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北京城建设计发展集团股份有限公司
BEIJING URBAN CONSTRUCTION DESIGN & DEVELOPMENT GROUP CO., LIMITED

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

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

(Stock Code: 1599)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

The board of directors (the “**Board**”) of Beijing Urban Construction Design & Development Group Co., Limited (the “**Company**”) is pleased to announce the audited results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2020 (“**2020**” or the “**Reporting Period**”) in conjunction with the comparative financial data of the previous year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2020

	<i>Notes</i>	2020 RMB'000	2019 <i>RMB'000</i>
REVENUE	4	9,984,891	8,414,039
Cost of sales	6	<u>(8,088,364)</u>	<u>(6,734,842)</u>
Gross profit		1,896,527	1,679,197
Other income and gains	4	404,664	382,919
Selling and distribution expenses		(78,777)	(73,149)
Administrative expenses		(843,741)	(827,541)
Impairment losses on financial and contract assets, net		(289,041)	(175,636)
Other expenses		(16,773)	(1,744)
Finance costs	5	(245,956)	(232,058)
Share of profits and losses of:			
Joint ventures		87,170	14,700
Associates		<u>315</u>	<u>3,232</u>
PROFIT BEFORE TAX	6	914,388	769,920
Income tax expense	7	<u>(106,836)</u>	<u>(104,344)</u>
PROFIT FOR THE YEAR		807,552	665,576
Profit attributable to:			
Owners of the parent		786,535	658,085
Non-controlling interests		<u>21,017</u>	<u>7,491</u>
		<u>807,552</u>	<u>665,576</u>

	Notes	2020 RMB'000	2019 RMB'000
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Exchange differences on translation of foreign operations		<u>435</u>	<u>(147)</u>
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Changes in fair value of equity investments designated at fair value through other comprehensive income		(450)	5,738
Remeasurement gains/(losses) on defined benefit plans, net of tax		<u>4,370</u>	<u>(620)</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax		<u>3,920</u>	<u>5,118</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX			
		<u>4,355</u>	<u>4,971</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
		<u><u>811,907</u></u>	<u><u>670,547</u></u>
Attributable to:			
Owners of the parent		790,890	663,056
Non-controlling interests		<u>21,017</u>	<u>7,491</u>
		<u><u>811,907</u></u>	<u><u>670,547</u></u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (expressed in RMB per share)	9	<u><u>0.58</u></u>	<u><u>0.49</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*31 December 2020*

		31 December 2020	31 December
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		827,745	642,892
Goodwill		5,741	–
Right-of-use assets		451,698	476,073
Intangible assets		405,552	102,215
Investments in joint ventures		1,640,923	1,066,393
Investments in associates		66,245	75,642
Financial assets at fair value through profit or loss		274,000	134,640
Equity investments designated at fair value through other comprehensive income		15,701	17,452
Deferred tax assets		241,944	181,725
Financial receivables		4,182,296	2,692,290
Contract assets		984,425	2,159,424
Prepayments, other receivables and other assets		271,604	237,172
		<hr/>	<hr/>
Total non-current assets		9,367,874	7,785,918
CURRENT ASSETS			
Inventories		144,693	116,223
Trade and bills receivables	10	4,245,437	4,768,740
Prepayments, other receivables and other assets		556,795	1,010,712
Contract assets		2,375,617	2,370,703
Financial receivables		795,921	498,737
Pledged deposits	11	39,181	22,879
Cash and bank balances	11	3,533,993	3,884,935
		<hr/>	<hr/>
Total current assets		11,691,637	12,672,929
CURRENT LIABILITIES			
Trade and bills payables	12	4,512,247	3,988,972
Other payables and accruals		4,699,552	5,734,357
Interest-bearing bank and other borrowings		558,553	576,354
Provisions for supplementary retirement benefits		3,600	3,750
Tax payable		48,360	22,884
Provision		4,357	4,812
		<hr/>	<hr/>
Total current liabilities		9,826,669	10,331,129
NET CURRENT ASSETS			
		1,864,968	2,341,800
TOTAL ASSETS LESS CURRENT LIABILITIES			
		11,232,842	10,127,718

		31 December 2020	31 December 2019
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		16,435	12,294
Interest-bearing bank and other borrowings		4,971,816	4,578,869
Provisions for supplementary retirement benefits		63,475	67,055
Other payables and accruals		366,839	320,746
Provision		66,204	51,869
		<u>5,484,769</u>	<u>5,030,833</u>
Total non-current liabilities		<u>5,484,769</u>	<u>5,030,833</u>
Net assets		<u>5,748,073</u>	<u>5,096,885</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital	13	1,348,670	1,348,670
Reserves		4,101,440	3,483,614
		<u>5,450,110</u>	<u>4,832,284</u>
Non-controlling interests		<u>297,963</u>	<u>264,601</u>
Total equity		<u>5,748,073</u>	<u>5,096,885</u>

Wang Hanjun
Director

Li Guoqing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

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

Attributable to owners of the parent

	Share capital <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Fair value reserve of financial assets at fair value through other comprehensive income <i>RMB'000</i>	Special reserve <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i>	Exchange fluctuation reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
At 31 December 2018 and 1 January 2019	1,348,670	735,116	-	-	249,379	5	1,984,681	4,317,851	265,254	4,583,105
Profit for the year	-	-	-	-	-	-	658,085	658,085	7,491	665,576
Other comprehensive income for the year:										
Remeasurement losses on defined benefit plans, net of tax	-	(620)	-	-	-	-	-	(620)	-	(620)
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	5,738	-	-	-	-	5,738	-	5,738
Exchange differences on translation of foreign operations	-	-	-	-	-	(147)	-	(147)	-	(147)
Total comprehensive income for the year	-	(620)	5,738	-	-	(147)	658,085	663,056	7,491	670,547
Final 2018 dividend declared	-	-	-	-	-	-	(148,623)	(148,623)	-	(148,623)
Dividend declared to non-controlling shareholders	-	-	-	-	-	-	-	-	(8,144)	(8,144)
Appropriation to statutory surplus reserve	-	-	-	-	65,612	-	(65,612)	-	-	-
Transfer to special reserve (note (i))	-	-	-	91,275	-	-	(91,275)	-	-	-
Utilisation of special reserve (note (i))	-	-	-	(91,275)	-	-	91,275	-	-	-
At 31 December 2019	<u>1,348,670</u>	<u>734,496*</u>	<u>5,738*</u>	<u>-*</u>	<u>314,991*</u>	<u>(142)*</u>	<u>2,428,531*</u>	<u>4,832,284</u>	<u>264,601</u>	<u>5,096,885</u>

* The reserve accounts comprise the consolidated reserves of RMB4,101,440,000 (31 December 2019: RMB3,483,614,000) in the consolidated statement of financial position as at 31 December 2020.

Note:

- (i) In preparation of these consolidated financial statements, the Group has appropriated certain amounts of retained profits to a special reserve fund for each of the years ended 31 December 2019 and 2020 respectively, for safety production expense purposes as required by directives issued by the relevant People's Republic of China ("PRC") government authorities. The Group charged the safety production expenses to profit or loss when such expenses were incurred, and at the same time, the corresponding amounts of special reserve fund were utilised and transferred back to retained profits until such special reserve was fully utilised.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		914,388	769,920
Adjustments for:			
Finance costs	5	245,956	232,058
Foreign exchange differences, net	6	14,833	(7,773)
Interest income	4	(372,662)	(343,134)
Fair value gains of financial assets at fair value through profit or loss	4	(3,190)	–
Gains on disposal of financial assets at fair value through profit or loss	4	–	(2,198)
Share of profits of associates and joint ventures		(87,485)	(17,932)
Gain on remeasurement of the previously held interest in an acquiree at its acquisition date in a step acquisition of a subsidiary	4	(12,881)	–
Depreciation of right-of-use assets	6	111,451	97,127
Depreciation of items of property, plant and equipment	6	50,465	74,394
Amortisation of intangible assets	6	7,541	2,715
Impairment of trade and bills receivables, net	6	208,611	126,053
Impairment/(reversal of impairment) of financial receivables, net	6	1,791	(18)
Impairment of other receivables, net	6	755	6,103
Impairment of contract assets, net	6	77,884	43,498
Provision/(reversal of provision) for foreseeable losses on contracts, net	6	1,996	(3,492)
Losses on disposal of items of property, plant and equipment and right-of-use assets, net	6	1,940	2
		1,161,393	977,323
Increase in inventories		(28,450)	(16,276)
Decrease/(increase) in contract assets		1,104,172	(783,585)
Decrease/(increase) in trade and bills receivables		316,064	(1,640,272)
Decrease/(increase) in prepayments, other receivables and other assets		632,606	(3,213)
(Increase)/decrease in financial receivables		(1,081,537)	171,283
Increase in pledged deposits		(10,312)	–
(Decrease)/increase in trade and bills payables		(189,353)	955,577
(Decrease)/increase in other payables and accruals		(1,086,457)	1,898,346
Increase/(decrease) in provision		11,884	(5,996)
Increase in provisions for supplementary retirement benefits		790	599
Cash flows from operations		830,800	1,553,786
Interest received		44,806	33,736
Income tax paid		(140,618)	(166,952)
Net cash flows from operating activities		734,988	1,420,570

	<i>Notes</i>	2020 RMB'000	2019 <i>RMB'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(130,719)	(168,051)
Purchases of intangible assets		(265,998)	(103,904)
Purchases of financial assets at fair value through profit or loss		(136,170)	(249,640)
Addition of investments in associates and joint ventures		(487,360)	(953,214)
Addition of equity investments designated at fair value through other comprehensive income		(1)	(1,152)
Proceeds from disposal of items of property, plant and equipment and intangible assets		2,904	1,126
Proceeds from disposal of financial assets at fair value through profit or loss		–	117,198
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		1,130	–
Purchase of non-controlling interests		(2,858)	–
Dividends received from associates and joint ventures		193	1,109
Withdrawal of borrowings to a joint venture		–	99,907
Acquisition of subsidiaries, net of cash acquired		75,440	–
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months		958	(1,000)
Increase in pledged deposits		–	(1,666)
Net cash flows used in investing activities		(942,481)	(1,259,287)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(230,920)	(233,157)
Dividend paid to shareholders		(167,609)	(145,719)
Dividend paid to non-controlling shareholders		(7,075)	(9,445)
Principal portion of lease payments		(109,285)	(91,884)
New bank and other borrowings		760,989	673,958
Repayment of bank and other borrowings		(373,491)	(368,400)
Net cash flows used in financing activities		(127,391)	(174,647)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		3,883,735	3,892,376
Effect of exchange rate changes on cash and cash equivalents		(15,101)	4,723
CASH AND CASH EQUIVALENTS AT END OF YEAR	11	<u>3,533,750</u>	<u>3,883,735</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2020

1. CORPORATE AND GROUP INFORMATION

Beijing Urban Construction Design & Development Group Co., Limited (the “**Company**”) began its operations in 1958 in the PRC as a state-owned professional survey and design institute founded specifically for the survey and design of Beijing Subway Line 1. Subsequent to a series of reorganisations, the Company was then converted into a joint stock company with limited liability and renamed as Beijing Urban Construction Design & Development Group Co., Limited (北京城建設計發展集團股份有限公司) on 28 October 2013. The Company’s H shares were issued and listed on the Main Board of the Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) in July 2014.

The registered office address of the Company is 5 Fuchengmen North Street, Xicheng District, Beijing, the PRC.

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

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

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

Information about subsidiaries

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

Company name*	Notes	Place and date of registration and place of business	Registered capital	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
Beijing Urban Construction Exploration & Surveying Design Research Institute Co., Ltd. ("北京城建勘测設計研究院有限責任公司")		The PRC/ Mainland China 3 May 1992	RMB30,000,000	100%	–	Surveying, designing and engineering exploration
Beijing Huan'an Engineering Inspection Co., Ltd. ("北京環安工程檢測有限責任公司")		The PRC/ Mainland China 18 June 2008	RMB12,000,000	100%	–	Engineering consulting, monitoring and testing
China Metro Engineering Consulting Co., Ltd. ("中國地鐵工程諮詢有限責任公司")		The PRC/ Mainland China 27 October 2006	RMB13,340,000	56.22%	–	Rail transit engineering consulting
Beijing Urban Construction Xingjie Commercial Operation Management Co., Ltd. ("北京城建興捷商業運營管理有限公司")		The PRC/ Mainland China 21 November 2011	RMB500,000	100%	–	Property management
Beijing Urban Construction Xinjie Consulting Co., Ltd. ("北京城建信捷軌道交通工程諮詢有限公司")		The PRC/ Mainland China 2 January 2004	RMB5,000,000	60%	40%	Rail transit engineering consulting
Beijing Urban Construction Zhikong Technology Co., Ltd. ("北京城建智控科技有限公司")		The PRC/ Mainland China 10 October 2014	RMB30,000,000	60%	–	Technical consulting and technical services
Beijing Urban Construction Design (Hong Kong) Co., Ltd. ("北京城建設計(香港)有限公司")		The PRC/ Hong Kong 5 January 2015	HKD3,000,000	100%	–	Advisory services
Anhui Jingjian Capital Construction Investment Co., Ltd. ("安徽京建投資建設有限公司")		The PRC/ Mainland China 12 May 2015	RMB500,000,000	88%	–	Construction project investment, construction and operation maintenance
Beijing Urban Rail Transit Construction Engineering Co., Ltd. ("北京城建軌道交通建設工程有限公司")		The PRC/ Mainland China 21 September 2015	RMB300,000,000	100%	–	Construction contracting

Company name*	Notes	Place and date of registration and place of business	Registered capital	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
Rail Transit Energy Conservation Beijing Engineering Research Center Co., Ltd. ("軌道交通節能北京市工程研究中心有限公司")		The PRC/ Mainland China 20 August 2015	RMB10,000,000	60%	–	Engineering services and development, consulting
Guizhou Jingjian Capital Construction Investment Co., Ltd. ("貴州京建投資建設有限公司")		The PRC/ Mainland China 22 June 2016	RMB360,000,000	75%	–	Construction project investment, construction and operation maintenance
Yunnan Jingjian Capital Construction Investment Co., Ltd. ("雲南京建投資建設有限公司")		The PRC/ Mainland China 28 July 2016	RMB386,980,000	90%	–	Construction project investment, construction and operation maintenance
Beijing Urban Infrastructure Construction Investment Management Co., Ltd. ("北京城建基礎設施投資管理有限公司")		The PRC/ Mainland China 19 May 2016	RMB100,000,000	100%	–	Investment management and consultancy services
Beijing Urban Construction Design Research Institute Co., Ltd. ("北京城建設計研究院有限公司")		The PRC/ Mainland China 18 July 2016	RMB30,000,000	100%	–	Construction design
Beijing Jingjian Shuncheng Construction Investment Co., Ltd. ("北京京建順城建設投資有限公司")		The PRC/ Mainland China 8 August 2017	RMB700,000,000	70%	–	Project investment and railway operation management
Beijing Anjie Engineering Consultants Co., Ltd. ("北京安捷工程諮詢有限公司")		The PRC/ Mainland China 25 January 2007	RMB5,000,000	30%	21%	Engineering services and development, consultancy services
Huangshan Jingjian Capital Construction Investment Co., Ltd. ("黃山京建投資建設有限公司")		The PRC/ Mainland China 8 August 2018	RMB100,000,000	90%	–	Construction project investment, construction and operation maintenance
Jiangsu Jingjian Capital Construction Investment Co., Ltd. ("江蘇京建投資建設有限公司")		The PRC/ Mainland China 19 September 2018	RMB50,000,000	90%	–	Construction project investment, construction and operation maintenance

Company name*	Notes	Place and date of registration and place of business	Registered capital	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
Beijing Urban Construction Design & Development Group Guangzhou Construction Co., Ltd. ("北京城建設計發展集團廣州建設有限公司")		The PRC/ Mainland China 22 November 2018	RMB10,000,000	100%	–	Construction contracting
Beijing Rail Transit Design and Research Institute Co., Ltd. ("北京市軌道交通設計研究院有限公司")	(i)	The PRC/ Mainland China 15 November 2012	RMB10,000,000	50%	–	Construction design
Hunan Jingjian Capital Construction Investment Co., Ltd. ("湖南京建投資建設有限公司")	(ii)	The PRC/ Mainland China 25 September 2020	RMB149,973,200	70%	–	Construction project investment, construction and operation maintenance

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

Notes:

- (i) From 3 January 2020, the Company controlled Beijing Rail Transit Design and Research Institute Co., Ltd.
- (ii) On 25 September 2020, Hunan Jingjian Capital Construction Investment Co., Ltd. was established by the company and Zhuzhou Public Transport Co., Ltd. ("株洲市公共交通有限責任公司"). The Company directly owned a 70% equity interest in the entity.

All the subsidiaries are limited liability companies.

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

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the “**Conceptual Framework**”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
- (b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“**RFR**”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

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

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors as a result of the covid-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the covid-19 pandemic during the year ended 31 December 2020. The amendment did not have any significant impact on the financial position and performance of the Group as the reduction in the lease payments arising from the rent concessions was not significant for the year ended 31 December 2020.

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

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has two reportable operating segments as follows:

- (a) Design, survey and consultancy – this segment engages in the provision of services on designing, surveying and mapping, monitoring and consulting services in the engineering of urban rail transit, municipal management and construction; and
- (b) Construction contracting – this segment engages in the provision of services relating to urban rail transit and the service concession arrangements under the BOT arrangements.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that unallocated interest income is excluded from such measurement.

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

Segment liabilities exclude tax payable, deferred tax liabilities and dividends payable as they are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2020

	Design, survey and consultancy <i>RMB'000</i>	Construction contracting <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue (note 4)				
Sales to external customers	3,666,892	6,317,999	–	9,984,891
Intersegment sales	19,579	–	(19,579)	–
Total revenue	<u>3,686,471</u>	<u>6,317,999</u>	<u>(19,579)</u>	<u>9,984,891</u>
Segment results	513,819	270,418	3,445	787,682
Interest income	1,088	362,848	–	363,936
Finance costs	(8,213)	(237,743)	–	(245,956)
Profit of segments for the year	506,694	395,523	3,445	905,662
Income tax expense				(106,836)
Unallocated interest income				8,726
Profit for the year				<u>807,552</u>
Segment assets	6,828,904	13,743,173	(1,536,326)	19,035,751
Corporate and other unallocated assets				2,023,760
Total assets				<u>21,059,511</u>
Segment liabilities	6,669,188	10,121,734	(1,552,396)	15,238,526
Corporate and other unallocated liabilities				72,912
Total liabilities				<u>15,311,438</u>
Other segment information				
Share of profits and losses of:				
Joint ventures	87,170	–	–	87,170
Associates	315	–	–	315
Depreciation	141,231	25,837	–	167,068
Amortisation	7,541	–	–	7,541
Provision for				
– foreseeable losses on contracts	1,994	2	–	1,996
– impairment of trade and bills receivables, financial receivables, other receivables, contract assets, net	168,488	120,553	–	289,041
Investments in joint ventures	1,640,923	–	–	1,640,923
Investments in associates	66,245	–	–	66,245
Capital expenditure*	<u>303,393</u>	<u>321,120</u>	<u>–</u>	<u>624,513</u>

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

Year ended 31 December 2019

	Design, survey and consultancy RMB'000	Construction contracting RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue (note 4)				
Sales to external customers	3,662,649	4,751,390	–	8,414,039
Intersegment sales	7,794	–	(7,794)	–
Total revenue	<u>3,670,443</u>	<u>4,751,390</u>	<u>(7,794)</u>	<u>8,414,039</u>
Segment results	533,971	123,759	(1,084)	656,646
Interest income	2,149	326,121	–	328,270
Finance costs	(10,922)	(221,136)	–	(232,058)
Gains on disposal of financial assets at fair value through profit or loss	2,198	–	–	2,198
Profit of segments for the year	527,396	228,744	(1,084)	755,056
Income tax expense				(104,344)
Unallocated interest income				14,864
Profit for the year				<u>665,576</u>
Segment assets	8,184,031	11,598,418	(1,299,711)	18,482,738
Corporate and other unallocated assets				1,976,109
Total assets				<u>20,458,847</u>
Segment liabilities	6,574,263	10,010,018	(1,257,497)	15,326,784
Corporate and other unallocated liabilities				35,178
Total liabilities				<u>15,361,962</u>
Other segment information				
Share of profits and losses of:				
Joint ventures	14,700	–	–	14,700
Associates	3,232	–	–	3,232
Depreciation	123,826	52,847	–	176,673
Amortisation	2,715	–	–	2,715
Provision for/(reversal of provision)				
– foreseeable losses on contracts	1,155	(4,647)	–	(3,492)
– impairment of trade and bills receivables, financial receivables, other receivables, contract assets, net	116,398	59,238	–	175,636
Investments in joint ventures	1,066,393	–	–	1,066,393
Investments in associates	75,642	–	–	75,642
Capital expenditure*	<u>341,537</u>	<u>172,884</u>	<u>–</u>	<u>514,421</u>

Geographical information

(a) Revenue from external customers

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
China	9,944,269	8,376,687
Other countries	40,622	37,352
	<u>9,984,891</u>	<u>8,414,039</u>

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

(b) Non-current assets

	31 December 2020 RMB'000	31 December 2019 RMB'000
	China	<u>4,631,516</u>

All the non-current assets are located in China. The non-current asset information above exclude financial assets and deferred tax assets.

Information about major customers

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

During the year ended 31 December 2019, there were two customers of the Group from which the revenue individually accounted for over 10% of the Group's total revenue.

Year ended 31 December 2020

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

Year ended 31 December 2019

	Design, survey and consultancy RMB'000	Construction contracting RMB'000	Total RMB'000
Customer A	214,032	893,618	1,107,650
Customer B	—	1,104,463	1,104,463
	<u>214,032</u>	<u>1,998,081</u>	<u>2,212,113</u>

4. REVENUE, OTHER INCOME AND GAINS

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

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
<i>Revenue from contracts with customers</i>	9,971,846	8,410,660
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases:		
Variable lease payments that do not depend on an index or a rate	4,948	943
Other lease payments, including fixed payments	8,097	2,436
	<u>13,045</u>	<u>3,379</u>
	<u>9,984,891</u>	<u>8,414,039</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Types of goods or services		
Design, survey and consultancy	3,658,795	3,660,213
Construction contracting and others	6,313,051	4,750,447
	<u>9,971,846</u>	<u>8,410,660</u>
Timing of revenue recognition		
Services transferred at a point in time	412,936	214,644
Services transferred over time	9,558,910	8,196,016
	<u>9,971,846</u>	<u>8,410,660</u>
Geographical markets		
China	9,931,224	8,373,308
Other countries	40,622	37,352
	<u>9,971,846</u>	<u>8,410,660</u>

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

For the year ended 31 December 2020

Segment	Design, survey and consultancy <i>RMB'000</i>	Construction contracting <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with customers			
External customers	3,658,795	6,313,051	9,971,846
Intersegment sales	19,579	–	19,579
	<u>3,678,374</u>	<u>6,313,051</u>	<u>9,991,425</u>
Intersegment adjustments and eliminations	(19,579)	–	(19,579)
Total revenue from contracts with customers	<u><u>3,658,795</u></u>	<u><u>6,313,051</u></u>	<u><u>9,971,846</u></u>

For the year ended 31 December 2019

Segment	Design, survey and consultancy <i>RMB'000</i>	Construction contracting <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with customers			
External customers	3,660,213	4,750,447	8,410,660
Intersegment sales	7,794	–	7,794
	<u>3,668,007</u>	<u>4,750,447</u>	<u>8,418,454</u>
Intersegment adjustments and eliminations	(7,794)	–	(7,794)
Total revenue from contracts with customers	<u><u>3,660,213</u></u>	<u><u>4,750,447</u></u>	<u><u>8,410,660</u></u>

(ii) Performance obligations

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

Design, survey and consultancy services

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

Construction services

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

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Other income and gains		
Interest income	372,662	343,134
Gain on remeasurement of the previously held interest in an acquiree at its acquisition date in a step acquisition of a subsidiary	12,881	–
Fair value gains of financial assets at fair value through profit or loss	3,190	–
Gains on disposal of financial assets at fair value through profit or loss	–	2,198
Government grants	4,991	12,942
Foreign exchange gains	–	7,773
Additional tax deduction for input VAT	2,673	14,697
Others	8,267	2,175
	<u>404,664</u>	<u>382,919</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank and other borrowings	234,712	222,582
Interest on lease liabilities	11,244	9,476
	<u>245,956</u>	<u>232,058</u>

6. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December	
		2020 RMB'000	2019 RMB'000
Cost of design, survey and consultancy services		2,548,232	2,501,772
Cost of construction contracting services and others		5,540,132	4,233,070
Total cost of sales		8,088,364	6,734,842
Depreciation of property, plant and equipment	(a)	50,465	74,394
Depreciation of right-of-use assets	(a)	111,451	97,127
Amortisation of intangible assets		7,541	2,715
Total depreciation and amortisation		169,457	174,236
Impairment of trade and bills receivables, net	10	208,611	126,053
Impairment/(reversal of impairment) of financial receivables, net		1,791	(18)
Impairment of other receivables, net		755	6,103
Impairment of contract assets, net		77,884	43,498
Provision/(reversal of provision) for foreseeable losses on contracts, net		1,996	(3,492)
Lease payments not included in the measurement of lease liabilities	(b)	197,844	112,381
Auditor's remuneration		3,380	5,558
Employee benefit expenses (excluding directors' and supervisors' remuneration):	(c)		
Wages, salaries and allowances		1,450,880	1,416,345
Retirement benefit costs			
– Defined contribution retirement schemes		116,425	155,220
– Defined benefit retirement schemes		3,860	3,780
Total retirement benefit costs		120,285	159,000
Welfare and other expenses		230,189	235,250
Total employee benefit expenses		1,801,354	1,810,595
Interest income	4	(372,662)	(343,134)
Government grants	4	(4,991)	(12,942)
Gain on remeasurement of the previously held interest in an acquiree at its acquisition date in a step acquisition of a subsidiary	4	(12,881)	–
Gains on disposal of financial assets at fair value through profit or loss	4	–	(2,198)
Losses on disposal of items of property, plant and equipment and right-of-use assets, net		1,940	2
Foreign exchange differences, net		14,833	(7,773)

Notes:

- (a) Depreciation of property, plant and equipment and right-of-use assets of approximately RMB92,438,000 (2019: RMB97,205,000) was included in cost of sales in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020.
- (b) Lease payments not included in the measurement of lease liabilities of approximately RMB164,795,000 (2019: RMB84,881,000) were included in cost of sales in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020.
- (c) Employee benefit expenses of approximately RMB1,214,255,000 (2019: RMB1,223,205,000) were included in cost of sales in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020.

7. INCOME TAX

The Company and certain subsidiaries of the Company have been identified as “high and new technology enterprises” and were entitled to a preferential income tax at a rate of 15% for the years ended 31 December 2020 and 2019 in accordance with the PRC Corporate Income Tax Law. A subsidiary of the Group has been identified as “software enterprises” and was entitled to a preferential income tax at a rate of 12.5% for the year ended 31 December 2019. Other entities within the Group in Mainland China were subject to corporate income tax at a statutory rate of 25%.

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits in Hong Kong during the years ended 31 December 2020 and 2019.

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Current income tax – Mainland China	165,104	151,188
Deferred income tax	(58,268)	(46,844)
Tax charge for the year	<u>106,836</u>	<u>104,344</u>

A reconciliation of the income tax expense applicable to profit before tax at the statutory income tax rate to the income tax expense at the Group's effective income tax rate for the years ended 31 December 2020 and 2019 is as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Profit before tax	914,388	769,920
Income tax at the statutory income tax rate	228,597	192,480
Effect of different income tax rate for some entities	(67,070)	(73,025)
Tax effect of share of profits and losses of joint ventures and associates	(21,871)	(4,483)
Additional tax deduction for research and development expenditure	(31,406)	(18,254)
Expenses not deductible for tax purposes	4,193	3,298
Adjustments in respect of current tax of previous periods	525	(1,516)
Tax losses utilised from previous periods	(6,651)	–
Tax losses not recognised	519	5,844
Tax charge for the year at the effective rate	<u>106,836</u>	<u>104,344</u>

8. DIVIDENDS

The dividends during the years ended 31 December 2020 and 2019 are set out below:

	<i>Notes</i>	Year ended 31 December	
		2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>
Declared:			
Final dividend – RMB0.1290 (2018: RMB0.1102) per ordinary share	(i)	<u>173,978</u>	<u>148,623</u>
Proposed:			
Final dividend -RMB0.1568 (2019: RMB0.1290) per ordinary share	(ii)	<u>211,471</u>	<u>173,978</u>

Notes:

- (i) At the annual general meeting held on 10 October 2020, the Company's shareholders approved the payment of the final dividend for the year ended 31 December 2019 of RMB0.1290 per share which amounted to RMB173,978,000 and was settled in December 2020 and January 2021, respectively.
- (ii) On 26 March 2021, the board of directors proposed the payment of a final dividend of RMB0.1568 per ordinary share in respect of the year ended 31 December 2020, based on the issued share capital of the Company of 1,348,670,000 shares. The proposed final dividend is subject to the approval of the Company's shareholders at the forthcoming general meeting.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average numbers of ordinary shares in issue during the year.

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Earnings:		
Profit for the year attributable to ordinary equity holders of the parent	<u>786,535</u>	<u>658,085</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	<u>1,348,670</u>	<u>1,348,670</u>

The Group had no potential dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019.

10. TRADE AND BILLS RECEIVABLES

	31 December 2020 RMB'000	31 December 2019 RMB'000
Trade receivables	4,986,933	5,270,990
Bills receivable	<u>24,529</u>	<u>49,761</u>
	5,011,462	5,320,751
Impairment	<u>(766,025)</u>	<u>(552,011)</u>
	<u>4,245,437</u>	<u>4,768,740</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally six months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to recognise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	31 December 2020 RMB'000	31 December 2019 RMB'000
Within 6 months	2,190,933	2,739,788
6 months to 1 year	370,051	503,646
1 to 2 years	865,115	851,680
2 to 3 years	479,685	451,019
3 to 4 years	280,020	180,594
4 to 5 years	54,767	37,497
Over 5 years	<u>4,866</u>	<u>4,516</u>
	<u>4,245,437</u>	<u>4,768,740</u>

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

	<i>Note</i>	2020 RMB'000	2019 <i>RMB'000</i>
At beginning of the year		552,011	425,958
Acquisition of a subsidiary		5,403	–
Impairment losses recognised	6	235,468	130,161
Impairment losses reversed	6	(26,857)	(4,108)
At end of the year		<u>766,025</u>	<u>552,011</u>

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

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

As at 31 December 2020

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

As at 31 December 2019

	Expected credit loss rate	Gross carrying amount <i>RMB'000</i>	Expected credit losses <i>RMB'000</i>
Individually impaired	86.93%	59,641	51,847
Collectively impaired			
Within 6 months	0.52%	2,754,224	14,437
6 months to 1 year	4.03%	523,252	21,107
1 to 2 years	9.32%	949,426	88,523
2 to 3 years	16.51%	522,696	86,281
3 to 4 years	29.96%	255,013	76,406
4 to 5 years	49.99%	74,986	37,489
5 to 6 years	89.59%	53,699	48,107
Over 6 years	100.00%	127,814	127,814
	9.51%	5,261,110	500,164
Total	10.37%	5,320,751	552,011

11. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	31 December 2020 <i>RMB'000</i>	31 December 2019 <i>RMB'000</i>
Cash and bank balances	3,472,931	3,906,614
Time deposits	100,243	1,200
	3,573,174	3,907,814
Less: Pledged bank balances for bidding guarantees and performance guarantees	(39,181)	(22,879)
Cash and bank balances in the consolidated statement of financial position	3,533,993	3,884,935
Less: Non-pledged time deposits with original maturity of more than three months when acquired	(243)	(1,200)
Cash and cash equivalents in the consolidated statement of cash flows	3,533,750	3,883,735
Cash and bank balances and time deposits denominated in:		
– RMB	3,335,768	3,653,197
– Other currencies	237,406	254,617
	3,573,174	3,907,814

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

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

12. TRADE AND BILLS PAYABLES

	31 December 2020 RMB'000	31 December 2019 RMB'000
Trade payables	4,377,140	3,912,654
Bills payable	135,107	76,318
	<u>4,512,247</u>	<u>3,988,972</u>

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

	31 December 2020 RMB'000	31 December 2019 RMB'000
Within 6 months	1,974,807	1,034,131
6 months to 1 year	741,565	1,464,399
1 to 2 years	769,076	888,624
2 to 3 years	595,326	216,594
Over 3 years	431,473	385,224
	<u>4,512,247</u>	<u>3,988,972</u>

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

13. SHARE CAPITAL

Shares

	31 December 2020 RMB'000	31 December 2019 RMB'000
Registered, issued and fully paid:		
1,348,670,000 (2019: 1,348,670,000) ordinary shares	<u>1,348,670</u>	<u>1,348,670</u>

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY

2020 was the last year of the “13th Five-Year Plan” period and a year meaning much in the Company’s development. Confronting the unexpected COVID-19 pandemic, the Company was a strong champion of the superior’s arrangements by committing itself to the main development orientation and innovations. This would help fight the pandemic for orderly production and operation and put the Company on a high-quality development track.

As of 31 December 2020, the Group’s revenue amounted to RMB9,985 million, representing an increase of RMB1,571 million or 18.67% compared to RMB8,414 million for last year. The Group’s net profit amounted to RMB808 million, representing an increase of RMB142 million or 21.32% compared to the net profit of RMB666 million for last year.

FINANCIAL REVIEW

Summary of Operating Results

	Year ended 31 December	
	2020 (RMB’ 000) (Audited)	2019 (RMB’ 000) (Audited)
Revenue	9,984,891	8,414,039
Cost of sales	(8,088,364)	(6,734,842)
Gross profit	1,896,527	1,679,197
Other income and gains	404,664	382,919
Selling and distribution expenses	(78,777)	(73,149)
Administrative expenses	(843,741)	(827,541)
Impairment losses on financial and contract assets, net	(289,041)	(175,636)
Other expenses	(16,773)	(1,744)
Finance costs	(245,956)	(232,058)
Share of profits of joint ventures	87,170	14,700
Share of profits of associates	315	3,232
Profit before tax	914,388	769,920
Income tax expense	(106,836)	(104,344)
Profit for the year	807,552	665,576

Revenue

The Group generates its revenue from the design, survey and consultancy segment as well as the construction contracting segment where the Group provides services for infrastructure construction (in particular, urban rail transit). For the year ended 31 December 2020, the Group achieved a revenue of RMB9,985 million, representing an increase of RMB1,571 million or 18.67% compared to RMB8,414 million for last year. Such increase was mainly attributable to the steady increase in the Company’s revenue driven by the Company’s commitment to design and investment, the increment created by promoting the layout of the whole industrial chain of urban rail transit and the resource synergy, its great efforts to expand the business scope of design, survey and consultancy and the scheduled operation of Kunming line 4 in the second half of 2020.

An analysis of revenue by segment is as follows:

	Year ended 31 December	
	2020	2019
	(RMB' 000)	(RMB' 000)
Products by industry	(Audited)	(Audited)
Design, survey and consultancy	3,666,892	3,662,649
Construction contracting	6,317,999	4,751,390
	<hr/>	<hr/>
Total	9,984,891	8,414,039
	<hr/> <hr/>	<hr/> <hr/>

Design, Survey And Consultancy Business Segment

The design, survey and consultancy segment includes design, survey and consultancy services for urban rail transit construction as well as industrial and civil construction and municipal engineering. The design, survey and consultancy segment has been the traditional and core business of the Group. In 2020, the Group intensively developed existing markets by fully utilizing the technical advantages in the industry, consolidated its dominant status in urban rail transit design, properly performed existing contracts and focused on following up state-level new areas and third-tier and fourth-tier cities, and expanded its business into dozens of new cities, and improved the influence of its urban construction brand. The Group introduced the general network design for the first time in a comprehensive and all-round manner and initiated a new model of urban rail transit. Meanwhile, the Group branched out into the new business of express ways and entered the new market of snow-covered plateau. In 2020, we won the bids and contracted for a total of 7 overall design projects of urban rail transit in Chongqing, Xi'an, Xiongan, Xuzhou and other cities, continuously maintaining the leading position in the industry.

For the year ended 31 December 2020, revenue of the design, survey and consultancy segment of the Group amounted to RMB3,667 million, representing an increase of RMB4 million or 0.11% compared to RMB3,663 million for the corresponding period in 2019. Among which, the revenue of the urban rail transit construction segment amounted to RMB2,808 million, representing a decrease of RMB194 million or 6.46% compared to RMB3,002 million for the corresponding period of last year. The revenue of the industrial and civil construction and municipal engineering segment amounted to RMB859 million, representing an increase of RMB198 million or 29.95% compared to RMB661 million for the corresponding period of last year.

Construction Contracting Business Segment

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

For the year ended 31 December 2020, the Group's revenue from the construction contracting business segment was RMB6,318 million, representing an increase of RMB1,567 million or 32.98% compared to RMB4,751 million for the corresponding period of last year. Such increase was mainly attributable to the scheduled operation of Kunming line 4 and the commencement construction volume of the projects under construction such as Guangzhou line 10 and Nanjing-Jurong line as compared to the corresponding period of last year.

Cost of Sales

For the year ended 31 December 2020, the cost of sales incurred by the Group was RMB8,088 million, representing an increase of RMB1,353 million or 20.09%, while an increase of 18.67% in revenue, compared to RMB6,735 million for the corresponding period of last year. Such increase was mainly attributable to the increased costs resulting from the rising proportion of engineering contracting with lower gross profits for the current year.

For the year ended 31 December 2020, cost of sales of the Group's design, survey and consultancy segment increased to RMB2,548 million for the year from RMB2,502 million for the corresponding period of last year, representing an increase of 1.84%. Among that, the cost of sales of the urban rail transit business of the Group's design, survey and consultancy segment decreased to RMB1,925 million for the year from RMB1,998 million for the corresponding period of last year, representing a decrease of 3.65%. The cost of sales of the industrial and civil construction and municipal engineering business of the design, survey and consultancy segment increased to RMB623 million for the year from RMB504 million for the corresponding period of last year, representing an increase of 23.61%.

For the year ended 31 December 2020, the cost of sales of the Group's construction contracting segment increased to RMB5,540 million for the year from RMB4,233 million for the corresponding period of last year, representing an increase of 30.88%, lower than the increase of 32.98% in revenue.

Gross Profit and Gross Margin

For the year ended 31 December 2020, the gross profit of the Group was RMB1,897 million, representing an increase of RMB218 million or 12.98% compared to RMB1,679 million for the corresponding period of last year, while the consolidated gross margin of 19.95% slightly decreased to 19.00%.

The gross profit of design, survey and consultancy segment decreased to RMB1,119 million for the current year from RMB1,161 million for the corresponding period of last year, representing a decrease of RMB42 million or 3.62%. The gross margin was 30.52%, which was basically equal to that of the corresponding period of last year. The gross profit of the construction contracting segment increased from RMB518 million for the corresponding period of last year to RMB778 million for the current year, representing an increase of RMB260 million or 50.19%. The gross margin increased from 10.90% for the corresponding period of last year to 12.31% for the current year, which was mainly attributable to the increased proportion of the revenue generating from PPP engineering projects with higher gross margin in construction segment as compared to corresponding period of last year.

Other Income and Gains

For the year ended 31 December 2020, other income and gains of the Group were RMB404.66 million, representing an increase of RMB21.74 million or 5.68% compared to RMB382.92 million for the corresponding period of last year, which was mainly attributable to the increase in the interest income of PPP projects.

Selling and Distribution Expenses

For the year ended 31 December 2020, selling and distribution expenses of the Group were RMB78.78 million, representing an increase of RMB5.63 million or 7.70% compared to RMB73.15 million for the corresponding period of last year. The increase in selling and distribution expenses was mainly attributable to the business expansion.

Administrative Expenses

For the year ended 31 December 2020, administrative expenses of the Group were RMB843.74 million, representing an increase of RMB16.20 million or 1.96% compared to RMB827.54 million for the corresponding period of last year. Such increase was mainly attributable to the increase of RMB25.48 million in management fees as a result of business expansion in 2020 and the decrease of RMB9.28 million in research and development expenditure.

Impairment Losses on Financial and Contract Assets

For the year ended 31 December 2020, the impairment losses on financial and contract assets of the Group amounted to RMB289.04 million, representing an increase of RMB113.40 million or 64.56% as compared to RMB175.64 million for the corresponding period of last year, mainly due to the increase in receivables and impairment losses on contract assets.

Other Expenses

For the year ended 31 December 2020, other expenses of the Group were RMB16.77 million, representing an increase of RMB15.03 million compared to RMB1.74 million for the corresponding period of last year. Such increase was mainly attributable to the losses of foreign currency exchange.

Finance Costs

For the year ended 31 December 2020, finance costs of the Group were RMB245.96 million, representing an increase of RMB13.90 million or 5.99% compared to RMB232.06 million for the corresponding period of last year, which was mainly attributable to the increase in interest expenses due to the long-term borrowings of subsidiaries of the Group, namely, Huangshan Jingjian Capital Construction Investment Co., Ltd. (黃山京建投資建設有限公司).

Income Tax Expense

For the year ended 31 December 2020, the income tax expense of the Group was RMB106.84 million, representing an increase of RMB2.50 million or 2.40% as compared to RMB104.34 million for the corresponding period of last year. Such increase was mainly attributable to the increase in profit before tax.

Profit for the Year

For the year ended 31 December 2020, the profit of the Group for the year was RMB808 million, representing an increase of RMB142 million or 21.32% compared to RMB666 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	
	2020 (RMB' 000) (Audited)	2019 (RMB' 000) (Audited)
Net cash inflows from operating activities	734,988	1,420,570
Net cash outflows from investing activities	(942,481)	(1,259,287)
Net cash outflows from financing activities	(127,391)	(174,647)
Net decrease in cash and cash equivalents	<u>(334,884)</u>	<u>(13,364)</u>

The net cash inflows from operating activities in 2020 was RMB735 million, which was mainly attributable to the fact that the operating receipts exceeded operating payments during the year. The net cash outflows from investing activities was RMB942 million, which was mainly attributable to the increased investment of RMB487 million to joint ventures and an expenditure of RMB397 million for acquisition of fixed assets and intangible assets. The net cash outflows from financing activities was RMB127 million, which was mainly due to the receipt of long-term bank borrowings of RMB611 million for PPP projects of Huangshan Jingjian Capital Construction Investment Co., Ltd., the repayment of borrowings and interest expenses of approximately RMB604 million and the payment of dividends to shareholders of approximately RMB175 million for the year.

PLEDGE OF ASSETS

For the year ended 31 December 2020, the financial receivables of the Group were pledged to secure the certain bank borrowings granted to the Group. As at 31 December 2020, the net pledged receivables were RMB6,390 million (as at 31 December 2019: RMB5,591 million).

CONTINGENT LIABILITIES

For the year ended 31 December 2020, there are no significant contingent liabilities of the Group.

CAPITAL COMMITMENT

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

	31 December 2020 (RMB' 000) (Audited)	31 December 2019 (RMB' 000) (Audited)
Contracted, but not provided for:		
Property, plant and equipment	13,362	221,665
Equity investments	2,617,582	3,657,648

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 2020, the net current assets of the Group were RMB1,865 million, among which cash and cash equivalents amounted to RMB3,534 million. The liquidity of the Group was sound and healthy and the Group had adequate cash and available banking facilities to satisfy its operating needs.

As of 31 December 2020, the Group's interest-bearing borrowings were RMB5,300 million while the gearing ratio (gearing ratio represents the total interest-bearing borrowings as of 31 December 2020 divided by the total equity as at 31 December 2020) was 92.21%.

INDEBTEDNESS

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

	31 December 2020 (RMB' 000) (Audited)	31 December 2019 (RMB' 000) (Audited)
Bank borrowings		
Pledged	4,611,766	4,225,173
Non-pledged	110,689	118,958
Other borrowings		
Non-pledged	578,000	578,000
	5,300,455	4,922,131

As at 31 December 2020, the Group's borrowings were denominated in RMB with interest rates ranging from 3.915% to 5.22%.

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

	31 December 2020 (RMB' 000) (Audited)	31 December 2019 (RMB' 000) (Audited)
Within one year	475,032	491,654
Between one to two years	333,000	478,000
Between two to three years	353,000	458,000
Between three to four years	544,000	478,000
Between four to five years	520,000	474,000
Over five years	3,075,423	2,542,477
	<hr/>	<hr/>
Total	<u>5,300,455</u>	<u>4,922,131</u>

EXCHANGE RATE RISK

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

EVENT AFTER THE BALANCE SHEET DATE

The Group has no significant events after the balance sheet date.

COMPANY-WIDE MANAGEMENT MEASURES IN 2021

2021 marks the first year of the “14th Five-Year Plan” period and celebrates the 100th anniversary of the founding of CPC. China’s economy enters a new development state. In response to that, the Company will seize fresh opportunities brought by the new national infrastructure and focus on the development philosophy “leading by design, industrial collaboration and innovation driven” by further expanding design consulting, strengthening engineering general contracting, and actively expanding new business. We will promote the high-quality development of the Design & Development Group.

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

1. Expanding design consultation to solidify the foundation for development

The Group will make fast response to the latest development of rail transit industry to keep its leadership in the industry by greater efforts in both metro and urban/intercity railway to accelerate business upgrading for larger business coverage. The Group will increase R&D inputs in survey with the aim of shaping a double-driven engine of traditional survey and smart engineering to maintain its leadership. For civil construction and municipal designs, the Group will be well positioned to grab the opportunities presented by the national urban upgrading and branch into new business for differentiated development, with the focus on the promotion of urban upgrading, civil and military integration, urban EPC project cluster, cultural innovation design and cultural and travel products and other potential markets. The member enterprises should give priority to fresh development by focusing on excellent and competitive products.

2. Strengthening engineering general contracting to enhance scale support

The Group will improve core metro business. To that end, we will market by contracts to shape golden project managers. This will help us tap into regional markets and expand the influence of urban rail construction brands and secure sustained orders. Meanwhile, we will expand our special business by increasing the market share of trams. We, committed to “go out” strategy, will continue expanding big regions, customers and projects to steadily develop new business. We, in line with the requirements “full coverage, zero tolerance and emphasis on effect” and “secret investigation system”, will continue carry forward the risk-grading management and troubleshooting of danger risks using informationized measures to eradicate workshop accidents and ensure the safe, efficient and quality performance of contracts for the project in progress.

3. Focusing on business innovation to develop fresh growth drivers

We will improve financing capacity and make possible the market innovation model like EPC+F; We will focus on “Jinglongyun”, middle and small-volume urban rail transit systems and low-voltage integration market to tap into fresh business opportunities and promote the marketing of new types of light-rail trains. Using the mature R&D system and innovative work patterns, we will stretch the industrial collaboration strengths to give priority to derivative industries and the high-efficiency transformation of innovation results. We will standardize the operation management of Kunming line 4 and make possible its digital transformation. We will shape the sample standardization cases of urban rail transit in “investment, construction and operation” to promote the greater stride of urban rail transit operation.

4. Improve innovation driving and innovate development

We will improve innovation management, incentive mechanism for scientific research personnel and work out new industrial policies to stress resource sharing and concentrate innovative power. We will develop a knowledge management system in an in-depth manner to promote the management that is structured, scenario-based and smart. Based on the innovation platform featuring “one station, one room and eight centers”, we will, concentrating on new types of traffic technology and equipment, environmental protection, operating transformation and upgrading and digital products, upgrade 2G Jinlongyun product so as to promote smart design, detection and operation and maintenance and other product R&D promotion. This will accelerate fruit incubation and help leading enterprises’ innovative development.

5. Support greater stride by continuous management upgrading

The Company will announce its “14th Five-Year Plan”, promote the organizational reform and improve the commanding capacity of the headquarters. This will help improve enterprise in both quality and efficiency by commitment to the special program (i.e. reducing leverage, receivables, inventory appropriation fund and costs, and mitigating losses for high-quality development). We will manage market value and obey listing rules by maintaining relationship with investors. We will focus on industrial collaboration and performance orientation. That means we must strengthen capital management and refine the operation settlement for better self-operation capacities of virtual legal entities. We will strengthen efforts in the compliance management system so as to the full integration of internal risk control compliance management system with the business. We will have in place a guidance system based on the BIM positive design process and focus on business process to upgrading the enterprise informatization platform. We will continue working on industrial media to voice more for enterprises. Meanwhile, we will make industrial forums and important conference a success to enhance the industrial right to say and influence.

BID WINNING

In 2020, with changes to the policy of urban rail transit development in China, the Company expanded the market across the entire rail transit industry chain by leveraging industry advantages and its technical strength. As of 31 December 2020, the Company has won a bid of RMB10.327 billion. Among them, the design, survey and consultancy business segment won the bid of RMB4.967 billion, the engineering contracting business segment won the bid of RMB5.360 billion. At the end of the Reporting Period, the contract amount in hand was RMB31.581 billion.

EMPLOYEES

As of 31 December 2020, the Group had approximately 4,389 employees, of which approximately 61.5% were employees at parent company and 38.5% were employees at subsidiaries. More than 54.0% of employees have served the Company for more than 5 years. The Company has 1 academician of the Chinese Academy of Engineering, 1 master of survey and design, 7 experts enjoying government subsidies, middle and senior professional and technical personnel accounted for 65.9% of the total employees, and college graduates and above accounted for 90.6% of the total employees. In 2020, in order to select high-quality talents, the Company carried out professional academic exchange activities with a number of key universities such as Southeast University and Tongji University and invited more than 20 key universities across the country to visit and exchange with us, and held onsite recruitment activities in such universities to recruit outstanding graduates. Meanwhile, the Company also committed to fully exploring the internal staffing potential through adopting the selection mechanism of “select personnel inside first, then outside” to address our demand for talents from social recruitment.

In each year, the Company selects and rewards the employees who make remarkable annual achievements and outstanding performance. 2020 is the last year of the “13th Five-Year Plan” period, faced with the unexpected outbreak of the COVID-19 pandemic and external pressure, the Company has possessed a bunch of conscientious, hard-working, aggressive and selfless employees. The Company selected 10 employees with outstanding performance as award winners and awarded them the 2020 President Incentive Bonus (院長獎勵基金), and selected 92 employees acting as role models and awarded them the 2020 Excellent Employees.

The Company attaches great emphasis to the staff development and cultivation. Staff training is conducted through our corporate university with the aims to establish a training system which adapts to the corporate development strategy and to build a learning organization. Staff is offered with both internal and external trainings. The Company focuses on industry frontiers, technological development, project management, management ability and general qualities. Apart from attending the training in person, staff can participate in training by means of remote online training, downloading video and mobile learning, so as to enable the employees in other cities or on trips to participate in training.

In 2020, upholding the construction goals of “inward + outward”, the Company focuses on the optimization and improvement of construction of the teacher system, the curriculum system and the platform system to promote the upgrading of strategy of the corporate university in an orderly manner.

In cooperation with the development and utilization of the corporate university and the platform of the special committee, the Company has realized 30 expert lecture training sessions, established 300 required company-level courses, completed 5 training sessions for compound project leaders, carried out 165 activities and programs of the special committee, conducted 16 technical exchanges towards owners and universities, trained more than 150 young and middle-aged backbones. The online management platform of the special committee and corporate university was upgraded.

MARKET LANDSCAPE AND BUSINESS OUTLOOK

Intelligence Becomes a New Trend in the Development of the Rail Transit Industry, while Rail Transit Boosts the Development of the Metropolitan Circle

At the meeting of the Standing Committee of the Political Bureau of the CPC Central Committee held on 4 March 2020, the Committee announced to accelerate the progress of new infrastructures (“**New Infrastructure**”) projects such as 5G networks and data centers, and the General Secretary Xi Jinping gave specific instruction and directions in respect of “New Infrastructure”. The local governments of various provinces (autonomous regions, centrally administered municipalities) have rolled out large-scale investment plans. Based on the major investment projects for the year 2020 announced by the local governments, construction of urban rail transit projects dominates such plans, demonstrating a concentration on development of smart city and smart transportation. Construction of urban rail transit projects with an investment amount of over RMB10 trillion will gradually commence in 31 provinces. Under the backdrop of “New Infrastructure”, the rail transit industry in China will usher in new development opportunities.

On 12 March 2020, the China Association of Metros (中國城市軌道交通協會) officially issued the Development Outline of Smart Urban Rail Transit. Based on the goal of building a strong transportation nation, the Development Outline puts forward the guiding ideology of the construction of smart urban rail transit, elaborates the signs and connotations of smart urban rail transit, describes the blueprint of “1811” for the construction of smart urban rail transit, specifies the overall goal to be achieved in “two steps” and 10 specific objectives, and deploys the priorities and implementation paths for the construction of smart urban rail transit. The Development Outline is a guiding document for the construction of smart urban rail transit in the urban rail transit industry of China.

On 17 December 2020, the General Office of the State Council forwarded the Opinions on Promoting the Accelerated Development of Urban (Suburban) Railways in the Metropolitan Circle (《關於推動都市圈市域(郊)鐵路加快發展意見》) issued by the NDRC. The Opinions clarify the functional status and technical standard of “urban (suburban) railways”, explore a new market-oriented investment and financing model of urban (suburban) railways, fully relax restrictions on market access, cultivate diversified investment entities, and promote the construction of urban (suburban) railways in the metropolitan circle in an orderly fashion. The Opinions provide powerful support for improving the integrated urban transportation system, optimizing the functional layout of large cities, and leading the development of the modern metropolitan circle.

Rail Transit Business Segment

2020 was the final year for completing the 13th Five-Year Plan. According to the China Association of Metros (中國城市軌道交通協會), there was an additional 1,241.99 km of urban rail transit operating lines in 2020, which hit a record new high. During the “13th Five-Year Plan” period, an average of 872 km of new operating lines were opened to traffic annually. The length of new urban rail transit operating lines in the five years exceeds the cumulative total length of those opened to traffic before the “13th Five-Year Plan” period. In 2020, the NDRC approved a new round of urban rail transit construction planning in four cities, namely Xuzhou, Hefei, Jinan, and Ningbo. The total length of the newly approved construction planning lines was 455.36 km, with a total investment of RMB336.423 billion. In addition, the adjustment to the construction planning scheme, namely four cities of Xiamen, Shenzhen, Fuzhou, and Nanchang was made, and the newly added lines involved in this adjustment were 132.59 km long, with an additional investment of RMB134.563 billion. Urban rail transit lines involved in the new projects were all subways.

PPP

2020 was the starting year for continuing to regulate and adjust PPP with the focus on high-quality development. Affected by the COVID-19 and the economic situation, the market showed a downward trend at the beginning of 2020. In later periods, as breakthroughs were made in the prevention and control of the COVID-19, the resumption of work and production was accelerated, and the national economic development strategy was adjusted, the PPP market showed increasingly steady trends. With a series of measures taken such as eliminating the impact of the pandemic, recovering the economy and driving investment, the PPP market ushered in new development opportunities. According to data from the China Public-Private Partnerships Center of the Ministry of Finance, as of the end of October 2020, there were an accumulative 9,870 projects with an investment of RMB15.2 trillion in the management database, PPP remained an important component in the field of infrastructure investment and financing, and the net quantity of projects in the database was still on the rise with the quality of PPP projects steadily improved. The introduction of the Operation Guidelines for the Performance Management of Public-Private Partnership Projects (PPP) 《政府和社會資本合作(PPP)項目績效管理操作指引》 (Cai Jin [2020] No. 13) has laid a solid framework foundation for PPP project performance management, and will further enhance the refined management of PPP projects under high-quality development.

2021 was the first year of the country's 14th Five-Year Plan period. With the implementation of the national strategy of "stabilizing growth and ensuring people's livelihood" and other strategies and under the impetus of the "dual cycle" new economic pattern, in light of the New Infrastructure layout, the first batch of publicly offered Reits projects were implemented, PPP project performance management was reinforced, and the professionalism and the awareness of performance of all parties involved in PPP projects were strengthened. All this provided a broader prospect for the PPP model.

EPC (Engineering Procurement Construction)

The MOHURD issued the 13th Five-Year Plan of the Development of Construction Industry 《建築業發展“十三五”規劃》 (“**13th Five-Year Plan**”), which clearly took the adjustment and optimization of industrial structure as its major task during the period of the 13th Five-Year Plan. With engineering projects as the core, advanced technology applications as the means, and professional division of labor as the link, the Company built a reasonable project subcontracting relationship, established a project organization implementation mode with strong general contracting management, developed professional subcontracting, and flat organizational structure, and fostered a new organization structure of construction industry with comprehensive professions, reasonable distribution and fitting together of parts. In this industry background, the Company undertook a great number of EPC projects in many cities including Beijing, Anqing, Delingha, Sanya, Kunming, Huangshan, Ningbo and Chengdu, with the types of projects covering rail transit, municipal engineering and civil construction. The Company won the biddings for a series of engineering procurement construction projects (EPC) for the construction of new-type urbanization in Gao'an, Jiangxi province. This EPC project created the highest record in the single contract amount of EPC projects in the civil architecture business and started a new model for the project management and market expansion in the civil architecture business of the Company. In 2020, according to the survey and analysis of the tendering modes of rail transit projects in 24 cities, 21 of the cities adopted the general contract for construction of large section mode, accounting for 83%. The general contract for construction of large section mode became the mainstream tendering mode.

By leveraging on the advantages in human resources, material resources, financial resources and all kinds of social resources, the Company needed to focus on the mature marketing areas with the Beijing market as the primary target. The Company needed to push forward the sustainable development of the regional markets by paying close attention to the market dynamics and expanding the subsequent engineering projects.

Efforts were stepped up to develop trams. Starting from the new Qingdao Chengyang tram line, the Company fully utilized the successful experience of Chengyang and Delingha tram projects and increased efforts to track trams. By gaining support from various branches, the Company took advantage of the integrated design and construction to further expand the market share of trams.

Industrialisation

As of the end of 2019, 15 cities formulated a new round of urban rail construction plans pending declaration. In addition to the urban rail transit construction cities with the state's approval and pending approval, intercity railways are the priority of urban rail transit construction during the 14th Five-Year Plan period. According to the information from the NDRC, the coordinated development of Beijing-Tianjin-Hebei region, the integrated development of the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, and the Chengdu-Chongqing Region will be the focus of the new round of intercity construction.

With the thorough implementation of new infrastructure practices, innovation of construction mode and product application driven by 5G, cloud computing, artificial intelligence and other emerging technologies will bring strong power to the industry development. The Company proposes the solution of integrating the low-voltage power for the urban rail traffic, starting from design and considering the entire life cycle development benefits and function extension of metro construction and operation, so as to reconstruct a normal form of innovation for the modern urban rail transit construction. Through a set of self-developed urban rail transit integrated automation system (CRIAS) based on cloud platform, the Company can save construction land, reduce operation personnel, open up data access channels, and maximize the mobilization of the enabling value of urban rail assets. Meanwhile, the Company takes into account the ecological construction environment of the metro supply chain, and creates a new model of safe, convenient, efficient, green and economic construction and operation, which is a beneficial attempt to implement the new infrastructure model in the rail transit industry. In 2020, the Company has realized 2 sets of CRIAS applications in Kunming Metro Line 4 and Taiyuan Metro Line 2, which is the largest scale of application of results since the Company has been vigorously developing industrialization, and it is the first time in the industry to realize the application of full-scene and full low-voltage power system integration. CRIAS, through standardized data interface and micro-service module, can be compatible with products of different manufacturers to the largest extent, which provides a complete set of solutions for industry users to choose cloud platform under different construction demand scenarios, and provides a good reference for the high-quality development of China's urban rail transit.

Urban and Rural Planning and Architectural Creation

With the opportunity of the 2022 Winter Olympic Games and the 100th anniversary of the founding of the Party, there will be more major projects of great influence to be implemented. The Company will grasp the advantages of BUCG, and work together in the fields of urban development, landscaping and architectural design consultation in Beijing, Tianjin, Hebei, Yangtze River Delta and Chengdu-Chongqing economic regions. With the implementation of strategies such as building a national-level free trade zone, we have opened up new markets for planning and design in Chengdu, Chongqing, Hainan and other places. While performing the existing urban and rural planning projects, we have striven to undertake various large-scale urban master plans, and actively expanded in cultural tourism planning and various special planning business areas. In line with the new policy and the adjustment of the urban master planning of Beijing, we have continued to work on the service of major projects, such as East Huangshan International Town and Beijing Yunmengshan Cultural and Tourism Resort.

We have continued to expand into new areas and new businesses. Firstly, we have deeply developed the market of special small town business; secondly, in the context of Beijing's decommissioning of non-capital functions, we have seized the urban renewal business and the planning of "back streets and lanes" to make significant breakthroughs in the field of urban renewal business; thirdly, we have combined the national strategy of "rural revitalization" to proactively invest in the construction of beautiful countryside by undertaking a number of rural planning and design projects; fourthly, we have extended our service chain in the traditional planning businesses, and undertook the general consultancy work while doing a good job in planning and design, which have promoted the implementation of the annual key projects in Beijing. We have seized the new requirements of urban development in Beijing under the new situation, explored new models of urban renewal, seized the market of urban renewal projects, promoted the construction and operation of urban renewal projects in Beijing, and made the existing construction and operation projects a new cultural landmark in Beijing.

Development of Integrated Urban Space (TOD)

The National New Urbanization Plan (國家新型城鎮化規劃) has expressly recommended the priority development of public transportation, unified coordination and planning of city space functional layout and the promotion of appropriate mix of city land functions. Construction of rail transit-oriented intensive urban space is an important method to solve problems arising from the current rapid urbanization and also the main direction of development of cities, particularly large or medium size cities. Meanwhile, multi-functional communities, green transit, intensive land utilization mode and the diversity of spatial forms are integral components of green biological urban area and smart city. In recent years, the development of rail transit-oriented integrated urban space has continued to expand, in particular, the development of car yard cover and underground space has grown significantly. These development projects are featured by diversified functions, large construction scale and many aspects involving management, and the Company just has expertise on the design and management of these projects. The comprehensive utilization project of Dongxiaoying yard section of Beijing subway line 6 undertaken by the Company completed the construction and acceptance. The Company also won the bidding of the top-head development of the project. The project makes innovations in planning and design concept and engineering technology and is an outstanding representative of projects of the same type in China.

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

In May 2018, NDRC, MONR, MOHURD and China Railway Corporation jointly issued the Guidelines on Promoting the Development and Construction of the Surrounding Areas of High-speed Railway Stations (《關於推進高鐵站周邊區域合理開發建設的指導意見》), which requires to strengthen planning coordination and integration, control the financial and local government debt risks, follow the rules of urbanization development, and promote the development and construction of the surrounding areas of high-speed railway stations in a regulated and orderly manner according to local conditions, so as to promote the positive interaction and synergetic coordination between high-speed railway construction and city development. In terms of development and construction of the surrounding areas of high-speed railway stations, prominence needed to be given to the integration of industry and city, the integration of station and city, and the rational division with urban built-up areas. Such development and construction should be planned and pushed forward in a coordinated way with the urban function layout, construction of the integrated urban transportation system, and infrastructure construction and sharing. The new people-oriented concept of urbanization development needed to be applied to the surrounding areas of high-speed railway stations where supporting places and facilities including medical, education, leisure, and entertainment places and facilities shall be provided.

Water Environment Business

In 2019, the Central Committee of the Communist Party of China and the State Council printed and issued the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (《粵港澳大灣區發展規劃綱要》). It specifies that Guangdong-Hong Kong-Macao Greater Bay Area shall be a strong champion of the philosophy featuring that lucid waters and lush mountains are invaluable assets by implementing the most stringent ecological environment project system.

PROFIT DISTRIBUTION AND DIVIDENDS

On 26 March 2021, the Board of Directors proposed the distribution of a final dividend of RMB0.1568 per share (before applicable tax) for the year, after the appropriations to the statutory surplus reserve according to the relevant regulations. The proposal for the payment of the final dividend is subject to the approval of shareholders at the 2020 annual general meeting to be held on 28 May 2021. If approved, it is expected that dividend will be paid to the shareholders whose names appear on the register of shareholders of the Company dated 11 June 2021 before 30 July 2021.

The H Shares register of members of the Company will be closed from Sunday, 6 June 2021 to Friday, 11 June 2021 (both days inclusive). In order to be entitled to the final dividend, holders of H Shares of the Company must lodge all the transfer documents accompanied by the relevant H share certificates with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by 4:30 p.m. on Friday, 4 June 2021.

PURCHASE, SALES AND REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities for the year ended 31 December 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's 2020 annual results and the consolidated financial statements for the year ended 31 December 2020 prepared in accordance with the IFRSs.

PUBLICATION OF THE ANNUAL RESULTS AND THE ANNUAL REPORT

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

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

Beijing, the PRC, 26 March 2021

As at the date of this announcement, the executive directors of the Company are Wang Hanjun and Li Guoqing; the non-executive directors of the Company are Pei Hongwei, Tang Shuchang, Wu Donghui, Guan Jifa, Ren Yuhang, Su Bin, Wang Tao and Ren Chong; and the independent non-executive directors of the Company are Wang Guofeng, Ma Xufei, Sun Maozhu, Liang Qinghuai and Qin Guisheng.