railway Co., Ltd. (京張城際鐵路有限公司)	Beneficial shareholder and its affiliates
Qingdao West Coast Citizen Center Investment Construction Co., Ltd. (青島西海岸市民中心投資建設有限公司)	Fellow subsidiary
Sanya Yasha Village Catering Management Co., Ltd. (三亞亞沙村餐飲管理有限公司)	Associate of BUCG
Tianjin Capital Investment & Development Co., Ltd. (天津京城投資開發有限公司)	Fellow subsidiary
Tianjin Jinghai Real Estate Development Co., Ltd. (天津京海房地產開發有限公司)	Fellow subsidiary
Tianjin Jingning Real Estate Co., Ltd. (天津京寧置地有限公司)	Fellow subsidiary
Tianjin Kebao Enterprise Management Co., Ltd. (天津科寶企業管理有限公司)	Fellow subsidiary
Xinjiang Urumqi-Beijing Infrastructure Construction Management Co., Ltd. (新疆烏京基礎設施建設管理有限公司)	Beneficial shareholder and its affiliates
Xinjiang Urumqi-Beijing Railway Construction Rail Transit Co., Ltd. (新疆烏京鐵建軌道交通有限公司)	Beneficial shareholder and its affiliates
BII Transit Systems (Beijing) Co., Ltd. (億雅捷交通系統(北京)有限公司)	Beneficial shareholder and its affiliates

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(4) Other related parties (continued)

Name of other related party	Relationship between other related parties and the Company
Yinlong (Langfang) Concrete Co., Ltd. (銀龍(廊坊)混凝土有限公司)	Associate of BUCG
Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd. (雲南京建軌道交通投資建設有限公司)	A joint venture
Yunnan Dianzhong Industrial Development Group Co. Ltd. (雲南省滇中產業發展集團有限責任公司)	A non-controlling shareholder
Zhengzhou Rail Transit Design & Research Institute Co., Ltd. (鄭州市軌道交通設計研究院有限公司)	A joint venture
Chongqing Yuxi Expressway Construction and Operation Co., Ltd. (重慶市渝西快線建設運營有限公司)	Associate
Zhuzhou Public Transport Co., Ltd. (株洲市公共交通有限責任公司)	A non-controlling shareholder

(5) RELATED PARTY TRANSACTIONS

1. Purchase of goods from related parties or receipt of services provided by related parties

Related party	Amounts in the current period	Amounts in the prior period
(1) Purchase of goods: Construction contracting services provided by the following companies	122,286,316.43	417,223,713.98
Fellow subsidiaries	71,864,009.04	374,890,922.51
Associates of BUCG	32,839,224.86	38,631,369.65
Non-controlling shareholder	3,119,881.70	3,683,018.87
Beneficial shareholder and its affiliates	197,000.00	
Associates		18,402.95
BUCG	14,266,200.83	
(2) Purchase of goods: Design, survey and consultancy services provided by the following companies	27,623,701.59	26,948,305.81
Associates	25,655,163.59	17,211,017.90
Fellow subsidiaries	1,944,953.10	5,297,287.99
Beneficial shareholder and its affiliates		393,113.21
Associates of BUCG		192,735.85
A joint venture	23,584.91	3,854,150.86

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(5) RELATED PARTY TRANSACTIONS (continued)

2. Sale of goods to related parties or provision of services to related parties

Related party	Amounts in the current period	Amounts in the prior period
(1) Sale of goods: Provision of construction contracting services to the following companies	2,389,731,504.82	2,469,530,928.08
Beneficial shareholder and its affiliates	2,174,459,429.55	1,438,188,517.00
Associates	125,138,568.67	965,050,413.36
BUCG	65,416,300.10	26,547,702.72
Fellow subsidiaries	22,649,068.87	36,733,667.89
Non-controlling shareholder	1,262,025.58	
Associates of BUCG	806,112.05	513,307.23
A joint venture		2,497,319.88
(2) Sale of goods: Provision of design, survey and consultancy services to the following companies	525,216,354.75	599,518,245.20
Beneficial shareholder and its affiliates	418,123,375.64	441,932,645.74
Fellow subsidiaries	58,441,957.02	68,964,159.41
BUCG	32,481,672.27	60,021,856.45
Associates of BUCG	6,196,309.64	13,917,561.81
Associates	2,200,065.10	3,583,268.14
Non-controlling shareholder	6,284.91	
A non-controlling shareholder	2,067.51	10,242,012.34
A joint venture of BUCG	7,594,811.32	698,113.20
A joint venture	169,811.32	158,628.11

3. Interest paid for customer deposits

Related party	Amounts in the current period	Amounts in the prior period
A non-controlling shareholder	6,762,000.00	6,762,000.00
BUCG	611,059.80	384,000.00
Total	7,373,059.80	7,146,000.00

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(5) RELATED PARTY TRANSACTIONS (continued)

4. Leases with related parties

(1) Rental income from the following companies

Name of the lessee	Rental income recognized in the current period	Rental income recognized in the prior period
Associates	846,005.54	1,085,110.09
Total	846,005.54	1,085,110.09

(2) Rental expenses and property management fees paid or payable to the following companies

Related party	Amounts in the current period	Amounts in the prior period
Fellow subsidiaries	11,650,736.61	10,946,000.00
Beneficial shareholder and its affiliates	7,159,776.16	6,926,224.42
BUCG	6,477,044.70	
Total	25,287,557.47	17,872,224.42

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(5) RELATED PARTY TRANSACTIONS (continued)

5. Remuneration of directors, supervisors and executives

(1) Remuneration of directors and supervisors

Directors' remuneration for the year is disclosed below in accordance with the Listing Rules, sections 383(1)(a), (b), (c), and (f) of the Hong Kong Companies Ordinance, and Part 2 of the Companies (Disclosure of Information Relating to Directors' Interests) Regulation:

Item	Incurred during the current period	Incurred during the previous period
Fee	544,441.88	551,616.00
Other emoluments:		
– Salaries, allowances and benefits in kind	770,356.16	1,445,777.55
– Performance-based bonuses	1,282,746.80	2,916,362.14
– Pension schemes	253,566.01	616,681.54
Total	2,851,110.85	5,530,437.23

Breakdown of remuneration of directors and supervisors

Name	Amount incurred for the period				Total
	Salaries, allowances and Fee	benefits in kind	Performance- based bonuses	Pension schemes	
I. Directors					
(1) Executive directors					
Mr. Xia Xiujiang (夏秀江) (Chief executive)	322,324.14		566,151.44	85,240.05	973,715.63
Sub-total	322,324.14		566,151.44	85,240.05	973,715.63
(2) Non-executive directors					
Mr. Pei Hongwei (裴宏偉)	-	-	-	-	-
Mr. Wang Tao (汪濤)	-	-	-	-	-
Ms. Shi Huaxin (史樺鑫) (Note 2)	-	-	-	-	-
Mr. Peng Dongdong (彭冬東)	-	-	-	-	-
Ms. Tang Qimeng (唐其夢)	-	-	-	-	-
Mr. Li Guoqing (李國慶)	-	-	-	-	-
Mr. Li Fei (李飛)	-	-	-	-	-
Mr. Zhang Pengchao (張鵬超) (Note 3)	-	-	-	-	-
Sub-total	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(5) RELATED PARTY TRANSACTIONS (continued)

5. Remuneration of directors, supervisors and executives (continued)

(1) Remuneration of directors and supervisors (continued)

Breakdown of remuneration of directors and supervisors (continued)

Name	Amount incurred for the period				Total
	Fee	Salaries, allowances and benefits in kind	Performance-based bonuses	Pension schemes	
(3) Independent non-executive directors					
Mr. Wang Guofeng (王國鋒)	136,137.75	-	-	-	136,137.75
Mr. Ma Xufei (馬旭飛) (Note 4)	62,696.56	-	-	-	62,696.56
Mr. Qin Guisheng (覃桂生) (Note 5)	62,696.56	-	-	-	62,696.56
Mr. Xia Peng (夏鵬)	136,137.75	-	-	-	136,137.75
Mr. Frank Chan Fan (陳帆) (Note 6)	73,386.63	-	-	-	73,386.63
Mr. Tian Aicheng (田挨成) (Note 7)	2,822.56	-	-	-	2,822.56
Mr. Zha Xiaodong (查小東) (Note 8)	70,564.06	-	-	-	70,564.06
Sub-total	544,441.88	-	-	-	544,441.88
(4) Supervisors (Note 9)					
Ms. Nie Kun (聶崑)	-	-	-	-	-
Ms. Yang Huiju (楊卉菊)	-	-	4,400.00	-	4,400.00
Mr. Liu Hao (劉皓)	-	196,274.14	356,385.00	83,431.26	636,090.40
Mr. Ban Jianbo (班健波)	-	81,788.34	89,359.00	27,075.18	198,222.52
Mr. Hu Shengjie (胡聖傑)	-	-	-	-	-
Ms. Zhong Hua (鍾華)	-	-	-	-	-
Mr. Fang Binjia (方斌佳)	-	-	-	-	-
Mr. Fu Yanbing (傅炎冰)	-	-	-	-	-
Mr. Li Yan (李巖)	-	-	-	-	-
Ms. Liu Xiaobo (劉曉波)	-	116,029.20	201,394.36	41,047.68	358,471.24
Mr. Li Zhiyu (李智宇)	-	53,940.34	65,057.00	16,771.84	135,769.18
Sub-total	-	448,032.02	716,595.36	168,325.96	1,332,953.34
Total	544,441.88	770,356.16	1,282,746.80	253,566.01	2,851,110.85

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(5) RELATED PARTY TRANSACTIONS (continued)

5. Remuneration of directors, supervisors and executives (continued)

(1) Remuneration of directors and supervisors (continued)

Breakdown of remuneration of directors and supervisors (continued)

Name	Fee	Amount incurred for the prior period			Total
		Salaries, allowances and benefits in kind	Performance- based bonuses	Pension schemes	
I. Directors					
(1) Executive directors					
Mr. Xia Xiujiang (夏秀江) (Chief executive)	-	297,177.36	565,273.14	110,194.20	972,644.70
Mr. Wang Hanjun (王漢軍) (Note 1)	-	267,329.36	829,208.00	91,458.92	1,187,996.28
Sub-total	-	564,506.72	1,394,481.14	201,653.12	2,160,640.98
(2) Non-executive directors					
Mr. Pei Hongwei (裴宏偉)	-	-	-	-	-
Mr. Wang Tao (汪濤)	-	-	-	-	-
Ms. Shi Huaxin (史樺鑫) (Note 2)	-	-	-	-	-
Mr. Peng Dongdong (彭冬東)	-	-	-	-	-
Ms. Tang Qimeng (唐其夢)	-	-	-	-	-
Mr. Li Guoqing (李國慶)	-	320,877.36	853,483.00	110,194.20	1,284,554.56
Mr. Li Fei (李飛)	-	-	-	-	-
Mr. Zhang Pengchao (張鵬超) (Note 3)	-	-	-	-	-
Sub-total	-	320,877.36	853,483.00	110,194.20	1,284,554.56
(3) Independent non-executive directors					
Mr. Wang Guofeng (王國鋒)	137,904.00	-	-	-	137,904.00
Mr. Ma Xufei (馬旭飛) (Note 4)	137,904.00	-	-	-	137,904.00
Mr. Qin Guisheng (覃桂生) (Note 5)	137,904.00	-	-	-	137,904.00
Mr. Xia Peng (夏鵬)	137,904.00	-	-	-	137,904.00
Mr. Frank Chan Fan (陳帆) (Note 6)	-	-	-	-	-
Mr. Tian Aicheng (田挨成) (Note 7)	-	-	-	-	-
Mr. Zha Xiaodong (查小東) (Note 8)	-	-	-	-	-
Sub-total	551,616.00	-	-	-	551,616.00

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(5) RELATED PARTY TRANSACTIONS (continued)

5. Remuneration of directors, supervisors and executives (continued)

(1) Remuneration of directors and supervisors (continued)

Breakdown of remuneration of directors and supervisors (continued)

Name	Amount incurred for the prior period				Total
	Fee	Salaries, allowances and benefits in kind	Performance- based bonuses	Pension schemes	
(4) Supervisors (Note 9)					
Ms. Nie Kun (聶崑)	–	–	–	–	–
Ms. Yang Huiju (楊卉菊)	–	85,754.36	391,808.00	110,194.20	587,756.56
Mr. Liu Hao (劉皓)	–	195,756.11	98,597.00	85,071.38	379,424.49
Mr. Ban Jianbo (班健波)	–	278,883.00	177,993.00	109,568.64	566,444.64
Mr. Hu Shengjie (胡聖傑)	–	–	–	–	–
Mr. Fang Binjia (方斌佳)	–	–	–	–	–
Mr. Li Yan (李儼)	–	–	–	–	–
Sub-total	–	560,393.47	668,398.00	304,834.22	1,533,625.69
Total	551,616.00	1,445,777.55	2,916,362.14	616,681.54	5,530,437.23

Note 1: Mr. Wang Hanjun ceased to act as the general manager of the Company due to work adjustment with effect from 22 October 2024.

Note 2: Ms. Shi Huaxin resigned as a non-executive Director of the Company on 20 January 2026

Note 3: Mr. Zhang Pengchao was appointed as a non-executive Director of the Company on 20 January 2026

Note 4: Mr. Ma Xufei retired as a non-executive Director of the Company on 16 June 2025

Note 5: Mr. Qin Guisheng retired as a non-executive Director of the Company on 16 June 2025

Note 6: Mr. Frank Chan Fan was appointed as a non-executive Director of the Company on 16 June 2025

Note 7: Mr. Tian Aicheng was appointed as a non-executive Director of the Company on 23 December 2025

Note 8: Mr. Zha Xiaodong was appointed as a non-executive Director of the Company on 16 June 2025, and resigned as a non-executive Director on 23 December 2025.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(5) RELATED PARTY TRANSACTIONS (continued)

5. Remuneration of directors, supervisors and executives (continued)

(1) Remuneration of directors and supervisors (continued)

Breakdown of remuneration of directors and supervisors (continued)

Note 9: The appointments were approved by the Company at 2024 annual general meeting held on 16 June 2025. Mr. Hu Shengjie, Ms. Zhong Hua, Mr. Fang Binjia and Mr. Fu Yanbing were appointed as supervisors of the fourth session of the Board of Supervisors, forming the fourth session of the Board of Supervisors together with the employee representative supervisors, Mr. Liu Hao, Ms. Liu Xiaobo and Mr. Li Zhiyu. The term of office is three years commencing from 16 June 2025. Due to the rotation arrangements of the Board of Supervisors, Ms. Nie Kun, Mr. Li Yan, Ms. Yang Huiju and Mr. Ban Jianbo retired as supervisors on the same date.

At the 2025 first extraordinary general meeting of the Company held on 25 November 2025, a resolution to amend the Articles of Association was passed. The Board of Supervisors of the Company was dissolved effective as of the date the amended Articles of Association took effect, and the members of the fourth session of the Board of Supervisors of Company retired.

(2) Remuneration of key management personnel (excluding directors and supervisors)

Item	Amount incurred for the period	Amount incurred for the prior period
Salary and other benefits	8,659,489.02	12,135,581.45
Pension scheme	951,209.43	1,475,071.34
Total	9,610,698.45	13,610,652.79

(3) Five highest paid employees

The breakdown of the Group's five highest-paid employees for the years ended 31 December 2025 and 2024 is as follows:

	Number for the period	Number for the previous period
Employees who are neither directors nor supervisors	5	5

The details of the compensation for the highest-paid employees who are neither directors nor supervisors are as follows:

Item	Amount incurred for the period	Amount incurred for the prior period
Salaries, allowances and benefits in kind	1,296,698.70	1,361,079.36
Performance-based bonuses	6,418,872.55	7,839,538.31
Pension schemes	426,200.25	533,621.40
Total	8,141,771.50	9,734,239.07

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(5) RELATED PARTY TRANSACTIONS (continued)

5. Remuneration of directors, supervisors and executives (continued)

(3) Five highest paid employees (continued)

The number of individuals whose compensation falls within the following ranges is as follows:

Item	Number for the period	Number for the previous period
HK\$1,500,000 to HK\$2,000,000 (equivalent to RMB1,354,830.00 to RMB1,806,440.00)	3	
HK\$2,000,001 to HK\$2,500,000 (equivalent to RMB1,806,440.90 to RMB2,258,050.00)	2	5

For the years ended 31 December 2025 and 2024, no directors, supervisors or the highest paid employees who are neither directors nor supervisors have waived or agreed to waive any emoluments. The Group did not pay any directors, supervisors or the highest paid employees who are neither directors nor supervisors any remuneration as an inducement to join, or upon joining, the Group, or as compensation for loss of office.

6. Related party receivables and payables

(1) Amounts due from related parties of the Company

Item	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts Receivable					
	Beneficial shareholder and its affiliates	773,884,151.54	156,571,733.55	592,335,916.77	160,714,662.58
	BUCG	213,438,030.39	33,149,870.07	208,892,369.50	20,570,325.38
	Associates	99,491,588.27	1,028,798.26	239,802,435.76	2,278,330.47
	Fellow subsidiaries	76,024,969.10	15,532,057.26	68,604,468.50	15,976,081.90
	A joint venture	15,888,642.77	1,518,727.95	14,611,052.77	831,600.00
	Non-controlling shareholder	35,149,281.01	3,739,162.83	9,031,776.45	6,179,962.50
	Associates of BUCG	3,309,378.18	134,958.79	815,327.41	61,327.53
	A non-controlling shareholder	1,048,113.21	172,938.68	1,048,113.21	97,474.53
	A joint venture of BUCG	417,971.70	38,152.01	410,375.00	16,415.00
Prepayments					
	Fellow subsidiaries	0.01		0.01	
	A joint venture of BUCG			2,339,449.54	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(5) RELATED PARTY TRANSACTIONS (continued)

6. Related party receivables and payables (continued)

(1) Amounts due from related parties of the Company (continued)

Item	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Other Receivables					
	Fellow subsidiaries	117,244.55	5,270.79	9,064,542.09	6,722.91
	BUCG	50,000.00	250.00	13,811,863.07	915.19
	Beneficial shareholder and its affiliates	1,800,000.00	188,000.00	1,322,500.00	110,500.00
	Associates			83,630.26	5,854.12
	Associates of BUCG	14,000.00	14,000.00	14,000.00	14,000.00
	A joint venture			858,375.00	30,043.13
Dividend Receivable					
	Fellow subsidiaries	85,400,800.00		85,400,800.00	
	A joint venture	4,182,474.83		4,182,474.83	
Contract Assets					
	Beneficial shareholder and its affiliates	597,253,021.62	3,259,987.38	326,146,819.19	23,941,376.63
	Fellow subsidiaries	16,539,836.50	1,981,931.31	45,030,960.70	3,807,347.79
	Associates	50,906,584.82	361,441.17	163,129,326.51	1,296,765.77
	BUCG	494,816.00	33,785.49	52,957,659.55	3,306,678.72
	Associates of BUCG	1,068,134.40	164,541.97	6,342,519.95	243,451.30
	A non-controlling shareholder			6,871,044.34	928,017.46
	A joint venture	179,100.00	900.00	1,494,174.91	97,322.00
	A joint venture of BUCG	4,207,629.71	21,143.87	626,582.07	33,966.46
Non-current Assets					
Due Within One Year					
	Beneficial shareholder and its affiliates	48,536.00	8,008.44		
	A non-controlling shareholder			429,652.60	2,148.26

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(5) RELATED PARTY TRANSACTIONS (continued)

6. Related party receivables and payables (continued)

(2) Amounts due to related parties of the Company

Item	Related party	Closing balance	Opening balance
Accounts Payable			
	Fellow subsidiaries	158,625,536.80	334,872,302.38
	Associates of BUCG	20,316,756.67	54,843,969.06
	BUCG		15,291,277.50
	A non-controlling shareholder	11,631,819.20	11,631,819.20
	A joint venture		
	Non-controlling shareholder		11,259,526.10
	Beneficial shareholder and its affiliates		3,538,719.10
	Associates	1,069,784.70	864,252.60
	A joint venture		
Other Payables			
	Fellow subsidiaries	27,880,288.97	36,546,361.25
	BUCG	6,518,064.98	4,586,476.98
	Associates	79,413.77	6,892.00
	Associates of BUCG	600,000.00	700,000.00
	A joint venture		94,580.00
	Beneficial shareholder and its affiliates	40,787,737.50	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

(5) RELATED PARTY TRANSACTIONS (continued)

6. *Related party receivables and payables (continued)*

(2) *Amounts due to related parties of the Company (continued)*

Item	Related party	Closing balance	Opening balance
Contract Liabilities			
	Beneficial shareholder and its affiliates	713,868,694.55	114,872,400.00
	Associates	33,050,194.05	981,157.83
	BUCG	15,656,042.79	18,357,083.82
	Fellow subsidiaries	11,558,022.67	17,202,731.11
	Non-controlling shareholder	2,904,190.04	
	Associates of BUCG	4,452,696.81	3,855,876.79
	A non-controlling shareholder	481,642.18	11,889,456.45
	A joint venture		211,768.75
	A joint venture	211,768.75	
	A joint venture of BUCG	0.01	
Long-term Borrowings			
	A non-controlling shareholder	138,000,000.00	138,000,000.00
	Associates	25,600,000.00	10,000,000.00
Non-current Liabilities Due Within One Year (Long-term Borrowings)			
	BUCG		15,600,000.00

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XIII. COMMITMENTS AND CONTINGENCIES

(1) Significant commitment

The Company has no significant commitments which shall be disclosed.

(2) Significant contingency as at the balance sheet date

The Company has no significant contingency which needs to be disclosed.

XIV. EVENTS AFTER BALANCE SHEET DATE

As of the date of approval and issuance of these financial statements, the Company has no other material events occurring after the balance sheet date that are required to be disclosed but have not been disclosed.

XV. OTHER SIGNIFICANT MATTERS

(1) Prior period errors

1. Retrospective restatement method

No prior period accounting errors using the retrospective restatement method were identified in the current period.

2. Prospective application

No prior accounting errors using prospective application were identified in the current period.

(2) Segment information

1. Basis for determining the reporting segment and accounting policies

The Company determined operating segments based on the internal organizational structure, management requirements and internal reporting system. Each of the Company's reporting segments is a component that meets all the following criteria:

- (1) The component generates income and incur expenses in daily activities;
- (2) The management can evaluate the operating results of the component regularly to determine the allocation of resources thereto and evaluate its performance;
- (3) The relevant accounting information such as the financial status, operating results and cashflow of the component can be available.

The Company determines the reporting segment based on the operating segment. The operating segment that meets either of the following conditions is determined as a reporting segment:

- (1) Revenue from the operating segment accounts for 10% or above of the total segment revenue;
- (2) The net profits (losses) from the segment shall account for 10% or above of the greater of the total net profits of all profitable segments and the total net losses of all loss-making segments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XV. OTHER SIGNIFICANT MATTERS (CONTINUED)

(2) Segment information (continued)

1. *Basis for determining the reporting segment and accounting policies (continued)*

If the total revenue from the external transactions of the operating segments under the reporting segment determined in accordance with the above accounting policies does not reach 75% of the consolidated total revenue, the number of reporting segments shall be increased, to this end, other non-reportable operating segments will be included into the reporting segment according to the following standards until such proportion reaches 75%:

- (1) Identify the operating segment for which management believes that disclosure of the operating segment information is useful for users of accounting information as the reporting segment;
- (2) Consolidate the operating segment with one or more other operating segments with similar economic characteristics that meet the operating segment consolidation conditions as one reporting segment.

Inter-segment transfer prices are determined on the basis of actual transaction prices, and the assets and relevant expenses shared by each segment are allocated between segments in proportion to its revenue.

2. *Factors considered by the Company while determining the reportable segment, the products and services classification of the reportable segment*

Each of the Company's reporting segments offers different products or services or operates in different regions. As each segment requires different technology or market strategies, the Company's management manages the operating activities of each reporting segment separately and evaluates the operating results of these reporting segments on a regular basis to determine the allocation of resources to them and evaluate their performance.

The Company operates two reporting segments: the projects construction segment, survey, design and consultancy business segment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XV. OTHER SIGNIFICANT MATTERS (CONTINUED)

(2) Segment information (continued)

3. Financial information of reportable segments

Unit: RMB'0000

Items	Closing balance/Amount for the Period			Total
	Projects construction	Survey, design and consultancy business	Inter-segment offset	
1. Operating income	341,330.69	420,250.59	-8,850.63	752,730.65
Including: income from external transactions	341,330.69	411,399.96		752,730.65
income from inter- segment transactions	1,549.59	7,301.04	-8,850.63	
2. Operating Costs	7,369.32	17,745.26		25,114.58
Including: Depreciation and amortization expenses	7,369.32	17,745.26		25,114.58
3. Investment income in associates and joint ventures		5,631.12		5,631.12
4. Credit impairment losses	5,243.70	-2,183.92	5.25	3,065.03
5. Asset impairment losses	1,482.20	13,359.90		14,842.10
6. Total profits	22,163.14	41,521.73	-293.07	63,391.80
7. Income tax expense				9,820.18
8. Net profit	22,163.14	41,521.73	-293.07	53,571.62
9. Total assets	1,155,579.80	1,263,131.49		2,418,711.29
10. Total liabilities	856,330.44	740,613.78		1,596,944.22

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XVI. NOTES TO KEY ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

Note 1. Accounts receivables

1. Disclosure of accounts receivable by aging

Aging	Closing balance	Opening balance
Within 6 months	645,778,469.07	921,143,743.19
6 months to 1 year	210,845,492.94	282,567,705.17
1 to 2 years	618,383,615.60	282,286,230.88
2 to 3 years	282,271,652.30	201,837,713.25
3 to 4 years	99,157,677.38	424,791,319.17
4 to 5 years	76,231,132.62	165,102,965.56
Over 5 years	449,806,172.69	440,736,357.71
Sub-total	2,382,474,212.60	2,718,466,034.93
Less: Provision for bad debts	606,930,696.79	633,255,487.28
Total	1,775,543,515.81	2,085,210,547.65

2. Disclosed by classification of provision method for bad debts

Category	Book balance		Closing balance		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Individual provision for bad debts	18,295,549.27	0.77	14,851,352.13	81.17	3,444,197.14
Provision made for bad debts					
using portfolios	2,364,178,663.33	99.23	592,079,344.66	25.04	1,772,099,318.67
Including: Aging portfolio	2,364,178,663.33	99.23	592,079,344.66	25.04	1,772,099,318.67
Total	2,382,474,212.60	—	606,930,696.79	—	1,775,543,515.81

Category	Book balance		Opening balance		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Individual provision for bad debts	21,407,155.05	0.79	21,407,155.05	100	
Provision made for bad debts					
using portfolios	2,697,058,879.88	99.21	611,848,332.23	22.69	2,085,210,547.65
Including: Aging portfolio	2,697,058,879.88	99.21	611,848,332.23	22.69	2,085,210,547.65
Total	2,718,466,034.93	—	633,255,487.28	—	2,085,210,547.65

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XVI. NOTES TO KEY ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

Note 1. Accounts receivables (continued)

2. Disclosed by classification of provision method for bad debts (continued)
Individual provision for bad debts

Name of unit	Book balance	Closing balance		Reason for provision
		Provision for bad debts	Proportion (%)	
Delingha Culture Tourism Development Co., Ltd. (德令哈文化旅遊發展有限公司)	6,888,394.22	3,444,197.10	50.00	Expected to be partly irrecoverable
Beijing Dongzhimen Airport Express Railway Company Limited (北京東直門機場快速軌道有限公司)	415,866.98	415,866.98	100.00	Expected not to be recovered
Beijing Gaoyi Property Development Co., Ltd. (北京高億房地產開發有限公司)	603,773.58	603,773.58	100.00	Expected not to be recovered
Beijing Subway Operation Co., Ltd. (北京市地鐵運營有限公司)	3,128,301.88	3,128,301.87	100.00	Expected not to be recovered
Beijing MTR Construction Administration Corporation (北京市軌道交通建設管理有限公司)	5,578,511.66	5,578,511.65	100.00	Expected not to be recovered
Beijing Infrastructure Investment Co., Ltd. (北京市基礎設施投資有限公司)	275,849.06	275,849.06	100.00	Expected not to be recovered
China Huaxi Engineering Design and Construction Co. Ltd. Beijing Engineering and Construction Branch (中國華西工程設計建設有限公司北京工程建設分公司)	477,037.74	477,037.74	100.00	Expected not to be recovered
China Railway No.5 Engineering Group Co., Ltd	94,339.62	94,339.62	100.00	Expected not to be recovered
Other Units	833,474.53	833,474.53	100.00	Expected not to be recovered
Total	18,295,549.27	14,851,352.13	—	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XVI. NOTES TO KEY ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

Note 1. Accounts receivables (continued)

2. Disclosed by classification of provision method for bad debts (continued)

Provision made for bad debts using portfolios

(1) Aging portfolio

Aging portfolio	Book balance	Closing balance	Proportion (%)
		Provision for bad debts	
Within 6 months	645,778,469.07	3,234,374.25	0.50
6 months to 1 year	210,845,492.94	8,009,351.77	3.80
1 to 2 years (including 2 years)	618,383,615.60	57,407,698.64	9.28
2 to 3 years (including 3 years)	282,271,652.30	46,573,267.49	16.50
3 to 4 years	99,157,677.38	9,106,671.35	9.18
4 to 5 years	69,342,738.39	33,019,860.44	47.62
Over 5 years	438,399,017.65	434,728,120.72	99.16
Total	2,364,178,663.33	592,079,344.66	25.04

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XVI. NOTES TO KEY ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

Note 1. Accounts receivables (continued)

3. Provision for bad debt made, recovered or reversed in the current period

Category	Opening balance	Provision	Changes in current period			Closing balance
			Recovered or reversed	Written off	Other changes	
Individual provision for bad debts	21,407,155.05	3,444,197.08			-10,000,000.00	14,851,352.13
Provision made for bad debts using portfolios	611,848,332.23	-19,768,987.57	-	-	-	592,079,344.66
Including: Aging portfolio	611,848,332.23	-19,768,987.57				592,079,344.66
Total	633,255,487.28	-16,324,790.49	-	-	-10,000,000.00	606,930,696.79

4. Particulars of the top five trade receivables and contract assets by debtor at the end of the period

Name	Closing balance of trade receivables	Closing balance of contract assets	Closing balance of trade receivables and contract assets	Percentage to the total closing balance of trade receivables and contract assets (%)	Balances of provision for bad debts on trade receivables and provision for impairment of contract assets made
Shijiazhuang Rail Transit Group Co., Ltd.* (石家莊市軌道交通集團有限責任公司)	118,554,070.60	104,490,263.85	223,044,334.45	3.79	65,445,932.37
Beijing Rail Transit Construction Management Co., Ltd.*(北京市軌道交通建設管理有限公司)	104,631,812.87	130,753,819.74	235,385,632.61	3.99	84,202,388.67
Chongqing Yuxi Express Line Construction and Operation Co., Ltd.* (重慶市渝西快線建設運營有限公司)	95,851,162.11	52,839,477.05	148,690,639.16	2.52	890,161.74
Shenzhen Metro Group Co., Ltd.* (深圳市地鐵集團有限公司)	83,123,543.50	215,584,711.96	298,708,255.46	5.07	14,053,592.85
Chengdu Metro Co., Ltd.* (成都地鐵有限責任公司)	77,803,478.71	1,066,441.52	78,869,920.23	1.34	855,621.30
Total	479,964,067.79	504,734,714.12	984,698,781.91	16.71	165,447,696.93

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XVI. NOTES TO KEY ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

Note 2. Other receivables

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable	89,873,374.83	89,873,374.83
Other receivables	656,827,706.06	534,021,521.44
Total	746,701,080.89	623,894,896.27

Note: Other receivables in the above table refer to other receivables after deducting interest receivable and dividends receivable.

(1) Dividends receivable

1. Dividends receivable

Investee	Closing balance	Opening balance
Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd. *(雲南京建軌道交通投資建設有限公司)	85,400,800.00	85,400,800.00
Beijing Urban Construction Intelligent Control Co., Ltd. *(北京城建智控科技股份有限公司)	4,182,474.83	4,182,474.83
Beijing Anjie Engineering Consultants Co., Ltd. *(北京安捷工程諮詢有限公司)	290,100.00	290,100.00
Total	89,873,374.83	89,873,374.83

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XVI. NOTES TO KEY ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

Note 2. Other receivables (continued)

- (1) Dividends receivable (continued)
2. Significant dividends receivable with aging over 1 year

Investee	Closing balance	Aging	Reason for non-recovery	Whether impairment has occurred and the reason therefor
Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd.*(雲南京建軌道交通投資建設有限公司)	85,400,800.00	1-2 years	Payment deferred	No
Beijing Urban Construction Intelligent Control Co., Ltd.* (北京城建智控科技股份有限公司)	4,182,474.83	1-2 years	Payment deferred	No
Beijing Anjie Engineering Consultants Co., Ltd.* (北京安捷工程諮詢有限公司)	290,100.00	1-2 years	Payment deferred	No
Total	89,873,374.83	-	-	-

- (2) Other receivables
1. Disclosure based on aging

Aging	Closing balance	Opening balance
Within 6 months	640,202,268.75	511,330,051.38
6 months to 1 year	9,265,803.93	11,458,340.47
1 to 2 years	5,381,638.98	3,108,263.71
2 to 3 years	1,699,707.91	4,390,234.45
3 to 4 years	1,419,949.65	3,752,238.03
4 to 5 years	827,000.00	4,603,694.96
Over 5 years	17,296,246.13	15,764,376.44
Sub-total	676,092,615.35	554,407,199.44
Less: Provision for bad debts	19,264,909.29	20,385,678.00
Total	656,827,706.06	534,021,521.44

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XVI. NOTES TO KEY ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

Note 2. Other receivables (continued)

(2) Other receivables (continued)

2. Classification by nature of the amount

Nature of the amount	Closing balance	Opening balance
Deposits and Guarantee	17,658,976.48	45,190,565.97
Petty money	3,980.91	115,134.30
Others	639,164,748.67	488,715,821.17
Total	656,827,706.06	534,021,521.44

3. Disclosure based on classification of provision method for bad debts

Category	Carrying Balance		Closing balance Provision for Bad Debts		Carrying Amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts on an individual basis	9,961,547.01	1.47	9,961,547.01	100	
Provision for bad debts on a collective basis	666,131,068.34	98.53	9,303,362.28	1.4	656,827,706.06
Total	676,092,615.35	100	19,264,909.29	—	656,827,706.06

Continued:

Category	Carrying Balance		Opening balance Provision for Bad Debts		Carrying Amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts on an individual basis	11,959,607.16	2.16	11,959,607.16	100.00	
Provision for bad debts on a collective basis	542,447,592.28	97.84	8,426,070.84	1.55	534,021,521.44
Total	554,407,199.44	100.00	20,385,678.00	—	534,021,521.44

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XVI. NOTES TO KEY ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

Note 2. Other receivables (continued)

(2) Other receivables (continued)

3. Disclosure based on classification of provision method for bad debts (continued)

Provision for bad debts on an individual basis

Name	Carrying Balance	Closing balance		Reason for provision
		Provision for bad debts	Proportion of provision (%)	
Hengtai Property*(恒泰物業)	2,772,597.90	2,772,597.90	100.00	Expected to be uncollectible
Chengrong Company*(成榮公司)	146,000.00	146,000.00	100.00	Expected to be uncollectible
Hainan Branch*(海南分院)	1,790,416.55	1,790,416.55	100.00	Expected to be uncollectible
Beijing Survey, Design and Management Office*(北京勘察設計管理處)	1,000,000.00	1,000,000.00	100.00	Expected to be uncollectible
Beijing Mechanical Construction Company*(北京機械施工公司)	500,000.00	500,000.00	100.00	Expected to be uncollectible
Pension for Employees of Tertiary Industry Enterprises*(三產職工養老金)	591,102.60	591,102.60	100.00	Expected to be uncollectible
Supplementary Savings Pension for Employees of Tertiary Industry Enterprises*(三產職工補充儲蓄養老金)	346,490.11	346,490.11	100.00	Expected to be uncollectible
Administrative Service Center of Shanghai Municipal Commission of Housing and Urban-Rural Development*(上海市城鄉建設和管理委員會行政服務中心)	20,000.00	20,000.00	100.00	Expected to be uncollectible
Preliminary Design and Construction Drawing Design for Expansion of Auxiliary Production Facilities at Xiaohang Vehicle Base of Nanjing Metro*(南京地鐵肖行車輛基地擴建生產輔助設施初步設計施工圖設計)	20,000.00	20,000.00	100.00	Expected to be uncollectible
Jinan Construction Engineering Transaction Center*(濟南建設工程交易中心)	100,000.00	100,000.00	100.00	Expected to be uncollectible
Hangzhou Dongsheng Real Estate Co., Ltd.*(杭州東勝置業有限公司)	10,000.00	10,000.00	100.00	Expected to be uncollectible
Shandong Zhongchengxin Engineering Consulting Co., Ltd.*(山東忠誠信工程諮詢有限公司)	200,000.00	200,000.00	100.00	Expected to be uncollectible

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XVI. NOTES TO KEY ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

Note 2. Other receivables (continued)

(2) Other receivables (continued)

3. Disclosure based on classification of provision method for bad debts (continued)

Provision for bad debts on a collective basis

Name	Carrying Balance	Closing balance		Reason for provision
		Provision for bad debts	Proportion of provision (%)	
Jiangsu Transportation Engineering Investment Consulting Co., Ltd. Zhejiang Branch*(江蘇交通工程投資諮詢有限公司浙江分公司)	100,000.00	100,000.00	100.00	Expected to be uncollectible
Beijing Shusheng Engineering Cost Consulting Co., Ltd.*(北京數聖工程造價諮詢有限公司)	20,000.00	20,000.00	100.00	Expected to be uncollectible
Dalian Hanlin Project Management Consulting Co., Ltd.*(大連瀚霖項目管理諮詢有限公司)	16,000.00	16,000.00	100.00	Expected to be uncollectible
Hefei Municipal Government Procurement Center*(合肥市政府採購中心)	300,000.00	300,000.00	100.00	Expected to be uncollectible
Lanzhou Rail Transit Co., Ltd.*(蘭州市軌道交通有限公司)	491,000.00	491,000.00	100.00	Expected to be uncollectible
Renqiu Municipal Financial Payment Center*(任丘市財政支付中心)	20,000.00	20,000.00	100.00	Expected to be uncollectible
Chengdu Financial City Investment and Development Co., Ltd.*(成都金融城投資發展有限責任公司)	106,400.00	106,400.00	100.00	Expected to be uncollectible
Qian'an Haian Investment Co., Ltd.*(遷安市海安投資有限公司)	100,000.00	100,000.00	100.00	Expected to be uncollectible
China Railway Design Group Co., Ltd.*(中國鐵路設計集團有限公司)	1,022,000.00	1,022,000.00	100.00	Expected to be uncollectible
Sino-Thai International High-Tech Co., Ltd.*(中泰國際高新技術有限公司)	239,539.85	239,539.85	100.00	Expected to be uncollectible
Huangshan Press Group Co., Ltd.*(黃山報業集團有限公司)	50,000.00	50,000.00	100.00	Expected to be uncollectible
Others	1,790,416.55	1,790,416.55	100.00	Expected to be uncollectible
Total	9,961,547.01	9,961,547.01	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XVI. NOTES TO KEY ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

Note 2. Other receivables (continued)

(2) Other receivables (continued)

3. Disclosure based on classification of provision method for bad debts (continued)

Provision for bad debts on a collective basis (continued)

(1) Aging portfolio

Aging portfolio	Carrying Balance	Closing balance Provision for bad debts	Proportion of provision (%)
Within 6 months	640,202,268.75	12,543.66	0.00
6 months to 1 year	9,265,803.94	361,934.82	3.91
1 to 2 years	5,381,638.98	501,066.43	9.31
2 to 3 years	1,410,168.06	233,622.73	16.57
3 to 4 years	1,419,949.65	305,984.90	21.55
4 to 5 years	827,000.00	495,600.00	59.93
Over 5 years	7,624,238.96	7,392,609.74	96.96
Total	666,131,068.34	9,303,362.28	—

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XVI. NOTES TO KEY ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

Note 2. Other receivables (continued)

(2) Other receivables (continued)

3. Disclosure based on classification of provision method for bad debts (continued)

Provision for bad debts made under the general model of expected credit losses

Provision for bad debts	Stage one Future 12-months ECL	Stage two Lifetime ECL (not credit impaired)	Stage three Lifetime ECL (credit impaired)	Total
Opening balance	6,711,559.37	1,714,511.47	11,959,607.16	20,385,678.00
Opening balance during the current period which:	-	-	-	-
– transferred to stage two				
– transferred to stage three		-329,539.85	329,539.85	
– reversed to stage two				
– reversed to stage one				
Provision in the current period	-1,668,987.56	2,546,279.00	-1,998,060.15	-1,120,768.71
Reversal in the current period	-	-	-	-
Charge-off in the current period				
Written-off in the current period				
Other changes				
Closing balance	5,042,571.81	4,260,790.47	9,961,547.01	19,264,909.29

4. Provision for bad debts provided, recovered or reversed during the current period

Category	Opening balance	Provision	Amount changed during the period			Closing balance
			Recovered or reversed	Charge-off or written off	Other changes	
Provision for bad debts						
on an individual basis	11,959,607.16	-1,998,060.15				9,961,547.01
Provision for bad debts						
on a collective basis	8,426,070.84	877,291.44				9,303,362.28
Total	20,385,678.00	-1,120,768.71				19,264,909.29

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XVI. NOTES TO KEY ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

Note 2. Other receivables (continued)

(2) Other receivables (continued)

5. Other receivables aggregated by debtor for the top five balances as at the end of the period

Name	Nature of the amount	Closing balance	Aging	Percentage to the closing balance of other receivables (%)	Closing balance of provision for bad debts
Beijing Uni-Construction Group Co., Ltd. (北京住總集團有限公司)	Current accounts	8,115,885.82	Within 6 months	1.20	
Hengtai Property (恒泰物業)	Deposits	2,772,597.90	Over 6 years	0.41	2,772,597.90
Guangzhou Metro Group Co., Ltd. (廣州地鐵集團有限公司)	Current accounts with external entities	2,315,909.00	7 to 12 months	0.34	115,795.45
Beijing Zhonglian Huida Investment Management Co., Ltd. (北京中聯匯達投資管理有限公司)	Deposits and guarantee	1,961,455.80	Over 6 years	0.29	1,361,515.39
Nanning Rail Transit Group Co., Ltd. (南寧軌道交通集團有限責任公司)	Deposits and guarantee	1,500,000.00	1 to 2 years	0.22	139,500.00
Total	—	16,665,848.52	—	2.47	4,389,408.74

Note 3. Long-term equity investments

Nature of the amount	Carrying balance	Closing balance Impairment provision	Carrying amount	Carrying balance	Opening balance Impairment provision	Carrying amount
Investments in subsidiaries	2,184,591,506.90		2,184,591,506.90	2,168,120,306.90		2,168,120,306.90
Investments in associates	879,569,732.88		879,569,732.88	2,121,178,485.26		2,121,178,485.26
Investments in joint ventures	2,165,073,973.97		2,165,073,973.97	847,950,549.21		847,950,549.21
Total	5,229,235,213.75		5,229,235,213.75	5,137,249,341.37		5,137,249,341.37

XVI. NOTES TO KEY ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

Note 3. Long-term equity investments (continued)

1. Investment in subsidiaries

Investee	Initial investment cost	Opening balance (Carrying amount)	Opening balance of impairment provision	Changes for the period			Closing balance of impairment provision
				Increase during the period	Decrease during the period	Impairment provision during the period	
Beijing Urban Construction Exploration & Surveying Design Research Institute Co., Ltd. (北京城建勘测设计研究院有限责任公司)	31,914,275.11	31,914,275.11					31,914,275.11
Beijing Huan'an Engineering Inspection Co., Ltd. (北京环安工程检测有限责任公司)	1,000,000.00	1,000,000.00					1,000,000.00
China Metro Engineering Consulting Co., Ltd. (中国地铁工程咨询有限公司)	7,500,000.00	7,500,000.00					7,500,000.00
Beijing Guancheng Technology Development Co., Ltd. (北京冠城科技发展有限公司)	500,000.00	500,000.00					500,000.00
Beijing Urban Construction Xinjie Consulting Co., Ltd. (北京城建信捷轨道交通工程咨询有限公司)	6,611,032.54	6,611,032.54					6,611,032.54
Rail Transit Energy Conservation Beijing Engineering Research Center Co., Ltd. (轨道交通节能北京市工程研究中心有限公司)	9,593,830.15	9,593,830.15					9,593,830.15
Beijing Urban Rail Transit Construction Engineering Co., Ltd. (北京城建轨道交通建设工程有限公司)	30,000,000.00	30,000,000.00					30,000,000.00
Anhui Jingjian Capital Construction Investment Co., Ltd. (安徽京建投资建设有限公司)	440,000,000.00	440,000,000.00					440,000,000.00

XVI. NOTES TO KEY ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

Note 3. Long-term equity investments (continued)

1. Investment in subsidiaries (continued)

Investee	Initial investment cost	Opening balance (Carrying amount)	Opening balance of impairment provision	Changes for the period			Closing balance (Carrying amount)	Closing balance of impairment provision
				Increase during the period	Decrease during the period	Impairment provision during the period		
Beijing Urban Construction Design (Hong Kong) Co., Ltd. (北京城建設(香港)有限公司)	2,365,830.00	2,365,830.00					2,365,830.00	
Beijing Urban Infrastructure Construction Investment Management Co., Ltd. (北京城建設基礎設施投資管理有限公司)	100,000,000.00	100,000,000.00					100,000,000.00	
Guizhou Jingjian Capital Construction Investment Co., Ltd. (貴州京建投資建設有限公司)	270,000,000.00	270,000,000.00					270,000,000.00	
Yunnan Jingjian Capital Construction Investment Co., Ltd. (雲南京建投資建設有限公司)	348,282,000.00	348,282,000.00					348,282,000.00	
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)	300,000,000.00	300,000,000.00					300,000,000.00	
Beijing Jingjian Shuncheng Construction Investment Co., Ltd. (北京建順城建設投資有限公司)	66,315,789.48	66,315,789.48					66,315,789.48	
Beijing Anjie Engineering Consultants Co., Ltd. (北京安捷工程諮詢有限公司)	1,500,000.00	5,105,611.31					5,105,611.31	
Huangshan Jingjian Capital Construction Investment Co., Ltd. (黃山京建投資建設有限公司)	354,000,000.00	354,000,000.00					354,000,000.00	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XVI. NOTES TO KEY ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

Note 3. Long-term equity investments (continued)

1. Investment in subsidiaries (continued)

Investee	Initial investment cost	Opening balance (Carrying amount)	Opening balance of impairment provision	Changes for the period			Closing balance of impairment provision
				Increase during the period	Decrease during the period	Impairment provision during the period	
Beijing Rail Transit Design and Research Institute Co., Ltd. (北京市轨道交通設計研究院有限公司)	12,377,094.44	12,377,094.44					12,377,094.44
Hunan Jingjian Capital Construction Investment Co., Ltd. (湖南京建投資建設有限公司)	104,973,200.00	104,973,200.00					104,973,200.00
Beijing Yaocheng Technology Development Co., Ltd. (北京耀城科技發展有限公司)	10,000,000.00	10,000,000.00					10,000,000.00
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)	63,892,794.87	63,892,794.87					63,892,794.87
Tianjin Anqiju Construction Technology Co., Ltd. (天津安居建築科技有限公司)	3,528,849.00	3,528,849.00		16,471,200.00			20,000,049.00
Beijing Zhuyuan Engineering Consulting Co., Ltd. (北京住源工程諮詢有限公司)	250,000.00	250,000.00					250,000.00
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)							
Total	2,164,514,695.59	2,168,120,306.90		16,471,200.00			2,184,591,506.90

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XVI. NOTES TO KEY ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

Note 3. Long-term equity investments (continued)

2. Investment in associates and joint ventures

Investee	Opening balance (Carrying amount)	Opening balance of impairment provision	Changes for the period		Investment gains or losses recognized under the equity method	Adjustments to other comprehensive income
			Additional investment	Reduction in investment		
I. Joint ventures						
Zhengzhou Rail Transit Design and Research Institute Co., Ltd. (鄭州市軌道交通設計研究院有限公司)	13,942,171.65				1,369,246.97	
Beijing Shengtong Real Estate Development Co., Ltd. (北京晟通置業發展有限公司)	35,127,265.78				-410,603.97	
Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd. (雲南建軌道交通投資建設有限公司)	2,061,713,373.02				43,402,249.91	
Huangshan Region Travel Metro Investment Development Co., Ltd. (黃山市市域旅遊鐵路投資發展 有限公司)	10,395,674.81				24,595.80	
Sub-total	2,121,178,485.26				44,385,488.71	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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(Unless otherwise stated, all amounts are denominated in RMB)

XVI. NOTES TO KEY ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

Note 3. Long-term equity investments (continued)

2. Investment in associates and joint ventures (continued)

Investee	Opening balance (Carrying amount)	Opening balance of impairment provision	Changes for the period		Investment gains or losses recognized under the equity method	Adjustments to other comprehensive income
			Additional investment	Reduction in investment		
II. Associates						
Beijing Shunjie Intelligent Graphic Design and Production Co., Ltd. (北京順捷智慧圖文設計製作有限公司)	2,182,370.14				133,095.00	
Huangshan Eastern Development and Investment Co., Ltd. (黃山東部開發投資有限公司)	1,363,358.90				-9,179.89	
Urban Rail Innovation Network Center Co., Ltd. (城軌創新網絡中心有限公司)	13,364,143.51				-330,896.46	
Beijing Chengmei Xiangju Cultural Tourism Development Co., Ltd. (北京乘美鄉居文化旅遊發展有限公司)	2,867,813.41				-203,675.83	
Chongqing West Express Line Construction Operation Co., LTD (重慶市渝西快線建設運營有限公司)	809,752,318.15				34,853,182.64	
Guangxi Xinghe Intelligent Technology Co., Ltd. (廣西星河智能科技有限公司)	1,080,733.13				329,164.03	
Wenzhou Happy Rail Transit Intelligent Technology Co., Ltd. (溫州幸福軌道數智科技有限公司)	809,248.71				38,519.11	
Zhejiang Jinghang Green Energy Technology Co., Ltd. (浙江京杭綠能科技股份有限公司)	3,163,246.62				-1,371,067.52	
Hunan Railway Planning, Design and Research Institute Co., Ltd. (湖南省鐵路規劃設計研究院有限公司)	13,367,316.64				-2,088,315.21	
Sub-total	847,950,549.21				31,350,825.87	
Total	2,969,129,034.47				75,736,314.58	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XVI. NOTES TO KEY ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

Note 3. Long-term equity investments (continued)

2. *Investment in associates and joint ventures (continued)*
Continued:

Investee	Other changes in equity	Changes for the period		Closing balance Other	Closing balance (Carrying amount)	Closing balance of impairment provision
		Cash dividends or profits declared	Impairment provision			
I. Joint ventures						
Zhengzhou Rail Transit Design and Research Institute Co., Ltd. (鄭州市軌道交通設計研究院有限公司)		-490,000.00			14,821,418.62	
Beijing Shengtong Real Estate Development Co., Ltd. (北京晟通置業發展有限公司)					34,716,661.81	
Yunnan Jingjian Rail Transit Investment and Construction Co., Ltd. (雲南京建軌道交通投資建設有限公司)					2,105,115,622.93	
Huangshan Region Travel Metro Investment Development Co., Ltd. (黃山市市域旅遊鐵路投資發展 有限公司)					10,420,270.61	
Sub-total		-490,000.00			2,165,073,973.97	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XVI. NOTES TO KEY ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

Note 3. Long-term equity investments (continued)

2. Investment in associates and joint ventures (continued)

Continued:

Investee	Other changes in equity	Changes for the period		Closing balance Other (Carrying amount)	Closing balance of impairment provision
		Cash dividends or profits declared	Impairment provision		
II. Associates					
Beijing Shunjie Intelligent Graphic Design and Production Co., Ltd. (北京順捷智慧圖文設計製作有限公司)		-26,000.00		2,289,465.14	
Huangshan Eastern Development and Investment Co., Ltd. (黃山東部開發投資有限公司)				1,354,179.01	
Urban Rail Innovation Network Center Co., Ltd. (城軌創新網絡中心有限公司)				13,033,247.05	
Beijing Chengmei Xiangju Cultural Tourism Development Co., Ltd. (北京乘美鄉居文化旅遊發展有限公司)				2,664,137.58	
Chongqing West Express Line Construction Operation Co., LTD (重慶市渝西快線建設運營有限公司)				844,605,500.79	
Guangxi Xinghe Intelligent Technology Co., Ltd. (廣西星河智能科技有限公司)	294,357.80			1,704,254.96	
Wenzhou Happy Rail Transit Intelligent Technology Co., Ltd. (溫州幸福軌道數智科技有限公司)				847,767.82	
Zhejiang Jinghang Green Energy Technology Co., Ltd. (浙江京杭綠能科技股份有限公司)				1,792,179.10	
Hunan Railway Planning, Design and Research Institute Co., Ltd. (湖南省鐵路規劃設計研究院有限公司)				11,279,001.43	
Sub-total	294,357.80	-26,000.00		879,569,732.88	
Total	294,357.80	-516,000.00		3,044,643,706.85	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XVI. NOTES TO KEY ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

Note 4. Operating income and operating cost

1. Operating income and operating cost

Items	Amount incurred for the period		Amount incurred for the prior period	
	Revenue	Cost	Revenue	Cost
Design, survey and consultancy	2,308,043,979.41	1,622,117,336.11	2,631,675,933.38	1,903,150,188.17
Construction contracting	866,095,583.73	828,127,245.22	1,982,468,839.94	1,916,868,376.84
Total	3,174,139,563.14	2,450,244,581.33	4,614,144,773.32	3,820,018,565.01

Note 5. Investment income

Items	Amount incurred for the period	Amount incurred for the prior period
Income from long-term equity investment accounted for using the equity method	75,736,314.58	37,215,867.02
Income from long-term equity investment accounted for using the cost method	79,980,198.30	59,718,072.75
Investment income from holding investment in other equity instruments		4,182,474.83
Total	155,716,512.88	101,116,414.60

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XVI. NOTES TO KEY ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

Note 6. Supplementary information for statement of cash flows

Items of supplementary information for statement of cash flows	Amount incurred for the period	Amount incurred for the prior period
1. Adjustment of net profit to cash flow of operating activities		
Net profit	315,289,451.88	284,064,423.37
Add: Asset impairment provisions	112,228,342.60	83,421,857.88
Credit impairment losses	-27,340,302.40	45,483,560.08
Depreciation of fixed assets, fuel and gas assets and biological assets	62,996,892.64	70,173,572.81
Depreciation of right-of-use assets	49,820,289.77	60,710,384.37
Amortisation of intangible assets	8,271,769.40	8,863,145.00
Amortisation of long-term expenses to be amortised	24,088,345.30	14,117,713.50
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain is represented by "-")	-2,659,764.30	-1,071,618.48
Loss on scrapped fixed assets (gain is represented by "-")	-207,854.81	
Loss on change in fair value (gain is represented by "-")		
Finance costs (gain is represented by "-")	59,232,209.17	66,557,165.22
Investment loss (gain is represented by "-")	-155,716,512.88	-101,116,414.60
Decrease in deferred income tax assets (increase is represented by "-")	-26,234,362.82	-25,026,560.83
Increase in deferred income tax liabilities (decrease is represented by "-")	-4,367,025.31	-2,541,958.52
Decrease in inventories (increase is represented by "-")	24,046,821.37	-9,792,940.17
Decrease of operating receivables (increase is represented by "-")	101,194,370.18	819,661,002.83
Increase of operating payables (decrease is represented by "-")	-802,229,227.17	-1,424,366,707.25
Other		
Net cash flows from operating activities	-261,586,557.38	-110,863,374.79

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XVI. NOTES TO KEY ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

Note 6. Supplementary information for statement of cash flows (continued)

Items of supplementary information for statement of cash flows	Amount incurred for the period	Amount incurred for the prior period
2. Significant investing and financing activities that do not involve cash receipts and payments		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Right-of-use asset increased in the period		
3. Net movement in cash and cash equivalents		
Cash at the end of the period	1,058,756,005.38	1,543,309,230.74
Less: cash at the beginning of period	1,543,309,230.74	2,071,023,848.65
Add: cash equivalents at end of the period		
Less: cash equivalents at beginning of the period		
Net increase in cash and cash equivalents	-484,553,225.36	-527,714,617.91

1. The composition of cash and cash equivalents

Items	Closing balance	Opening balance
I. Cash	1,058,756,005.38	1,543,309,230.74
Of which: Cash on hand	370.07	58,524.55
Bank deposit available for payment at any time	1,058,755,635.31	1,543,250,706.19
Other monetary funds available for payment at any time		
II. Cash equivalents		
Of which: Bond investment due in three months		
III. Cash and cash equivalents at the end of the period	1,058,756,005.38	1,543,309,230.74
Of which: Restricted cash and cash equivalents used by the parent or subsidiaries within the group		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XVII. SUPPLEMENTARY INFORMATION

(1) Non-recurring profit or loss

1. Breakdown of non-recurring profit or loss for the current period

Item	Amount	Explanation
Gain or loss on disposal of non-current assets, including write-back of asset impairment provisions	2,786,052.51	
Government grants recognised in profit or loss for the current period, excluding government grants that are closely related to the Company's normal operating business, comply with national policy provisions, are enjoyed according to determined standards, and have a continuing impact on the Company's profit or loss	50,000.00	
Gains or losses from changes in fair value of financial assets and financial liabilities held by non-financial enterprises and gains or losses from disposal of financial assets and financial liabilities, excluding effective hedging business related to the Company's normal operating business	5,526,000.00	
Capital occupation fees charged to non-financial enterprises recognised in profit or loss for the current period		
Gains or losses from entrusting others to invest or manage assets		
Gains or losses from entrusted loans		
Asset losses caused by force majeure factors, such as natural disasters		
Reversal of impairment provisions for receivables tested for impairment individually		
Gains arising from the investment cost of acquiring subsidiaries, associates and joint ventures being less than the fair value of the identifiable net assets of the investee at the time of acquisition		
Current net profit or loss of subsidiaries from the beginning of the period to the merger date under common control business combinations		
Gains or losses from non-monetary asset exchanges		
Gains or losses from debt restructuring		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XVII. SUPPLEMENTARY INFORMATION (CONTINUED)

(1) Non-recurring profit or loss (continued)

1. Breakdown of non-recurring profit or loss for the current period (continued)

Item	Amount	Explanation
One-time expenses incurred by enterprises due to the discontinuation of related operating activities, such as expenses for employee resettlement		
One-time impact on current profit or loss due to adjustments in tax, accounting and other laws and regulations		
Share-based payment expenses recognised on a one-time basis due to cancellation or modification of equity incentive plans		
For cash-settled share-based payments, gains or losses arising from changes in the fair value of employee compensation payable after the vesting date		
Gains or losses from changes in fair value of investment properties subsequently measured using the fair value model		
Gains from transactions with obviously unfair transaction prices		
Gains or losses from contingencies unrelated to the Company's normal operating business		
Trusteeship fee income from entrusted operations		
Other non-operating income and expenses other than the above items	-4,849,895.46	
Other profit or loss items that meet the definition of non-recurring profit or loss	188,679.25	
Subtotal	3,700,836.30	
Less: Income tax impact	1,143,750.81	
Less: Impact on minority shareholders' interests (after tax)	157,543.29	
Net non-recurring profit or loss attributable to owners of the parent company	2,399,542.20	
Net profit attributable to owners of the parent company	515,193,735.86	
Total net profit attributable to owners of the parent company after deducting non-recurring profit or loss	512,794,193.66	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XVII. SUPPLEMENTARY INFORMATION (CONTINUED)

(2) Return on Net assets and Earnings per Share

Profit during the Reporting Period	Weighted average return on equity (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	6.48	0.38	0.38
Net profit after deducting non-recurring profit or loss attributable to ordinary shareholders of the Company	6.45	0.38	0.38

XVIII. FIRST-TIME ADOPTION ADJUSTMENTS FOR CONVERSION FROM HONG KONG FINANCIAL REPORTING STANDARDS TO CHINA ACCOUNTING STANDARDS

Since the Group will adopt China Accounting Standards for Business Enterprises for the preparation of financial accounting reports starting from the annual report for the year ended 31 December 2025 and this financial accounting report has been prepared in accordance with China Accounting Standards for Business Enterprises, the adjustment matters for differences arising from the conversion from Hong Kong Financial Reporting Standards to China Accounting Standards for Business Enterprises on the First Application Date are as follows:

First, impact of safety production expenses provision: According to the PRC Measures for the Extraction and Use of Enterprise Safety Expenses (Caizi [2022] No. 136) 《(企業安全費用提取和使用管理辦法》財資[2022]136號)》 and Interpretation No. 3 of Accounting Standards for Business Enterprises 《(企業會計準則解釋第 3 號)》, enterprises directly engaged in construction engineering within the People's Republic of China shall include safety production expenses extracted according to prescribed standards in the cost of related products or current profit or loss, while recording them in the "special reserve" account. Under International Financial Reporting Standards, safety production expenses are extracted through after-tax profit distribution, reducing undistributed profit upon extraction, with actual usage charged to current profit or loss. In the consolidated statement of changes in equity contained in the annual results announcement for the year ended 31 December 2024 published by the Group on 26 March 2025, the amount transferred back to net profit from safety reserve for the twelve months ended 31 December 2024 was RMB5,183,698.81, with other differences being tail adjustments from converting amounts to thousands of yuan. The amount transferred back to net profit from safety reserve for January to December 2025 was RMB11,421,140.34.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XVIII. FIRST-TIME ADOPTION ADJUSTMENTS FOR CONVERSION FROM HONG KONG FINANCIAL REPORTING STANDARDS TO CHINA ACCOUNTING STANDARDS (CONTINUED)

Second, impact of aggregation of business taxes and surcharges: China Accounting Standards for Business Enterprises requires that taxes related to production and operation be separately presented in the “business taxes and surcharges” line item. Under International Financial Reporting Standards, such taxes are not separately presented but are used to offset “operating revenue” or reclassified to “administrative expenses”. In the revenue contained in the annual results announcement for the year ended 31 December 2024 published by the Group on 26 March 2025 “business taxes and surcharges” offsetting operating revenue amounted to RMB13,859,090.41, with other differences being tail adjustments from converting amounts to thousands of yuan. “Business taxes and surcharges” offsetting operating revenue for January to December 2025 amounted to RMB21,025,215.17.

Therefore, the above adjustments involved in the conversion of accounting standards do not affect the Group’s net assets.

The adjustment amounts for differences in comparative statement revenue, net profit and net assets arising from the conversion from Hong Kong Financial Reporting Standards to China Accounting Standards for Business Enterprises are as follows:

1. Current Period Amounts

	Jan-Dec 2025 Revenue	Jan-Dec 2025 Net profit	Jan-Dec 2025 Net assets
In accordance with Hong Kong Financial Reporting Standards	7,506,281,288.45	547,137,310.63	8,217,670,683.38
Items and amounts adjusted in accordance with China Accounting Standards for Business Enterprises:			
Operating costs		-11,421,140.34	
Items and amounts adjusted in accordance with China Accounting Standards for Business Enterprises:			
Taxes and surcharges	21,025,215.17		
In accordance with China Accounting Standards for Business Enterprises	7,527,306,503.62	535,716,170.29	8,217,670,683.38

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year 2025

(Unless otherwise stated, all amounts are denominated in RMB)

XVIII. FIRST-TIME ADOPTION ADJUSTMENTS FOR CONVERSION FROM HONG KONG FINANCIAL REPORTING STANDARDS TO CHINA ACCOUNTING STANDARDS (CONTINUED)**2. Prior Period Amounts**

	Jan-Dec 2024 Revenue	Jan-Dec 2024 Net profit	Jan-Dec 2024 Net assets
In accordance with Hong Kong Financial Reporting Standards	8,657,832,165.72	533,468,557.10	7,933,404,542.65
Items and amounts adjusted in accordance with China Accounting Standards for Business Enterprises:			
Operating costs		-5,183,698.81	
Items and amounts adjusted in accordance with China Accounting Standards for Business Enterprises:			
Taxes and surcharges	13,859,090.41		
In accordance with China Accounting Standards for Business Enterprises	8,671,691,256.13	528,284,858.29	7,933,404,542.65