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
北京城建設計發展集團股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1599)

2018 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the "**Board**") of Beijing Urban Construction Design & Development Group Co., Limited (the "**Company**") is pleased to announce the unaudited results of the Company and its subsidiaries for the six months period ended 30 June 2018. This results announcement, containing the full text of the 2018 Interim Report of the Company, complies with the relevant content requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to preliminary announcements of interim results and have been reviewed by the audit committee under the Board. The printed version of the 2018 Interim Report of the Company will be dispatched to the holders of H shares of the Company and available for viewing on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and of the Company at www.bjucd.com in September 2018.

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Definitions

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

"Articles of Association"	the Articles of Association of Beijing Urban Construction Design & Development Group Co., Limited
"Board" or "Board of Directors"	the board of directors of the Company
"Board of Supervisors"	the board of supervisors of the Company
"Company"	Beijing Urban Construction Design & Development Group Co., Limited (北京城建設計發展集團股份有限公司)
"Corporate Governance Code"	the corporate governance code section contained in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Hong Kong Listing Rules
"Director(s)"	director(s) of the Company
"Domestic Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are unlisted shares which are currently not listed or traded on any stock exchange
"Group", "us" or "we"	the Company and its subsidiaries
"H Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Hong Kong Stock Exchange
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
"PRC" or "China"	the People's Republic of China
"PPP"	a model of public-private partnerships jointly participating in the construction of public infrastructure
"Reporting Period"	the six months ended 30 June 2018
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) of the Company, including H Shares and Domestic Shares
"Supervisor(s)"	supervisor(s) of the Company
"%"	per cent

Corporate Information

REGISTERED NAME

Chinese:
北京城建設計發展集團股份有限公司

English:
Beijing Urban Construction Design &
Development Group Co., Limited

LISTING PLACE OF H SHARES:
The Stock Exchange of Hong Kong Limited

TYPE OF STOCK:
H Share

STOCK NAME:
UCD

STOCK CODE:
1599

H SHARE REGISTRAR:
Computershare Hong Kong Investor Services Limited

REGISTERED OFFICE:
5 Fuchengmen North Street,
Xicheng District,
Beijing, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG:
40th Floor, Sunlight Tower,
No. 248 Queen's Road East,
Wanchai,
Hong Kong

LEGAL REPRESENTATIVE:
Mr. Shi Yubin

SECRETARY OF THE BOARD:
Mr. Xuan Wenchang

JOINT COMPANY SECRETARIES:
Mr. Xuan Wenchang
Ms. Kwong Yin Ping Yvonne (a member of the Hong Kong Institute of Chartered Secretaries)

WEBSITE:
www.bjucd.com

AUDITOR:
Ernst & Young

LEGAL ADVISORS:
As to Hong Kong Laws: Clifford Chance
As to PRC Laws: Haiwen & Partners

SUMMARY

In the first half of 2018, faced with such grim situation as tightened macro-policy, the slowing down of investment in rail transit and more intensified market competition, the Company achieved new results in various works, under the joint, unified and hard efforts of the management and all staff of the Company.

For the six months ended 30 June 2018, the Group's revenue amounted to RMB3,418 million, representing an increase of RMB386 million or 12.73% compared to the revenue of RMB3,032 million for the corresponding period of last year. The Group's net profit amounted to RMB269 million, representing an increase of RMB43 million or 19.03% compared to the net profit of RMB226 million for the corresponding period of last year.

FINANCIAL REVIEW

Summary of Operating Results

	For the six months ended 30 June	
	2018	2017
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Revenue	**3,418,215**	3,032,123
Cost of sales	**(2,772,583)**	(2,448,737)
Gross profit	**645,632**	583,386
Other income and gains	**172,357**	121,427
Selling and distribution expenses	**(33,512)**	(45,310)
Administrative expenses	**(309,957)**	(278,803)
Other expenses	**(57,776)**	(46,579)
Finance costs	**(83,203)**	(62,327)
Share of profits/(losses) of joint ventures	**2,419**	(2,035)
Share of profits of associates	**2,243**	2,330
Profit before tax	**338,203**	272,089
Income tax expense	**(69,023)**	(45,847)
Profit for the period	**269,180**	226,242

REVENUE

The Group generates its revenue from the design, survey and consultancy segment as well as the construction contracting segment where the Group provides services for infrastructure construction (in particular, urban rail transit). For the six months ended 30 June 2018, the Group achieved a revenue of RMB3,418 million, representing an increase of RMB386 million or 12.73% compared to RMB3,032 million for the corresponding period of last year. Such increase was mainly because the Company pushed forward its rail transit business amid an overall depression of the industry and firmly advanced the fulfillment of its projects in hand; at the same time, it vigorously developed its survey and consultancy, civil construction and general contracting segments, further widened financing channels and promoted the coordinated development of industrial chain, resulting a stable growth in the revenue of corresponding businesses.

An analysis of revenue by segment is as follows:

	For the six months ended 30 June	
	2018	2017
	(RMB'000)	(RMB'000)
Products	**(Unaudited)**	(Unaudited)
Design, survey and consultancy	**1,682,696**	1,275,546
Construction contracting	**1,735,519**	1,756,577
Total	**3,418,215**	3,032,123

Design, survey and consultancy 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 administration. The design, survey and consultancy segment has been the traditional and core business of the Group. In 2018, faced with the objective situation of the overall depression operation in the national urban rail transit overall traffic general contracting market, the Group pushed forward by performing contracts of projects in hand on one hand, and furthering market expansion on the other hand. Revolving around the rail transit business advantage and enhancing its core competitiveness whereby actively expanded the market by collaboration of the whole industry chain.

For the six months ended 30 June 2018, the design, survey and consultancy segment of the Group achieved a revenue of RMB1,683 million, representing an increase of RMB407 million or 31.90% compared to RMB1,276 million for the corresponding period in 2017. Among which, the revenue of the urban rail transit segment amounted to RMB1,346 million, representing an increase of RMB310 million or 29.92% compared to RMB1,036 million for the corresponding period of last year. The revenue of the industrial and civil construction and municipal administration segment amounted to RMB337 million, representing an increase of RMB97 million or 40.42% compared to RMB240 million for the corresponding period of last year.

Construction contracting segment

The construction contracting 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 major cities in China, including Beijing, Kunming, Zunyi, Guangzhou and Suzhou.

For the six months ended 30 June 2018, the Group's revenue from the construction contracting segment was RMB1,736 million, representing a decrease of RMB21 million or 1.20% compared to RMB1,757 million for the corresponding period of last year. Such decrease was mainly due to the slowing down of the construction of the Company's engineering projects affected by the national policies, in general basically the same as the corresponding period of last year. Major construction projects of the Group included the Beijing new airport line project, PPP Project of the Middle Section of Dianzhong New Area Air-port Avenue in Kunming, the PPP Project of Feng-Xin Express Line in Zun Yi and Suzhou Metro Line 5.

COST OF SALES

For the six months ended 30 June 2018, the cost of sales incurred by the Group was RMB2,773 million, representing an increase of RMB324 million or 13.23%, against an increase of 12.73% in revenue, compared to RMB2,449 million for the corresponding period of last year. This was mainly attributable to the corresponding increase in costs as a result of an increase in revenue scale.

For the six months ended 30 June 2018, cost of sales of the Group's design, survey and consultancy segment increased to RMB1,184 million for the current period from RMB871 million for the corresponding period of last year, representing an increase of 35.94%. Among that, the cost of sales of the urban rail transit business of the Group's design, survey and consultancy segment increased to RMB935 million for the current period from RMB685 million for the corresponding period of last year, representing an increase of 36.50%. The cost of sales of the industrial and civil construction and municipal administration business of the design, survey and consultancy segment increased to RMB249 million for the current period from RMB186 million for the corresponding period of last year, representing an increase of 33.87%.

For the six months ended 30 June 2018, the cost of sales of the Group's construction contracting segment increased to RMB1,589 million for the current period from RMB1,578 million for the corresponding period of last year, representing an increase of 0.70%.

GROSS PROFIT AND GROSS MARGIN

For the six months ended 30 June 2018, the gross profit of the Group was RMB646 million, representing an increase of RMB63 million or 10.81% compared to RMB583 million for the corresponding period of last year, while the consolidated gross margin decreased from 19.2% to 18.9%, which was mainly attributable to the increased proportion of construction contracting business with lower gross profit.

The gross profit of design, survey and consultancy segment increased to RMB499 million for the current period from RMB405 million for the corresponding period of last year, representing an increase of RMB94 million or 23.21%. The gross margin decreased from 31.7% for the corresponding period of last year to 29.7% for the current period, mainly due to the Company's further expansion in architecture and municipal design market centered with urban rail transit principal business. The revenue generated from architecture and municipal design accounted for 20.02%, representing an increase of 1.24% as compared to 18.78% for the corresponding period of last year. The gross profit of the construction contracting segment decreased from RMB178 million for the corresponding period of last year to RMB147 million for the current period, representing a decrease of RMB31 million or 17.42%. The gross margin decreased from 10.2% for the corresponding period of last year to 8.5% for the current period, which was mainly attributable to the increase of the proportion of the revenue generating from traditional engineering project with lower gross margin as compared to corresponding period of last year, which results in the decrease of the gross margin of construction contracting segment for the current period.

OTHER INCOME AND GAINS

For the six months ended 30 June 2018, other income and gains of the Group were RMB172.36 million, representing an increase of RMB50.93 million or 41.94% compared to RMB121.43 million for the corresponding period of last year, which was mainly attributable to the increase in financial income from long-term receivables.

SELLING AND DISTRIBUTION EXPENSES

For the six months ended 30 June 2018, selling and distribution expenses of the Group were RMB33.51 million, representing a decrease of RMB11.80 million or 26.04% compared to RMB45.31 million for the corresponding period of last year. The decrease in selling and distribution expenses was mainly attributable to the market depression in the design business, resulting in a decrease in bidding costs and relevant costs arising from bidding.

ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2018, administrative expenses of the Group were RMB309.96 million, representing an increase of RMB31.16 million or 11.18% compared to RMB278.80 million for the corresponding period of last year. Such increase was mainly attributable to the increase in administrative expenses such as rental expenses due to additional new lease of offices for production plants as a result of business expansion of the Group.

OTHER EXPENSES

For the six months ended 30 June 2018, other expenses of the Group were RMB57.78 million, representing an increase of RMB11.20 million or 24.04% compared to RMB46.58 million for the corresponding period of last year. The increase in other expenses was mainly attributable to the increase in provision for the bad debts of trade and other receivables for the current period.

FINANCE COSTS

For the six months ended 30 June 2018, finance costs of the Group were RMB83.20 million, representing an increase of RMB20.87 million or 33.48% compared to RMB62.33 million for the corresponding period of last year, which was mainly attributable to the increase in interest expenses due to the new long-term loans of Anhui Jingjian, Guizhou Jingjian and Yunnan Jingjian, the Group's subsidiaries.

INCOME TAX EXPENSES

For the six months ended 30 June 2018, the income tax expense of the Group was RMB69.02 million, representing an increase of RMB23.17 million or 50.53% as compared to RMB45.85 million for the corresponding period of last year. Such increase was mainly attributable to the fact that the interest rate for PPP project company was 25%. As the profit before taxation of PPP projects company during the period have increased, the increase in profit before taxation with an applicable tax rate of 25% resulted in the increase in income tax expenses of the Group at a consolidated level.

PROFIT FOR THE PERIOD

For the six months ended 30 June 2018, the profit of the Group for the period was RMB269 million, representing an increase of RMB43 million or 19.03% compared to RMB226 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:

	For the six months ended 30 June	
	2018	2017
	(RMB'000)	(RMB'000)
	(Unaudited)	(Unaudited)
Net cash outflows from operating activities	**(733,976)**	(897,332)
Net cash inflows/(outflows) from investing activities	**321,529**	(275,202)
Net cash inflows from financing activities	**440,067**	895,492
Net increase/(decrease) in cash and cash equivalents	**27,620**	(277,042)

The net cash outflows from operating activities in the first half of 2018 was RMB734 million, which were mainly attributable to less operating receipts than operating payments. The net cash inflows from investing activities was RMB322 million, which was mainly attributable to borrowings return of RMB405 million from joint ventures and associates and the expenditure in the purchase of wealth management products of RMB76 million. The net cash inflows from financing activities was RMB440 million, which was mainly due to the increase in loan of Guizhou Jingjian of RMB600 million and the repayment of loan of Anhui Jingjian and Guizhou Jingjian of RMB80 million. In addition, the relevant interest expense was RMB70 million for the period. The dividend paid by Anhui Jingjian to minority shareholders for the period was RMB10 million.

PLEDGE OF ASSETS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

For the six months ended 30 June 2018, the receivables of the Group were pledged to secure the certain bank loans granted to the Group. As at 30 June 2018, the net pledged receivables was RMB4,617 million (31 December 2017: RMB4,371 million).

As at 30 June 2018, the Group did not have other material contingent liabilities.

The capital commitments of the Group as at 30 June 2018 and 31 December 2017 were as follows:

	30 June 2018 (RMB'000) (Unaudited)	31 December 2017 (RMB'000) (Audited)
Contracted, but not yet published:		
Property, plant and equipment	**215,687**	219,786
Equity investments	**3,748,100**	2,901,040
	3,963,787	3,120,826

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 funds. As at 30 June 2018, the net current asset of the Group was RMB3,056 million, among which cash and cash equivalents accounted for RMB3,412 million. The liquidity of the Group was sound and healthy and it had adequate cash and available banking facilities to satisfy its operating needs.

As at 30 June 2018, the Group's interest-bearing borrowings were RMB3,827 million while the gearing ratio (gearing ratio represents the total interest-bearing borrowings as of 30 June 2018 divided by the total equity as at 30 June 2018) was 89.23%.

INDEBTEDNESS

The table below shows the total borrowings of the Group as at 30 June 2018 and 31 December 2017. The Group settles the borrowings on time.

	30 June 2018 (RMB'000) (Unaudited)	31 December 2017 (RMB'000) (Audited)
Bank borrowings		
Pledged	**3,118,621**	2,599,032
Other borrowings		
Non-pledged	**708,400**	708,400
	3,827,021	3,307,432

The Group has six batches of borrowings which are all denominated in RMB. The first batch is subject to a floating interest rate which is based on the benchmark interest rate to be charged for the same type of loans denominated in RMB for the same term as announced by the People's Bank of China. As at 30 June 2018, the interest rate for the borrowings was 4.90%; the second batch is subject to the basic lending rate of the Agriculture Bank of China and is determined based on the base lending rate contracted for each period plus 11bp, and varies from period to period. As at 30 June 2018, the interest rate for the borrowings was 4.41%; the third batch is subject to the floating rate on the date of drawdown of the first batch, being the benchmark interest rate to be charged for the same type of loans denominated in RMB for the same term as announced by the People's Bank of China minus 5%. As at 30 June 2018, the interest rate for the borrowings was 4.66%; the other three batches are at a fixed interest rate of 3.98%, 4.01% and 4.90%, respectively.

The table below shows the maturity of the Group's debts as at 30 June 2018 and 31 December 2017:

	30 June 2018 (RMB'000) (Unaudited)	31 December 2017 (RMB'000) (Audited)
Within one year	**320,000**	230,000
Between one to two years	**488,400**	504,400
Between two to three years	**358,000**	358,000
Between three to four years	**478,000**	343,066
Between four to five years	**458,000**	318,000
Over five years	**1,724,621**	1,553,966
Total	**3,827,021**	3,307,432

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 of the Group that involve exchange rate risk and transactions from operations 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.

USE OF PROCEEDS

H Share Issuance

As at 30 June 2018, the Company utilized an aggregate of RMB722.44 million of the proceeds, among which RMB380.70 million was used to supplement the invested funds for design, survey and consultancy projects and construction contracting projects in relation to urban rail transit business, of which RMB0.36 million was used in the first half of 2018; RMB182.79 million was used to enhance, through self-development, cooperation or acquisition, the design and technology research capabilities in relation to the urban rail transit business and facilitate commercialization of the technologies, of which, no proceeds was used in the first half of 2018; RMB66.06 million was used to improve the construction capabilities in relation to urban rail transit business, of which, no proceeds was used in the first half of 2018; RMB22.15 million was used to build the information systems, of which, RMB0.06 million was used in the first half of 2018; RMB70.74 million was used to supplement the working capital, of which, RMB0.17 million was used in the first half of 2018.

As at 30 June 2018. the remaining balance of proceeds of RMB15.91 million of the Company is placed at the banks as deposits and will be utilised in accordance with the intended use as disclosed in the prospectus published by the Company on 25 June 2014. The Company will formulate a timetable on use of the remaining proceeds in due course based on its operation requirements.

Key Employee Stock Ownership

In order to establish a long-term incentive-based and restraint mechanism enabling the Employees and Shareholders to share interests, risks and responsibilities as well as creating a career together, to maintain the stability of our team of key talents, and to strengthen the unity among Employees and increase the competitiveness of the Company, so as to further optimize the shareholding structure and the governance mechanism of the Company, which in turn will promote the long-term development of the Company, the Company implemented the Key Employee Stock Ownership Scheme.

The Company has completed the share registration in relation to the issuance of 76,000,000 domestic shares at the issuance price of RMB3.43 per share under special mandate at China Securities Registration and Clearing Corporation Limited on 1 February 2018. Such 76,000,000 domestic shares correspond to the total number of unit of the Key Employee Stock Ownership Scheme, being 76,000,000 shares, subscribed by the eligible participants. Among the total number of unit of 76,000,000 shares subscribed under the Key Employee Stock Ownership Scheme, 18,270,000 shares of which were subscribed by Connected Participants. For details, please refer to the announcement dated 5 February 2018.

The proceeds of RMB260 million in aggregate received by the Company from the issue price (i.e. the net price received from the issuance) was used for general working capital in relation to the business needs of the Company. As of 30 June 2018, the above proceeds have been fully utilized.

EMPLOYEES

As at 30 June 2018, the Group had approximately 4,121 employees, representing a decrease of 685 employees or 14.25% as compared to 4,806 employees at the end of last year. The decrease in this period was mainly attributable to specific measures taken by the Company to reduce the number of personnel doing low-end jobs and further optimize the talent structure.

As at 30 June 2018, employees with senior titles or above, employees with intermediate titles and employees with or without primary titles accounted for 24.48%, 33.17% and 42.35% of the total number of employees of the Group, respectively. Of which, the proportion of employees with intermediate titles and senior titles increased.

EVENTS AFTER THE BALANCE SHEET DATE

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

PROFIT DISTRIBUTION AND INTERIM DIVIDENDS

The Group currently proposes not to distribute interim profit or declare interim dividend.

ORDERS

The Company overcame difficulties in an overall downturn environment in the rail transit market. we pushed forward to actively expand the market with a focus on the synergy in the entire rail transit industry chain. As at 30 June 2018, the newly-signed contract amount was RMB6,378.17 million. Among which, the newly-signed contract amount of the design, survey and consultancy business was RMB1,851.52 million, and the newly-signed contract amount of the construction contracting business was RMB2,767.65 million. The project amount in hand at the end of the Reporting Period was RMB38,467.06 million.

WORKING GUIDANCE FOR THE SECOND HALF OF THE YEAR

Since 2018, with new changes in the domestic and international economic situation, the country has tightened its regulatory policies, strictly controlled the scale of local debts, and rolled out a slew of financial deleveraging regulation policies, pushing up the financing costs of enterprises. On 13 July 2018, the State Council issued the "Opinions on Furthering the Management of Urban Rail Transit Planning and Construction" (Guo Ban Fa [2018] No. 52), which further improves the application standards for subways and light rails, and further standardises the review and approval of relevant administrative matters. On 30 July 2018 and 14 August 2018, the National Development and Reform Commission successively reviewed and approved the phase III urban rail transit construction planning of Changchun city and phase III urban rail transit construction plan of Suzhou city, which marked the gradual standardisation of the review and approval process of the rail transit industry and construction. At present, we must adhere to growth as our main line, further strengthen the design and consultancy business and construction contracting business, and expand new business with a purpose to push the enterprise to stand at a new height of development.

In the second half of 2018, details of the Company's management measures are divided into four major aspects as follows:

I. Enhance and upgrade management measures, bringing a leapfrog development for enterprise

Focusing on the whole industrial chain of rail transit, enterprises from upstream and downstream, business segments and members will complement each other's advantages, take the opportunity of collaborative marketing, and use institutional means to guide businesses to enjoy shared resources to a maximum extent and to strive to maximize market shares, realizing a frog-leap development of the Company. The Company will strengthen its cash flow management, improve the collection of on-hand projects and preplan and arrange fund use plan in a reasonable manner. At the same time, under the virtual corporate management mechanism, the Company, with top-level system design and full-labor cost management as the core, will optimize labor cost management, fully implement budget management and control, and strictly control unnecessary costs and special event costs.

II. Connect and upgrade industry sectors, strengthening marketing pattern

With the release of the "Opinions on Furthering the Management of Urban Rail Transit Planning and Construction" issued by the State Council, the thoughts on the development of urban rail transit has become clear gradually. The Company will pay close attention to 32 cities which meet requirements and focus on the exploration of third- and fourth-tier cities with bigger market potential, including Handan, Baoding, Lianyungang, Linyi, Weifang, Quanzhou, etc. The Company will use its advantage of Engineering Design Integrated Qualification Class-A to constantly push the design to extend to industry forefront and creative planning, and focus on the development of hotspot areas including utility tunnel, smart city, sponge city, culture tourism development, etc.. It will accelerate the implementation of quality and key PPP projects, enlarge general contracting project cluster and speed up the transformation of scientific and technological achievements to occupy the market.

III. Upgrade innovative influence, fully stimulating growth potential

The Company will adhere to the goal of "BIM application is conducted in the construction of 2/3 new projects", combine the goal with the upgrading of collaborative design means, focus on the general production situation, serve connected market, ensure that the application is carried forward as schedule through institutional incentives, training guidance and supervision and guidance, and realize two- and three-dimensional collaborative design. At the same time, as a revolutionary innovation in urban rail transit control system, cloud transportation automation system, representing the future development direction of industry technology, shall be performed with the combination of the implementation of projects.

IV. Upgrade headquarter management, strengthening group operation system

Guided by the core value of "customer first, fighting will as the foundation, integrity and pragmatism, pursuit of excellence", the Company will comprehensively accelerate the upgrading of headquarter capacity construction, change style of work, improve efficiency and strengthen effectiveness, to provide endogenous power for the transformation and upgrading of the Company; actively promote the A-share IPO of the Company and push forward virtual corporate operation; strengthen regional dynamic management and quality control, rationally and orderly use social resources, increase production capacity, control costs, cope with capacity conflicts, and ensure quality performance of on-hand projects; deeply promote the refinement of business management, improve collectivize financial management and control system, deepen the construction of human resources value system, continuously improve information level and risk internal control system, and promote struggle culture and brand image to upgrade further.

MARKET LANDSCAPE AND BUSINESS OUTLOOK

Urban rail transit transforms from high speed to high quality, with multi-transit modes in coordinated development

In the first half of 2018, the General Office of the State Council of the People's Republic of China issued the "Opinions on Further Strengthening the Management of the Planning and Construction of Urban Rail Transit" (Guo Ban Fa [2018] No. 52) (the "Opinions") to guide the industry development in the future as a new policy document. Continuously adhering to the policy of "orderly development within capabilities" policy, on the basis of summarizing the development experience of the industry, the "Opinions" has adjusted the conditions for access to urban rail transit, according to the idea of "there is urban rail transit demand in a city, where the government can afford the construction, the potential passenger flow is sufficient and it is easy to do data statistics". The construction of urban rail transit has shifted from a high-speed growth phase to a high-quality development phase.

According to the China Association of Metros (中國城市軌道交通協會), as of the end of 2017, urban rail transit lines opened in the Chinese mainland include seven modes: subway, light rail, monorail, city express rail, modern tramcar, maglev transportation and APM, of which, subway was 3,883.6 km, accounting for 77.2%; light rail was 8,240.8 km, accounting for 4.8%; monorail was 98.5 km, accounting for 2%; city express rail was 502 km, accounting for 10%; modern tramcar was 246.1 km, accounting for 4.9%; maglev transportation was 57.9 km, accounting for 1.1%; APM lines was 3.9 km, accounting for 0.1%. Subway, tramcar and city express rail had a significant growth, with respective increase of 714.9 km (22.6%), 57.8 km (31.3%) and 89.8 km (21.8%) in 2017.

According to the statistics of the World Rail Transit Network, in China, around 123 rail lines won biddings in the general contract projects of the domestic urban rail transit design in 2017, of which 94 were metros, 13 were straddle-type monorails and 16 were modern streetcars. The Company with 28 lines topped the market, continuing the leading position in the domestic rail transit industry in terms of the share of the general contracting for design.

Rail transit in coordination with innovation construction

The "national engineering laboratories for green and safe construction technologies of urban rail transit" built by the Company has formed a four-in-one innovation system covering technology research and development, research coordination, expert management and platform and has completed the construction of coordinated innovation and application demonstration platform. The engineering laboratories have constructed "three major innovation platforms, one support platform and seven research centers and one engineering application base".

The laboratories have undertaken scientific research projects of multiple institutions including the Ministry of Science and Technology, Chinese Academy of Engineering and Beijing Municipal Science & Technology Commission.

PPP

In the first half of 2018, the growth rate of national fixed asset investment continued to decline, which was 2.5 and 1.1 percentage points lower than that of the same period of last year and the full last year. The growth was weak and the growth rate of infrastructure investment also declined. In terms of financing, under the tone of maintaining a stable, neutral and moderately tight policy of the People's Bank of China, the sources of corporate funds will become significantly narrow in the short term. The strict supervision of financial industry will increase the financing difficulties of entities, which will have a certain negative impact on the development of the PPP industry. In terms of PPP business, the state rolled out a series of documents to clean up and standardize local financing platforms, government investment funds, government procurement services and PPP management. In the short term, the overall development of the industry was suppressed, and the investment saw a remarkable decrease. However, in the long run, this series of measures will effectively promote a higher-quality PPP industry, which is the only way for the PPP industry to move towards mature standards.

In the first half of 2018, PPP project investment entered the industry standard period and stable development period. By the end of June 2018, the amount of the PPP projects winning bids which were announced nationwide reached RMB11.31 trillion (source: Bridata). Currently, infrastructure fields including municipal engineering and rail transit remain the dominant promotion targets of the PPP model in China, and are the key focuses of investment of PPP projects of us in some time in the future.

INTEGRATED DEVELOPMENT OF RAIL TRANSIT PROPERTY (TOD)

Through the design of rail transit stations and surrounding cities, the Company locks the land around stations and improves the functions of the surrounding areas of stations and environmental quality, to promote the coordination between land development of the surrounding areas of stations and urban development strategies and realize the functional development strategies, land use planning, spatial landscape design, integrated transportation design, and land use benefits of various rail transit stations and their surrounding areas, namely the “five integrations”. The Company strives to continuously improve and innovate in various aspects such as vertical traffic connection, vibration and noise reduction, throat area coverage, structural layer conversion, roof greening and project forms, so that the comprehensive development projects of stations and yard will become high-quality complex which can be integrated with urban surroundings and be complementary to each other with urban functions.

In order to realize the coordination in the planning, construction and development of rail transit, major cities have rolled out a number of policy guidance documents on the comprehensive development and utilization of urban rail transit and its surrounding land, combined their own characteristics. Of which, the “Guidelines for the Comprehensive Development and Construction of Land in the Adjacent Area of Zhengzhou Rail Transit Section (Yard) and Its Sites Along the Line (Trial) (Zheng Zheng Ban [2018] No. 62)”, prepared by Zhengzhou Rail Transit Company Limited with the assistance of the Company, clearly puts forward “the principle of insisting on the comprehensive development as normal state and non-comprehensive development as special cases for rail transit section (yard)”, comprehensively combs the construction and development process of rail transit stations and yards, clear design guidelines, grade definitions and control points in multiple professional fields including pre-planning, architectural design, traffic organization and municipal facilities on which are given key focus, and provides important guiding principles for the integrated design and construction of follow-up five rail transits, seven vehicle sections and more than ten stations in Zhengzhou.

Currently, the Company’s property development business, relying on its rail transit design technology strength, makes the innovative research and development of its products on the R & D of two products including integrated development of transportation hub and top-head development at rail yards. The Company also keeps the follow-up of the development projects of rail transit property in many districts and cities with good economic performance including Nanjing (Jiangsu province), Zhengzhou (Henan province), Changchun (Jilin province), Kunming (Yunnan province) and Hangzhou (Zhejiang province).

Currently, the Company is fully promoting the integrated development project of Beijing Pingguoyuan transportation hub. The project’s total construction area is 297,000 square meters and is the transfer hub for subway line 1 and line 6, S1 maglev and BRT (bus rapid transit). The project will become the landmark building of the business circle in west Beijing, consisting of multiple property forms such as office buildings, retail commerce, experiential consumption, culture and entertainment. The project is UCD’s pioneering work, which will realize the comprehensive development mode of integrated transportation hub involving design, investment, construction and operation.

UTILITY TUNNEL

At present, the construction of utility tunnel projects adheres to the principle of adapting to local conditions and orderly progress, and strives to create a sustainable development market environment for utility tunnel. Relevant units across the country have seen the market potential of utility tunnel, so many of them have stepped up their marketing and business development efforts in utility tunnel business. The market competition is becoming increasingly fierce.

Through maintaining a favourable interaction and close collaboration with government agencies and competent industry authorities such as local development and reform commissions, land resources and planning bureaus and housing and urban-rural development commissions, and the domestic well-known planning institutes, underground and air tunnel centers comply with the national and global development and construction needs, jointly cultivate underground space and tunnel market, and maintain a pleasant atmosphere in the market.

Underground and air tunnel centers take high-quality engineering and technological advantages as the marketing tool and combine the geographical operation advantages of each branch of the Company to further expand its market shares with advantage services as its medium. In the process of tracking and fulfillment, we build a strong team, stabilize market share, promote and continue leading technologies to form a virtuous cycle of talent, technology and market share.

In the first half of 2018, underground and air tunnel centers completed the newly signed contract amount of RMB77,589,900. Another contract for the engineering investigation and design project of utility tunnel of 107 auxiliary road (Xinlong Road – Qilihe North Road) in Zhengdong New District of Zhengzhou City will be signed soon, with the contract amount of RMB15,860,400.

SPONGE CITY

In 2017, the 13th Five-Year Plan of the National Municipal Infrastructure Construction in China was released. Based on the policy and industry environment, the Company with the resource advantage of the Design & Development Group has made significant progress in the planning design of the sponge city. In the first half of 2018, the task of comprehensive improvement design of sponge city and water environment has been steadily advanced, and market development has achieved remarkable results. In the on-hand projects, the design tasks of waste intercepting projects of black and odorous water in Wenyuhe basin, Xiaochanggou basin, Bahe basin and Beixiaohe basin in Beijing were under normal fulfilment of contracts; the water treatment project in Xia'aoqiao district in the center of Beijing entered its final stage; Anqing Shitang Lake comprehensive improvement project and other projects entered the construction implementation stage. In the first half of this year, the Company won biddings of design projects including Beijing Jintai Bridge water treatment engineering design project, the comprehensive improvement project of airport area basin in Bao'an district, Shenzhen, the second bidding section of Zhengben Qingyuan project in Pingshan District, Shenzhen and the first bidding section of drainage and flood control phase II project of Shenyang city.

As a whole, in the sector of sponge city, the Company has had rich performance in various fields such as special planning and special design of sponge city, the treatment of water points, the treatment and waste interception of black and odorous water. The Company has succeeded in entering the advisory guidance business of sponge city.

DEVELOPMENT OF INTEGRATED URBAN SPACE

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 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 was completed the construction and acceptance. The Company also won the bidding of the top-head development of the project. The top-head development area is around 150,000 square meters, including various types of properties such as residence, office buildings and community infrastructure. 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.

INTEGRATED TRANSPORTATION HUB

National Urban System Plan (2006–2020) (全國城鎮體系規劃(2006–2020年)) points out to establish national integrated transportation hub system to 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 China 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 service and green development. By 2020, China will create 100 modern and three-dimensional integrated passenger terminals in important integrated transportation hub cities nationwide.

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.

EPC

On 4 May 2017, the Ministry of Housing and Urban-Rural Development issued the 13th Five-Year Plan of the Development of Construction Industry, which clearly took the adjustment and optimization of industrial structure as its major task during the "13th Five-Year Plan". Taking engineering projects, the application of advanced technologies, and division of labor respectively as the core, means and link, general engineering subcontracting relations will be established in a reasonable way. The government requires to set up an organizing and executing with powerful management of general contract, advanced professional subcontracts and flat organizing form to form a new organization structure of construction industry with comprehensive professions, reasonable distribution and fitting together of parts. Under the industry background, the Company undertook a big 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. Besides, the Company won biddings of a series of 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 construction business and started a new model for the project management and market expansion in the civil construction business of the Company.

At the beginning of 2018, in order to standardize the general contracting activities of housing construction and municipal infrastructure projects, promote the deep integration of engineering design, procurement, construction and other stages and improve the efficiency of project construction, the Ministry of Housing and Urban-Rural Development formulated the"Management Measures for the General Contracting of Housing Buildings and Municipal Infrastructure Projects" (Draft for Comment), indicating that the general contracting era has officially opened.

TECHNOLOGY INDUSTRIALISATION

At present, the scale of network planning continues to grow. There are 62 cities in the Chinese mainland that have been approved for the construction of urban rail transit, with the planned length of 7,424 km. The network operation of urban rail transit has been gradually realized, with a total operating mileage of 5,032.7 km. At the same time, the urban rail transit in the Chinese mainland has developed in multi-transit modes, and new modes bring about development opportunities. Tramcar tends to develop reasonably, monorail, maglev traffic and city express rail enter a burgeoning path, and new modes such as APM, AGT, linear motor and "smart rail" are promoted under the corresponding applicable conditions. In addition, the China's National Development and Reform Commission has tightened the approval for subway construction, raised the threshold for its contribution to GDP and fiscal revenue, strengthened supervision over vehicle investment projects, and strictly controlled the industry overcapacity, but the industry as a whole still maintains a steady growth. In terms of the market, the scale of investment in urban rail transit in China continues to expand. The investment reached a new high in 2017, with an upward trend. The total investment of planning lines in 44 cities approved by the National Development and Reform Commission is around RMB3.7 trillion, and the planned investment from 16 cities exceeds RMB100 billion. The investment completed was RMB476.16 billion in 2017, with a rapid growth of 23.8% in 2017 compared with 4.5% in 2016. Above all, it can be predicted that rail transit investment will continue to maintain a certain growth rate in the future, but with regard to the policy, the approval for subway construction is being tightened, and the new rail transit modes are rapidly emerging.

Centered with urban rail transit and relevant markets and through the incubator mode for scientific and technological achievements with industry-university-research combination, the Company makes its great efforts to develop and promote innovative technology products with independent intellectual property to extend the industrial chain of the urban rail transit business of the Company and create new growth point of enterprise value. The Company speeds up the marketization of scientific and technological achievements and promotes the application of new technologies and products in urban rail transit and industrial automation. In 2018, the technology industrialization segment has made further progress in the four major product systems including intelligent control products of tramcar, rail products, subway automation products and industrial intelligent control. Tramcar market saw a stable growth, subway automation achieved breakthroughs in self-developed products, rail products achieved a steady promotion and application, and industrial intelligent control market was vigorously explored. The Company realized the implementation of cloud platform-based rail transit integrated automation system in projects in 2018. The Company will continue to give full play to the brand effect of demonstration projects in the field of tramcar and radiate the surrounding market. At the same time, it will fully take advantage of the brand influence of the Group to vigorously develop the national market and further increase the market shares of tramcar. The Company will make breakthroughs in new markets such as utility tunnel, subway and rail, and monorail. The Company will make use of technologies including cloud computing, big data and BIM to provide industry-leading solutions in many aspects including operation dispatching, equipment maintenance and early fault alert, and incubate and promote subway BIM intelligent operation and maintenance management system.

THE INTERESTS OF DIRECTORS, CHIEF EXECUTIVES AND SUPERVISORS IN SHARES

The interests and short positions of directors, supervisors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations

As at 30 June 2018, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as otherwise notified to the Company and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO or as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements in the Model Code, were as follows:

Name	Position	Nature of interests	Class of Shares	Number of Shares (Share)	Approximate percentage of total issued H Share capital (%)	Approximate percentage of total issued share capital (%)
Wang Liping	Chairman and non-executive Director	Personal interest	H Shares	52,000	0.01	0.004
Wang Hanjun	Executive Director and the General Manager	Personal interest	H Shares	48,000	0.01	0.004
Li Guoqing	Executive Director	Personal interest	H Shares	48,000	0.01	0.004

Note:

Ms. Wang Liping retired as the Director on 15 August 2018. For further details, please refer to the announcement published by the Company on 15 August 2018.

Mr. Wang Hanjun and Mr. Li Guoqing subscribed for 1,000,000 domestic shares respectively under a key employee stock ownership scheme on 29 December 2017.

Save as disclosed above, as at 30 June 2018, none of the other Directors and Supervisors had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as otherwise notified to the Company and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO or as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements of the Model Code.

During the Reporting Period, none of the Directors, Supervisors and chief executive of the Company (including their spouses or children under the age of 18) were authorized by the Company any rights to subscribe for the shares or debentures of the Company or any associated corporations.

CHANGE OF THE BOARD AND THE BOARD OF SUPERVISORS

Change of Directors

Ms. Guo Yanhong has tendered her resignation as a non-executive Director to the Company due to work arrangement, effective from 26 March 2018. For details, please refer to the announcement of the Company published on 26 March 2018.

At the 2018 first extraordinary general meeting held on 15 August 2018, Mr. Wang Hanjun and Mr. Li Guoqing were appointed as executive Directors. Mr. Shi Yubin, Mr. Tang Shuchang, Ms. Wu Donghui, Mr. Guan Jifa, Mr. Ren Yuhang, Mr. Su Bin, Mr. Yu Xiaojun and Mr. Ren Chong were appointed as non-executive Directors. Mr. Wang Dexing, Dr. Yim Fung, Mr. Sun Maozhu, Mr. Liang Qinghuai and Mr. Qin Guisheng were appointed as independent non-executive Directors. They were appointed as Directors of the second session of the Board, with term of office of three years starting from 15 August 2018. Ms. Wang Liping, Mr. Yan Lianyuan and Mr. Zhang Fengchao retired as Directors on the same date. For details, please refer to the announcement of the Company published on 15 August 2018.

Change of Supervisors

At the 2018 first extraordinary general meeting held on 15 August 2018, Mr. Yuan Guoyue, Ms. Nie Kun, Ms. Zhao Hong, Mr. Chen Rui and Mr. Zuo Chuanchang were appointed as Supervisors of the second session of the Board of Supervisors to form the second session of the Board of Supervisors with the employee representative Supervisors, namely Ms. Yang Huiju, Mr. Liu Hao and Mr. Ban Jianbo, with term of office of three years starting from 15 August 2018. Mr. Ren Chong retired as a Supervisor on the same date. For details, please refer to the announcement of the Company published on 15 August 2018.

Appointment of the Chairman of the Board

At the board meeting held on 15 August 2018, the Board elected Mr. Shi Yubin as the Chairman of the second session of the Board with immediate effect.

Appointment of members of the special committees of the Board of Directors

Members of the special committees of the second session of the Board were elected at a meeting of the Board held on 15 August 2018. Details are as follow:

Nomination Committee
Chairman: Shi Yubin
Members: Wang Dexing, Liang Qinghuai, Qin Guisheng, Su Bin

Audit Committee
Chairman: Sun Maozhu
Members: Ren Yuhang, Liang Qinghuai, Qin Guisheng, Yu Xiaojun

Remuneration Committee
Chairman: Wang Dexing
Members: Sun Maozhu, Yim Fung, Wu Donghui, Ren Chong

Overseas Risk Control Committee
Chairman: Shi Yubin
Members: Wang Hanjun, Li Guoqing

Appointment of the Chairman of the Board of Supervisors

At the supervisory board meeting held on 15 August 2018, the Board of Supervisors elected Mr. Yuan Guoyue as the Chairman of the second session of the Board of Supervisors with immediate effect.

Save as disclosed above, during the Reporting Period, there were no changes on other Directors, Supervisors and senior management personnel of the Company.

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

Mr. WANG Hanjun *(Executive Director)*
Mr. LI Guoqing *(Executive Director)*
Mr. SHI Yubin *(Chairman, Non-executive Director)*
Mr. TANG Shuchang *(Non-executive Director)*
Ms. WU Donghui *(Non-executive Director)*
Mr. GUAN Jifa *(Non-executive Director)*
Mr. REN Yuhang *(Non-executive Director)*
Mr. SU Bin *(Non-executive Director)*
Mr. YU Xiaojun *(Non-executive Director)*
Mr. REN Chong *(Non-executive Director)*
Mr. WANG Dexing *(Independent Non-executive Director)*
Dr. YIM Fung *(Independent Non-executive Director)*
Mr. SUN Maozhu *(Independent Non-executive Director)*
Mr. LIANG Qinghuai *(Independent Non-executive Director)*
Mr. QIN Guisheng *(Independent Non-executive Director)*

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

Mr. YUAN Guoyue *(Chairman of the Board of Supervisors)*
Ms. NIE Kun *(Supervisor)*
Ms. ZHAO Hong *(Supervisor)*
Mr. CHEN Rui *(Supervisor)*
Mr. ZUO Chuanchang *(Independent Supervisor)*
Ms. YANG Huiju *(Employee Representative Supervisor)*
Mr. LIU Hao *(Employee Representative Supervisor)*
Mr. BAN Jianbo *(Employee Representative Supervisor)*

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as its code for securities transactions by its Directors and Supervisors. Having made specific enquiries with all of the Directors and Supervisors, all of them have confirmed that they had complied with the abovementioned code during the Reporting Period.

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

Substantial shareholders' interests and short positions in the Shares and underlying shares of the Company

As at 30 June 2018, so far as was known to the Directors, the interests or short positions of the following persons (other than the Directors, Supervisors or the chief executive of the Company) in the Shares and underlying shares of the Company as otherwise notified to the Company and the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under section 336 of the SFO were as follows:

Domestic Shares

Name of shareholder	Capacity	Number of Domestic Shares	Nature of interests	Approximate percentage of total issued Domestic Share capital	Approximate percentage of total issued share capital
Beijing Urban Construction Group Co., Ltd.[1]	Beneficial owner	571,031,118	Long position	59.44%	42.34%
Beijing Infrastructure Investment Co., Ltd.[2]	Beneficial owner	87,850,942	Long position	9.14%	6.51%
Beijing Jingguofa Equity Investment Fund (Limited Partnership)[3]	Beneficial owner	46,000,000	Long position	4.79%	3.41%
Tianjin Jun Rui Qi Equity Investment Partnership (LLP)[4]	Beneficial owner	46,000,000	Long position	4.79%	3.41%
Beijing Chengtong Enterprise Management Center (General Partnership)	Beneficial owner	76,000,000[5]	Long position	7.91%	5.64%

Notes:

1. Beijing Urban Construction Group Co., Ltd. was incorporated by the Beijing Municipal Government.

2. Beijing Infrastructure Investment Co., Ltd. is a wholly state-owned enterprise established and funded by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.

3. The general partner of Beijing Jingguofa Equity Investment Fund (Limited Partnership) is Beijing Jingguofa Investment Management Co., Ltd. The 100% equity interest in Beijing Jingguofa Investment Management Co., Ltd. is held by Baoding Taihangheyi Cement Co., Ltd. In addition, Beijing State-owned Capital Operation and Management Center is a limited partner holding 64.99% interest in Beijing Jingguofa Equity Investment Fund (Limited Partnership). Each of the entities above was deemed to have interests in the same number of shares as Beijing Jingguofa Equity Investment Fund (Limited Partnership).

4. The general partner of Tianjin Jun Rui Qi Equity Investment Partnership (LLP) is Beijing Bodao Investment Advisory Center (Limited Partnership), while the general partner of Beijing Bodao Investment Advisory Center (Limited Partnership) is Beijing Legend Capital Co., Ltd. Beijing Junqijiarui Enterprise Management Co., Ltd. holds 45.00% equity interest in Beijing Legend Capital Co., Ltd. Each of the entities above was deemed to have interests in the same number of shares as Tianjin Jun Rui Qi Equity Investment Partnership (LLP).

5. Among which, 18,270,000 domestic shares were issued for connected subscriptions. For further details, please refer to the circular published by the Company on 7 December 2017 and the announcement published by the Company on 5 February 2018.

H Shares

Name of shareholder	Capacity	Number of H Shares	Nature of interests	Approximate percentage of total issued H Share capital	Approximate percentage of total issued share capital
Amundi Ireland Ltd	Investment Manager	81,494,000	Long position	21.01%	6.04%
Amundi Luxembourg S.A.	Investment Manager	77,422,000	Long position	19.96%	5.74%
Beijing Infrastructure Investment Co., Ltd.[1]	Interest of controlled corporations	68,222,000	Long position	17.59%	5.06%
Beijing Infrastructure Investment (Hong Kong) Limited[1]	Beneficial Owner	68,222,000	Long position	17.59%	5.06%
Pioneer Investment Management Limited	Investment Manager	66,028,000	Long position	17.02%	4.90%
Pioneer Asset Management S.A.	Investment Manager	52,777,000	Long position	13.60%	3.91%
CRRC Group	Interest of controlled corporations [2]	26,222,000	Long position	6.76%	1.94%
Fidelity Investment Trust	Beneficial Owner	19,384,000	Long position	5.00%	1.44%

Notes:

1 Beijing Infrastructure Investment Co., Ltd. (北京市基礎設施投資有限公司) indirectly held interests in 68,222,000 H Shares of the Company through its wholly-owned subsidiary, Beijing Infrastructure Investment (Hong Kong) Limited (京投香港有限公司).

2. CRRC Group (formerly known as CSR Group Limited) held interests in 26,222,000 H Shares through its controlled corporations, CRRC Corporation Limited (formerly known as CSR Corporation Limited) and CRRC (Hong Kong) Co., Ltd. (formerly known as CSR (Hong Kong) Co. Ltd).

Save as disclosed above, as at 30 June 2018, the Directors are not aware of any other person (other than the Directors, Supervisors or the chief executive of the Company) who had interests or short positions in the Shares and underlying shares of the Company otherwise notified to the Company and the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under Section 336 of the SFO.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Company and its subsidiaries did not purchase, sell or redeem any securities of the Company.

CORPORATE GOVERNANCE

The Company strictly complies with various applicable regulatory laws, rules and regulations as well as the Articles of Association to standardize its operation. During the Reporting Period, the Company followed the relevant requirements under the Corporate Governance Code and established a sound corporate governance system, operated and run in accordance with corporate governance documents, continuously enhanced and improved the corporate governance level of the Company. Currently, the corporate governance documents of the Company mainly include: the Articles of Association, the Rules of Procedure for the General Meeting of Beijing Urban Construction Design & Development Group Co., Limited, the Rules of Procedure for the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited, the Rules of Procedure for the Board of Supervisors of Beijing Urban Construction Design & Development Group Co., Limited, the Terms of Reference of the Audit Committee under the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited, the Terms of Reference of the Nomination Committee under the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited, the Terms of Reference of the Remuneration Committee under the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited, the Terms of Reference of the Overseas Risk Control Committee under the Board of Directors of Beijing Urban Construction Design & Development Group Co., Limited, the Administrative Measures on Information Disclosure of Beijing Urban Construction Design & Development Group Co., Limited, the Administrative Measures on Connected Transactions of Beijing Urban Construction Design & Development Group Co., Limited. The Board has adopted the Model Code as its rules for securities transactions by the Directors and Supervisors. So far as the Board is aware, during the Reporting Period, the Company had complied with various applicable regulatory laws, rules and regulations, the Articles of Association and the requirements of the code provisions under the Corporate Governance Code and published the documents and information required to be disclosed on the websites of the Company and the Hong Kong Stock Exchange.

MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Group was not engaged in any litigation or arbitration that would have a material effect on its operating activities.

REVIEW OF INTERIM REPORT

Ernst & Young, the auditor of the Company, has reviewed the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2018.

The Audit Committee of the Company has reviewed the interim report of the Group for the six months ended 30 June 2018 and the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2018.

PUBLIC FLOAT

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

As of the date of this report, the public float of the Company was 23.69%, which failed to meet the requirements on minimum public float under Rule 8.08(1)(a) of the Hong Kong Listing Rules. For further details on the insufficiency of public float, please refer to the announcement of the Company dated 2 March 2018. The Company is proactively taking practicable measures to recover the public float level.

Report on Review of Interim Condensed Consolidated Financial Statements

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To the shareholders of Beijing Urban Construction Design & Development Group Co., Limited
(A joint stock limited liability company established in the People's Republic of China)

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated statement of financial position of Beijing Urban Construction Design & Development Group Co., Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2018 and the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") require the preparation of a report on interim condensed consolidated financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board.

The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
28 August 2018

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six-month period ended 30 June 2018

	Notes	Six-month period ended 30 June **2018** **RMB'000** **(Unaudited)**	 2017 RMB'000 (Unaudited)
REVENUE	4	**3,418,215**	3,032,123
Cost of sales	6	**(2,772,583)**	(2,448,737)
Gross profit		**645,632**	583,386
Other income and gains	4	**172,357**	121,427
Selling and distribution expenses		**(33,512)**	(45,310)
Administrative expenses		**(309,957)**	(278,803)
Other expenses		**(57,776)**	(46,579)
Finance costs	5	**(83,203)**	(62,327)
Share of profits and losses of:			
Joint ventures		**2,419**	(2,035)
Associates		**2,243**	2,330
PROFIT BEFORE TAX	6	**338,203**	272,089
Income tax expense	7	**(69,023)**	(45,847)
PROFIT FOR THE PERIOD		**269,180**	226,242
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax:			
Re-measurement loss on defined benefit plans, net of tax		**(4,190)**	(1,310)
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax:			
Changes in fair value of available-for-sale investments, net of tax		**–**	1,068
Exchange differences on translation of foreign operations		**(35)**	64
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**(4,225)**	(178)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**264,955**	226,064

	Notes	Six-month period ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Profit attributable to:			
Owners of the parent		**262,771**	220,361
Non-controlling interests		**6,409**	5,881
		269,180	226,242
Total comprehensive income attributable to:			
Owners of the parent		**258,546**	220,183
Non-controlling interests		**6,409**	5,881
		264,955	226,064
Earnings per share attributable to ordinary equity holders of the parent:			
Basic and diluted (expressed in RMB per share)	9	**0.19**	0.17

Interim Condensed Consolidated Statement of Financial Position

30 June 2018

	Notes	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	**447,875**	435,912
Prepaid land lease payments		**223,747**	226,310
Intangible assets		**5,338**	6,185
Investments in joint ventures		**40,863**	38,445
Investments in associates		**96,560**	103,192
Available-for-sale investments	13	**–**	19,902
Financial assets at fair value through other comprehensive income	14	**8,650**	–
Deferred tax assets		**109,679**	105,541
Financial receivables	16	**2,904,118**	3,641,891
Contract assets	12	**1,057,755**	–
Trade receivables	17	**39,254**	33,421
Prepayments, deposits and other receivables	18	**202,945**	371,702
Total non-current assets		**5,136,784**	4,982,501
CURRENT ASSETS			
Prepaid land lease payments		**5,152**	5,163
Inventories		**85,304**	79,616
Financial assets at fair value through profit or loss	15	**76,021**	–
Trade and bills receivables	17	**3,237,442**	2,357,225
Prepayments, deposits and other receivables	18	**800,838**	1,363,596
Amounts due from contract customers	11	**–**	1,941,949
Contract assets	12	**2,292,812**	–
Financial receivables	16	**154,378**	208,730
Pledged deposits	19	**12,799**	21,177
Cash and bank balances	19	**3,412,430**	3,381,887
Total current assets		**10,077,176**	9,359,343
CURRENT LIABILITIES			
Trade payables	20	**2,627,167**	2,677,859
Amounts due to contract customers	11	**–**	1,531,631
Contract liabilities	12	**3,062,880**	–
Other payables, advances from customers and accruals	21	**973,779**	2,221,156
Interest-bearing bank and other borrowings	22	**320,000**	230,000
Provisions for supplementary retirement benefits		**3,650**	3,650
Tax payable		**34,117**	57,616
Total current liabilities		**7,021,593**	6,721,912
NET CURRENT ASSETS		**3,055,583**	2,637,431
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,192,367**	7,619,932

	Notes	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**1,892**	3,073
Interest-bearing bank and other borrowings	22	**3,507,021**	3,077,432
Provisions for supplementary retirement benefits		**62,800**	58,530
Other payables and accruals	21	**331,962**	297,579
Total non-current liabilities		**3,903,675**	3,436,614
Net assets		**4,288,692**	4,183,318
EQUITY			
Equity attributable to owners of the parent			
Share capital		**1,348,670**	1,348,670
Reserves		**2,672,757**	2,571,906
		4,021,427	3,920,576
Non-controlling interests		**267,265**	262,742
Total equity		**4,288,692**	4,183,318

Wang Hanjun
Director

Li Guoqing
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six-month period ended 30 June 2018

	Attributable to owners of the parent								
	Share capital RMB'000 (Unaudited)	Capital reserve RMB'000 (Unaudited)	Special reserve RMB'000 (Unaudited)	Statutory surplus reserve RMB'000 (Unaudited)	Exchange fluctuation reserve RMB'000 (Unaudited)	Retained profits RMB'000 (Unaudited)	Total RMB'000 (Unaudited)	Non-controlling interests RMB'000 (Unaudited)	Total equity RMB'000 (Unaudited)
At 31 December 2017	**1,348,670**	**743,558**	**-**	**195,792**	**227**	**1,632,329**	**3,920,576**	**262,742**	**4,183,318**
Adjustment of adoption of IFRS 9, net of tax (note 2.2)	**-**	**(1,252)**	**-**	**-**	**-**	**(22,385)**	**(23,637)**	**(463)**	**(24,100)**
At 1 January 2018	**1,348,670**	**742,306**	**-**	**195,792**	**227**	**1,609,944**	**3,896,939**	**262,279**	**4,159,218**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**262,771**	**262,771**	**6,409**	**269,180**
Other comprehensive income for the period:									
Re-measurement loss on defined benefit plans, net of tax	**-**	**(4,190)**	**-**	**-**	**-**	**-**	**(4,190)**	**-**	**(4,190)**
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**-**	**(35)**	**-**	**(35)**	**-**	**(35)**
Total comprehensive income for the period	**-**	**(4,190)**	**-**	**-**	**(35)**	**262,771**	**258,546**	**6,409**	**264,955**
Acquisition of subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8,177**	**8,177**
Final 2017 dividend declared	**-**	**-**	**-**	**-**	**-**	**(134,058)**	**(134,058)**	**-**	**(134,058)**
Dividend declared to non-controlling shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(9,600)**	**(9,600)**
Transfer to special reserve (note (i))	**-**	**-**	**33,508**	**-**	**-**	**(33,508)**	**-**	**-**	**-**
Utilisation of special reserve (note (i))	**-**	**-**	**(33,508)**	**-**	**-**	**33,508**	**-**	**-**	**-**
At 30 June 2018	**1,348,670**	**738,116***	**-***	**195,792***	**192***	**1,738,657***	**4,021,427**	**267,265**	**4,288,692**

Interim Condensed Consolidated Statement of Changes in Equity (Continued)

For the six-month period ended 30 June 2018

	Attributable to owners of the parent								
	Share capital RMB'000 (Unaudited)	Capital reserve RMB'000 (Unaudited)	Special reserve RMB'000 (Unaudited)	Statutory surplus reserve RMB'000 (Unaudited)	Exchange fluctuation reserve RMB'000 (Unaudited)	Retained profits RMB'000 (Unaudited)	Total RMB'000 (Unaudited)	Non-controlling interests RMB'000 (Unaudited)	Total equity RMB'000 (Unaudited)
At 1 January 2017	1,272,670	562,506	–	159,384	32	1,299,576	3,294,168	223,304	3,517,472
Profit for the period	–	–	–	–	–	220,361	220,361	5,881	226,242
Other comprehensive income for the period:									
Re-measurement gains on defined benefit plans, net of tax	–	(1,310)	–	–	–	–	(1,310)	–	(1,310)
Changes in fair value of available-for-sale investments	–	1,068	–	–	–	–	1,068	–	1,068
Exchange differences on translation of foreign operations	–	–	–	–	64	–	64	–	64
Total comprehensive income for the period	–	(242)	–	–	64	220,361	220,183	5,881	226,064
Final 2016 dividend declared	–	–	–	–	–	(126,758)	(126,758)	–	(126,758)
Dividend declared to non-controlling shareholders	–	–	–	–	–	–	–	(573)	(573)
Appropriation to statutory surplus reserve	–	–	–	15,095	–	(15,095)	–	–	–
Transfer to special reserve (note (i))	–	–	32,779	–	–	(32,779)	–	–	–
Utilisation of special reserve (note (i))	–	–	(32,779)	–	–	32,779	–	–	–
At 30 June 2017	1,272,670	562,264	–	174,479	96	1,378,084	3,387,593	228,612	3,616,205

* These reserve accounts comprise the consolidated reserves of RMB2,672,757,000 (unaudited) in the interim condensed consolidated statement of financial position as at 30 June 2018.

Note:

(i) In preparation of the interim condensed consolidated financial statements, the Group has appropriated certain amounts of retained profits to a special reserve fund for each of the six months ended 30 June 2018 and 2017 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 expense to profit or loss when such expenses were incurred, and at the same time an equal amount of such special reserve fund were utilised and transferred back to retained profits until such special reserve was fully utilised.

Interim Condensed Consolidated Statement of Cash Flows

For the six-month period ended 30 June 2018

	Notes	Six-month period ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**338,203**	272,089
Adjustments for:			
Finance costs	5	**83,203**	62,327
Foreign exchange differences, net	6	**(2,958)**	5,553
Interest income	4	**(162,450)**	(120,546)
Fair value gains of financial assets at fair value through profit or loss	4	**(1,021)**	–
Share of profits of associates and joint ventures		**(4,662)**	(295)
Depreciation of items of property, plant and equipment	6	**31,848**	17,443
Impairment of trade receivables, net	6	**48,052**	32,200
Impairment of deposits and other receivables, net	6	**(417)**	2,679
Provision for foreseeable losses on contracts, net	6	**9,701**	6,071
Others		**2,575**	3,057
		342,074	280,487
Increase in inventories		**(5,688)**	(17,153)
Changes in contract assets/liabilities		**(308,953)**	–
Changes in amounts due from/to contract customers		**410,317**	(15,434)
Increase in trade and bills receivables		**(914,628)**	(853,236)
Decrease in prepayments, deposits and other receivables		**458,247**	24,366
Decrease/(increase) in financial receivables		**789,063**	(1,040,555)
(Decrease)/increase in trade payables		**(52,312)**	118,702
(Decrease)/increase in other payables, advances from customers and accruals		**(1,387,768)**	675,783
Increase/(decrease) in provisions for supplementary retirement benefits		**70**	(3,260)
Cash used in operations		**(669,578)**	(830,300)
Interest received		**28,761**	10,386
Income tax paid		**(93,159)**	(77,418)
Net cash flows used in operating activities		**(733,976)**	(897,332)

	Notes	Six-month period ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of items of property, plant and equipment		**(30,018)**	(36,102)
Payments for acquisition of intangible assets		**(596)**	(378)
Payments for acquisition of prepaid land lease payments		**–**	(202,880)
Purchase of available-for-sale investments		**–**	(90,000)
Purchase of financial assets at fair value through profit or loss		**(265,000)**	–
Addition of investment in an associate		**–**	(30,000)
Proceeds from disposal of items of property, plant and equipment		**(379)**	1,336
Proceeds from disposal of available-for-sale investments		**–**	90,091
Proceeds from disposal of financial assets at fair value through profit or loss		**202,815**	–
Dividends received from associates and joint ventures		**32**	28
Decrease in amounts due from related parties included in other receivables		**405,000**	–
Acquisition of a subsidiary, net of cash acquired		**1,297**	–
Decrease/(increase) in pledged deposits		**8,378**	(7,297)
Net cash flows from/(used in) investing activities		**321,529**	(275,202)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(69,922)**	(52,070)
Dividends paid to non-controlling shareholders		**(9,600)**	(573)
New bank and other borrowings		**599,589**	948,135
Repayment of bank and other borrowings		**(80,000)**	–
Net cash flows from financing activities		**440,067**	895,492
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**27,620**	(277,042)
Cash and cash equivalents at beginning of period		**3,381,687**	2,565,652
Effect of exchange rate changes on cash and cash equivalents		**2,923**	(5,489)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	19	**3,412,230**	2,283,121

1. CORPORATE INFORMATION

Beijing Urban Construction Design & Development Group Co., Limited (the "Company") began its operations in 1958 in the PRC as a state-owned professional survey and design institute founded specifically for the survey and design of Beijing Subway Line 1. Subsequent to a series of reorganisations, the Company was then converted into a joint stock company with limited liability and renamed as Beijing Urban Construction Design & Development Group Co., Limited (北京城建設計發展集團股份有限公司) on 28 October 2013.

The Company's H shares were issued and listed on the Main Board of the Stock Exchange of Hong Kong Limited ("Stock Exchange") in July 2014.

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

During the period, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

– Design, survey and consultancy services for urban rail transit and urban rail transit related industrial and civil construction and municipal engineering projects

– 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.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board ("IASB") and in compliance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2017.

The interim condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousands, except when otherwise indicated.

2.2 Impact of new and revised International Financial Reporting Standards ("IFRSs")

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standard effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* that did not restate previous financial statements and recognise transition adjustments against the opening balance of equity at 1 January 2018. The nature and the effect of these changes are disclosed below.

Several other amendments and interpretations have been applied for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

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

2.2 Impact of new and revised International Financial Reporting Standards ("IFRSs") (Continued)

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 supersedes IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the modified retrospective method which recognised the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings as at 1 January 2018. In addition, the Group applied the new requirements only to contracts that are not completed before 1 January 2018.

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

2.2 Impact of new and revised International Financial Reporting Standards ("IFRSs") (Continued)

IFRS 15 *Revenue from Contracts with Customers* (Continued)

There was no material impact of transition to IFRS 15 on retained profits as at 1 January 2018. The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position as at 1 January 2018. Line items that were not affected by the changes have not been included.

	As at 1 January 2018		
	As previously stated RMB'000	Reclassifications under IFRS 15 RMB'000	Restated RMB'000
Assets			
Financial receivables	3,850,621	(1,968,047)	1,882,574
Amounts due from contract customers	1,941,949	(1,941,949)	–
Contract assets	–	3,909,996	3,909,996
Liabilities			
Amounts due to contract customers	(1,531,631)	1,531,631	–
Other payables, advance from customer and accruals	(2,221,156)	1,336,066	(885,090)
Contract liabilities	–	(2,867,697)	(2,867,697)

The Group's principal activities consist of design, survey and consultancy services and construction contracting services. The impacts arising from the adoption of IFRS 15 on the Group are summarised as follows:

(a) Contract for services

Revenue from the rendering of services is recognised based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered. Upon the adoption of IFRS15, the contract revenue will be recognised over the period that the services are provided.

For the six months ended 30 June 2018, the Group has concluded that the adoption of IFRS 15 did not have any material impact on the Group's revenue recognition.

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

2.2 Impact of new and revised International Financial Reporting Standards ("IFRSs") (Continued)

IFRS 15 *Revenue from Contracts with Customers* (Continued)

(b) Construction contracts

Revenue from fixed price construction contracting is recognised using the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract. Revenue from cost plus construction contracts is recognised using the percentage of completion method, by reference to the recoverable costs incurred during the period plus the related fee earned, measured by the proportion of costs incurred to date to the estimated total cost of the relevant contract. Upon the adoption of IFRS15, the contract revenue will be recognised over the period that the construction services are provided.

For the six months ended 30 June 2018, the Group has concluded that the adoption of IFRS 15 did not have any material impact on the Group's revenue recognition.

(c) Service concession arrangements

The Group has entered into a number of service concession arrangements with the Grantors. The service concession arrangements consist of the BOT arrangements. Under the BOT arrangements, the Group carries out construction work of municipal infrastructure for the Grantors and receives in return the rights to operate the service project concerned for a specified period of time (the "operation period") in accordance with the pre-established conditions set by the Grantors, the service project should be transferred to the Grantors with nil consideration at the end of the operation period. In prior reporting periods, the Group allocated the consideration received from the granter into revenue from construction and operation and interest income, in accordance with IFRIC 12 Service Concession Arrangements. Upon the adoption of IFRS 15, the revenue allocated to the construction service will be recognised over the period that the construction services are provided; the operation revenue allocated to the operation service will be recognised over the period that the operation services are provided; and the financial revenue will be recognised by applying the effective interest method to the amortised cost of financial assets over the period of the service concession arrangements.

For the six months ended 30 June 2018, the Group has concluded that the adoption of IFRS 15 did not have any material impact on the Group's revenue recognition.

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

2.2 Impact of new and revised International Financial Reporting Standards ("IFRSs") (Continued)

IFRS 15 *Revenue from Contracts with Customers* (Continued)

(d) Presentation and disclosure requirements

As required for the condensed interim financial statements, the Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to Note 4 for the disaggregated revenue.

IFRS 9 *Financial Instruments*

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

With the exception of hedge accounting, which the Group applied prospectively, the Group has applied IFRS 9 retrospectively, with the initial application date of 1 January 2018 and did not restate the comparative information for the period beginning 1 January 2017.

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

2.2 Impact of new and revised International Financial Reporting Standards ("IFRSs") (Continued)

IFRS 9 *Financial Instruments* (Continued)

The effect of adopting IFRS 9 is as follows:

(a) Classification and measurement

Except for certain trade receivables and other receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss ("FVPL"), amortised cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interests" on the principal amount outstanding (the "SPPI criterion").

The new classification and measurement of the Group's financial assets are as follows:

Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade and bills receivables, financial receivables, financial assets included under prepayments, deposits and other receivables and loans included under other non-current financial assets.

Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocable elected to so classify upon initial recognition or transition. The Group classified its unquoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9. Under IAS 39, the Group's unquoted equity instruments were classified as available-for-sale ("AFS") financial assets.

Financial assets at FVPL include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Under IAS 39, the Group's corporate wealth management products, which had been previously recognised under accumulated other comprehensive income ("OCI"), was reclassified to retained profits.

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

2.2 Impact of new and revised International Financial Reporting Standards ("IFRSs") (Continued)

IFRS 9 *Financial Instruments* (Continued)

(a) Classification and measurement (Continued)

The assessment of the Group's business models was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. The main effects resulting from this reclassification are as follows:

Financial assets	Measurement category		Carrying amount	
	Original (IAS 39)	New (IFRS 9)	Original (IAS 39) RMB'000	New (IFRS 9) RMB'000
Available-for-sale investments:				
Corporate wealth management products	Available-for-sale at fair value	FVPL	11,252	11,252
Unlisted equity investments	Available-for-sale at cost	FVOCI	8,650	8,650
			19,902	19,902
Loans and receivables:				
Trade and bills receivables	Loans and receivables	Financial assets at amortised cost	2,390,646	2,390,646
Financial receivables	Loans and receivables	Financial assets at amortised cost	3,850,621	3,850,621
Financial assets included in prepayments, deposits and other receivables	Loans and receivables	Financial assets at amortised cost	1,313,909	1,313,909
Pledged deposits	Loans and receivables	Financial assets at amortised cost	21,177	21,177
Cash and bank balances	Loans and receivables	Financial assets at amortised cost	3,381,887	3,381,887
			10,958,240	10,958,240
			10,978,142	10,978,142

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

2.2 Impact of new and revised International Financial Reporting Standards ("IFRSs") (Continued)

IFRS 9 *Financial Instruments* (Continued)

(a) Classification and measurement (Continued)

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39. Similar to the requirements of IAS 39, IFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of profit or loss.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on their contractual terms and the Group's business model.

The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed from that required by IAS 39.

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

IFRS 9 requires the Group to record an allowance for ECL for all other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For contract assets, trade receivables, other receivables and other non-current financial assets, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

2.2 Impact of new and revised International Financial Reporting Standards ("IFRSs") (Continued)

IFRS 9 *Financial Instruments* (Continued)

(b) Impairment (Continued)

The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The total impact on the Group's equity due to adoption of IFRS 9 as at 1 January 2018 is as follows:

	Capital reserve RMB'000 (Unaudited)	Retained profits RMB'000 (Unaudited)	Non-controlling interests RMB'000 (Unaudited)	Total equity RMB'000 (Unaudited)
At 31 December 2017	743,558	1,632,329	262,742	4,183,318
Changes in fair value of available for sale investments	(1,252)	1,252	–	–
Increase in provision for trade receivables, net of tax	–	(13,261)	–	(13,261)
Increase in provision for other receivables, net of tax	–	(159)	–	(159)
Increase in provision for contract assets, net of tax	–	(8,573)	(158)	(8,731)
Increase in provision for financial receivables, net of tax	–	(1,644)	(305)	(1,949)
Adjustment of adoption of IFRS 9, net of tax	(1,252)	(22,385)	(463)	(24,100)
At 1 January 2018	742,306	1,609,944	262,279	4,159,218

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

2.2 Impact of new and revised International Financial Reporting Standards ("IFRSs") (Continued)

IFRS 9 *Financial Instruments* (Continued)

(b) Impairment (Continued)

The impact on the Group's financial position by application of IFRS 9 is as follows:

	As at 1 January 2018			
	As previously stated RMB'000	Reclassifications under IFRS 9 RMB'000	Adjustments under IFRS 9 RMB'000	Restated RMB'000
Consolidated statement of financial position (extract)				
Available-for-sale investments	19,902	(19,902)	–	–
Financial assets at fair value through other comprehensive income	–	8,650	–	8,650
Financial assets at fair value through profit or loss	–	11,252	–	11,252
Deferred tax assets	105,541	–	5,026	110,567
Contract assets	–	3,909,996	(10,702)	3,899,294
Trade and bill receivables	2,390,646	–	(15,843)	2,374,803
Prepayments, deposits and other receivables	1,735,298	–	28	1,735,326
Financial receivables	3,850,621	(1,968,047)	(2,609)	1,879,965
Capital reserve	743,558	–	(1,252)	742,306
Retained profits	1,632,329	–	(22,385)	1,609,944
Non-controlling interests	262,742	–	(463)	262,279

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

2.2 Impact of new and revised International Financial Reporting Standards ("IFRSs") (Continued)

IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation does not have any impact on the Group's consolidated financial statements.

Amendments to IAS 40 *Transfers of Investment Property*

The amendments clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions*

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligation; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if they elect to adopt for all three amendments and other criteria are met. The Group has no share-based payment transaction. Therefore, these amendments do not have any impact on the Group's consolidated financial statements.

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

2.2 Impact of new and revised International Financial Reporting Standards ("IFRSs") (Continued)

Amendments to IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments are not relevant to the Group.

Amendments to IAS 28 *Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice*

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, an initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Deletion of short-term exemptions for first-time adopters*

Short-term exemptions in paragraphs E3-E7 of IFRS 1 were deleted because they have now served their intended purpose. These amendments do not have any impact on the Group's consolidated financial statements.

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

2.3 Issued but not yet effective International Financial Reporting Standards (“IFRSs”)

The Group has not applied the following new and revised IFRSs, which have been issued but are not yet effective, in these financial statements.

IFRS 16	*Leases*[1]
IFRIC Interpretation 23	*Uncertainty over Income Tax Treatments*[1]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*[1]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Annual Improvements 2015–2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23[1]

[1] Effective for annual periods beginning on or after 1 January 2019
[2] Effective for annual periods beginning on or after 1 January 2021
[3] No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application.

3. OPERATING SEGMENT INFORMATION

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

(a) Design, survey and consultancy – this segment engages in the provision of services on designing, surveying and mapping, monitoring and consulting services in the engineering of urban rail transit, municipal management and construction; and

(b) Construction contracting – this segment engages in the provision of services relating to urban rail transit and the service concession arrangements under the BOT arrangements.

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

Segment assets exclude deferred tax assets, unallocated cash and bank balances, unallocated pledged deposits and unallocated financial products included in financial assets at fair value through profit or loss as these assets are managed on a group basis.

Segment liabilities exclude tax, 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.

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six-month period ended 30 June 2018

	Design, survey and consultancy RMB'000 (Unaudited)	Construction contracting RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue:				
Sales to external customers	1,682,696	1,735,519	–	3,418,215
Intersegment sales	10,898	–	(10,898)	–
Total revenue	1,693,594	1,735,519	(10,898)	3,418,215
Segment results	224,287	41,801	(7,132)	258,956
Finance costs	–	(83,203)	–	(83,203)
Interest income	4,917	150,709	–	155,626
Profit of segments for the period	229,204	109,307	(7,132)	331,379
Unallocated interest income				6,824
Income tax expense				(69,023)
Profit for the period				269,180
Segment assets	5,325,474	8,485,269	(227,509)	13,583,234
Corporate and other unallocated assets				1,630,726
Total assets				15,213,960
Segment liabilities	4,473,962	6,457,921	(176,682)	10,755,201
Corporate and other unallocated liabilities				170,067
Total liabilities				10,925,268

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six-month period ended 30 June 2018 (Continued)

	Design, survey and consultancy RMB'000 (Unaudited)	Construction contracting RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Other segment information:				
Share of profits and losses of:				
Joint ventures	2,419	–	–	2,419
Associates	2,243	–	–	2,243
Depreciation	13,820	18,028	–	31,848
Amortisation	4,019	–	–	4,019
Provision for				
– foreseeable losses/(reversal of losses) on contracts	10,066	(365)	–	9,701
– impairment of trade receivables, deposits, other receivables, financial receivables and contract assets	40,844	7,482	–	48,326
Investments in joint ventures	40,863	–	–	40,863
Investments in associates	96,560	–	–	96,560
Capital expenditure*	34,635	8,261	–	42,896

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six-month period ended 30 June 2017

	Design, survey and consultancy RMB'000 (Unaudited)	Construction contracting RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue:				
Sales to external customers	1,275,546	1,756,577	–	3,032,123
Intersegment sales	8,069	–	(8,069)	–
Total revenue	1,283,615	1,756,577	(8,069)	3,032,123
Segment results	179,892	28,325	5,562	213,779
Finance costs	–	(62,327)	–	(62,327)
Interest income	220	114,356	–	114,576
Profit of segments for the period	180,112	80,354	5,562	266,028
Unallocated interest income				5,970
Unallocated gains on disposal of available-for-sale investments				91
Income tax expense				(45,847)
Profit for the period				226,242
Segment assets	6,225,875	6,555,475	(582,135)	12,199,215
Corporate and other unallocated assets				1,116,245
Total assets				13,315,460
Segment liabilities	5,597,406	4,520,351	(578,187)	9,539,570
Corporate and other unallocated liabilities				159,685
Total liabilities				9,699,255

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six-month period ended 30 June 2017 (Continued)

	Design, survey and consultancy RMB'000 (Unaudited)	Construction contracting RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Other segment information:				
Share of profits and losses of:				
Joint ventures	(2,035)	–	–	(2,035)
Associates	2,330	–	–	2,330
Depreciation	11,731	5,712	–	17,443
Amortisation	2,982	–	–	2,982
Provision for				
– foreseeable losses on contracts	5,804	267	–	6,071
– impairment of trade receivables, deposits and other receivables	33,652	1,227	–	34,879
Investments in joint ventures	38,068	–	–	38,068
Investments in associates	47,338	–	–	47,338
Capital expenditure*	223,277	6,412	–	229,689

* Capital expenditure mainly consists of additions to property, plant and equipment, prepaid land lease payments and intangible assets.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents: (1) the invoiced values of services rendered, and (2) an appropriate proportion from contract revenue of construction contracting.

An analysis of the Group's revenue, other income and gains is as follows:

	Six-month period ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Design, survey and consultancy	**1,682,696**	1,275,546
Construction contracting	**1,735,519**	1,756,577
	3,418,215	3,032,123

	Six-month period ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Service transferred over time	**3,418,215**	3,032,123

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

	Six-month period ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Mainland China	**3,354,138**	2,928,582
Overseas	**64,077**	103,541
	3,418,215	3,032,123
Other income and gains		
Interest income	**162,450**	120,546
Gains on disposal of available-for-sale investments	**–**	91
Gains on disposal of financial assets at fair value through profit or loss	**1,562**	–
Fair value gains of financial assets at fair value through profit or loss	**1,021**	–
Government grants	**83**	242
Foreign exchange gains	**2,958**	–
Others	**4,283**	548
	172,357	121,427

5. FINANCE COSTS

	Six-month period ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**83,203**	62,327

6. PROFIT BEFORE TAX

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

	Six-month period ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of design, survey and consultancy	**1,183,638**	870,850
Cost of construction contracting	**1,588,945**	1,577,887
Total cost of sales	**2,772,583**	2,448,737
Depreciation of items of property, plant and equipment	**31,848**	17,443
Amortisation of prepaid land lease payments	**2,576**	1,471
Amortisation of intangible assets	**1,443**	1,511
Total depreciation and amortisation	**35,867**	20,425
Impairment of trade receivables, net	**48,052**	32,200
Impairment of financial receivables, net	**453**	–
Impairment of deposits and other receivables, net	**(417)**	2,679
Impairment of contract assets, net	**238**	–
Total impairment losses, net	**48,326**	34,879
Provision for foreseeable losses on contracts	**9,701**	6,071
Lease expenses under operating leases	**114,167**	84,493
Auditors' remuneration	**830**	830
Employee benefit expenses (including directors' and supervisors' remuneration):		
Wages, salaries and allowances	**530,299**	499,002
Retirement benefit costs		
– Defined contribution retirement schemes	**57,228**	53,402
– Defined benefit retirement schemes	**1,830**	1,330
Total retirement benefit costs	**59,058**	54,732
Welfare and other expenses	**108,585**	97,937
Total employee benefit expenses	**697,942**	651,671
Government grants	**83**	(242)
Interest income	**(162,450)**	(120,546)
Gains on disposal of available-for-sale investments	**–**	(91)
Gains on disposal of financial assets at fair value through profit or loss	**(1,562)**	–
Loss on disposal of items of property, plant and equipment, net	**11**	75
Foreign exchange differences, net	**(2,958)**	5,553

7. INCOME TAX EXPENSE

The Company and certain subsidiaries of the Company have been identified as "high and new technology enterprises" and were entitled to a preferential income tax at a rate of 15% for the periods ended 30 June 2018 and 2017 in accordance with the PRC Corporate Income Tax Law. Other entities within the Group in Mainland China were subject to corporate income tax at a statutory rate of 25%.

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits in Hong Kong during the six-month periods ended 30 June 2018 and 2017.

	Six-month period ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax – Mainland China	**69,241**	46,868
Deferred income tax	**(218)**	(1,021)
Tax charge for the period	**69,023**	45,847

A reconciliation of the income tax expense applicable to profit before tax at the statutory income tax rate to the income tax expense at the Group's effective income tax rate for the six-month periods ended 30 June 2018 and 2017 is as follows:

	Six-month period ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit before tax	**338,203**	272,089
Income tax charge at the statutory income tax rate	**84,551**	68,022
Effect of different income tax rates for some entities	**(26,204)**	(22,567)
Tax effect of share of profits and losses of joint ventures and associates	**(1,166)**	(73)
Additional tax deduction for research and development expenditure	**(1,191)**	–
Expenses not deductible for tax purposes	**6,195**	1,681
Adjustments in respect of current tax of previous periods	**1,331**	(2,202)
Tax losses not recognised	**5,507**	986
Tax charge for the period at the effective rate	**69,023**	45,847

8. DIVIDENDS

The dividends for the six-month periods ended 30 June 2018 and 2017 are set out below:

	Note	Six-month period ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Declared 2017 final dividend – RMB0.0994 (2016: RMB0.0996) per ordinary share	(i)	**134,058**	126,758

Note:

(i) At the annual general meeting held on 29 May 2018, the Company's shareholders approved the payment of the final dividend for the year ended 31 December 2017 of RMB0.0994 per share which amounted to RMB134,058,000 in total.

At the annual general meeting held on 5 June 2017, the Company's shareholders approved the payment of the final dividend for the year ended 31 December 2016 of RMB0.0996 per share which amounted to RMB126,758,000 in total.

The directors did not recommend the payment of an interim dividend for the six-month period ended 30 June 2018 (six-month period ended 30 June 2017: Nil).

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

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the six-month periods ended 30 June 2018 and 2017.

	Six-month period ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the period attributable to ordinary equity holders of the parent	**262,771**	220,361

	Six-month period ended 30 June	
	2018	2017
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	**1,348,670**	1,272,670

The Group had no potential dilutive ordinary shares in issue during these periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 June 2018, the Group acquired property, plant and equipment with an aggregate cost amounting to approximately RMB45,190,000 (unaudited) (six-month period ended 30 June 2017: RMB27,305,000 (unaudited)).

In addition, during the same period, property, plant and equipment with an aggregate net carrying value of approximately RMB549,000 (unaudited) (six-month period ended 30 June 2017: RMB1,410,000 (unaudited)) were disposed of, which resulted in a net gain on disposal of approximately RMB10,616 (unaudited) (six-month period ended 30 June 2017: RMB75,000 (unaudited)).

11. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

Construction contracts

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Amounts due from contract customers	–	616,832
Provision for impairment	–	(3,891)
Amounts due from contract customers, net	–	612,932
Amounts due to contract customers	–	(306,841)
	–	306,091

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Contract costs incurred plus recognised profits less recognised losses to date	–	19,351,480
Less: Progress billings received and receivable	–	(19,045,389)
	–	306,091

11. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS (CONTINUED)

Contracts for services

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Amounts due from contract customers	–	1,348,698
Provision for impairment	–	(19,681)
Amounts due from contract customers, net	–	1,329,017
Amounts due to contract customers	–	(1,224,790)
	–	104,227

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Contract costs incurred plus recognised profits less recognised losses to date	–	15,624,472
Less: Progress billings received and receivable	–	(15,520,245)
	–	104,227

The movements in provision for impairment of amounts due from customers are as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
At beginning of the period/year	–	–
Impairment losses recognised	–	23,572
At end of the period/year	–	23,572

12. CONTRACT ASSETS/(LIABILITIES)

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Contract assets from contract customers	**2,182,090**	–
Provision for impairment	**(33,632)**	–
Contract assets from contract customers, net	**2,148,458**	–
Contract assets from service concession arrangements	**1,202,989**	–
Provision for impairment	**(880)**	–
Contract assets from service concession arrangements, net	**1,202,109**	–
	3,350,567	–
Portion classified as non-current contract assets	**(1,057,755)**	–
Current portion	**2,292,812**	–
Contract liabilities to contract customers	**(1,746,605)**	–
Advance from customers	**(1,316,275)**	–
	(3,062,880)	–

12. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

Construction contracts

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Contract assets from contract customers	449,693	–
Provision for impairment	(1,977)	–
Contract assets from contract customers, net	447,716	–
Contract liabilities to contract customers	(217,965)	–
	229,751	–

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Contract costs incurred plus recognised profits less recognised losses to date	21,137,957	–
Less: Progress billings received and receivable	(20,908,206)	–
	229,751	–

12. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

Contracts for services

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Contract assets from contract customers	**1,732,397**	–
Provision for impairment	**(31,655)**	–
Contract assets from contract customers, net	**1,700,742**	–
Contract liabilities to contract customers	**(1,528,640)**	–
	172,102	–

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Contract costs incurred plus recognised profits less recognised losses to date	**17,215,768**	–
Less: Progress billings received and receivable	**(17,043,666)**	–
	172,102	–

12. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

The movements in provision for impairment of contract assets from contract customers are as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
As at 31 December 2017(note11)	**23,572**	–
Adjustment of adoption of IFRS 9	**10,702**	–
As at 1 January 2018	**34,274**	–
Impairment losses recognised	**4,919**	–
Impairment losses reversed	**(4,681)**	–
At end of the period/year	**34,512**	–

As at 30 June 2018, the Group's contract assets from service arrangements of RMB1,182,242,000 were pledged to secure certain of the Group's bank loans, amounting to RMB954,656,000 (note 22).

13. AVAILABLE-FOR-SALE INVESTMENTS

	Note	**As at 30 June 2018 RMB'000 (Unaudited)**	As at 31 December 2017 RMB'000 (Audited)
Unlisted equity investments, at cost		**–**	8,650
Other financial assets	(i)	**–**	11,252
		–	19,902

Note:

(i) The other financial assets represented corporate wealth management products with principals guaranteed by banks.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Unlisted equity investments	**8,650**	–

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Corporate wealth management products	**76,021**	–

16. FINANCIAL RECEIVABLES

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Receivables for service concession arrangements	**3,061,558**	3,850,621
Provision for impairment	**(3,062)**	–
Receivables for service concession arrangements, net	**3,058,496**	3,850,621
Portion classified as non-current assets	**(2,904,118)**	(3,641,891)
Current portion	**154,378**	208,730

The movements in provision for impairment of financial receivables are as follows:

	Six-month period ended 30 June 2018 RMB'000 (Unaudited)	Year ended 31 December 2017 RMB'000 (Audited)
As at 31 December 2017	**–**	–
Adjustment of adoption of IFRS 9	**2,609**	–
As at 1 January 2018	**2,609**	–
Impairment losses recognised	**453**	–
At end of the period/year	**3,062**	–

Receivables for service concession arrangements arose from the service concession contracts to build and operate urban road and were recognised to the extent that the Group has an unconditional contractual right to receive cash from the grantor.

16. FINANCIAL RECEIVABLES (CONTINUED)

Financial receivables were unbilled receivables. Financial receivables were mainly due from governmental authorities in Mainland China as grantors in respect of the Group's service concession arrangements.

At 30 June 2018, the Group's financial receivables of RMB3,058,496,000 (31 December 2017: RMB3,850,621,000) were pledged to secure certain of the Group's bank loans, amounting to RMB3,118,621,000 (31 December 2017: RMB2,599,032,000) (note 22).

17. TRADE AND BILLS RECEIVABLES

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

	Note	**As at 30 June 2018 RMB'000 (Unaudited)**	As at 31 December 2017 RMB'000 (Audited)
Trade receivables		**3,624,048**	2,621,235
Provision for impairment		**(367,417)**	(303,522)
Trade receivables, net		**3,256,631**	2,317,713
Bills receivable		**20,065**	72,933
		3,276,696	2,390,646
Portion classified as non-current assets	(i)	**(39,254)**	(33,421)
Current portion		**3,237,442**	2,357,225

Note:

(i) The non-current portion of trade receivables mainly represents the amounts of retention money held by customers as at the reporting date.

17. TRADE AND BILLS RECEIVABLES (CONTINUED)

As at the reporting date, the amounts of retention money held by customers for contract works included in trade receivables are as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Amounts of retention money in trade receivables	**73,388**	89,202

An aging analysis of the trade and bills receivables, based on the billing date and net of provision, as at the reporting date is as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Within 3 months	**1,225,019**	1,026,789
3 to 6 months	**463,017**	426,048
6 months to 1 year	**727,966**	291,211
1 to 2 years	**494,836**	345,651
2 to 3 years	**218,107**	99,081
3 to 4 years	**74,383**	70,130
4 to 5 years	**44,256**	45,935
Over 5 years	**9,047**	12,868
	3,256,631	2,317,713

17. TRADE AND BILLS RECEIVABLES (CONTINUED)

The movements in provision for impairment of trade receivables are as follows:

	Six-month period ended 30 June 2018 RMB'000 (Unaudited)	Year ended 31 December 2017 RMB'000 (Audited)
As at 31 December 2017	**303,522**	225,065
Adjustment of adoption of IFRS 9	**15,843**	–
As at 1 January 2018	**319,365**	225,065
Impairment losses recognised	**49,299**	89,870
Impairment losses reversed	**(1,247)**	(11,413)
At end of the period/year	**367,417**	303,522

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9. As at 30 June 2018, a provision of RMB367,417,000 was made against the gross amounts of trade receivable. Included in the above provision for impairment of trade receivables are provisions for individually impaired trade receivables of RMB81,552,000 (unaudited) (31 December 2017: RMB133,396,000) with an aggregate carrying amount before provision of RMB102,568,000 (unaudited) as at 30 June 2018 (31 December 2017: RMB274,404,000).

The individually impaired trade receivables relate to customers that were in default in principal payments or were in financial difficulties and only a portion of the receivables is expected to be recovered.

Pursuant to the capital injection agreement in May 2013, seven strategic investors contributed cash of RMB703 million to the Company. Thereafter, these strategic investors became the beneficial shareholders (the "Beneficial Shareholders") of the Company.

17. TRADE AND BILLS RECEIVABLES (CONTINUED)

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

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Beneficial Shareholders and their affiliates	**614,755**	598,063
BUCG	**30,335**	23,213
Fellow subsidiaries	**6,086**	9,397
Associates of BUCG	**561**	3,430
Associates	**1,231**	741
	652,968	634,844

The above amounts are unsecured, non-interest-bearing and repayable on credit terms similar to those offered to other major customers of the Group, except for the trade receivables of RMB 176,518,000 were pledged to secure certain of the Group's bank loans, amounting to RMB1,440,000,000 (note 22).

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	**As at 30 June 2018 RMB'000 (Unaudited)**	As at 31 December 2017 RMB'000 (Audited)
Deposits and other receivables		**575,653**	1,330,525
Provision for impairment of deposits and other receivables		**(16,171)**	(16,616)
		559,482	1,313,909
Prepayments		**252,195**	241,985
Deductible input VAT		**192,106**	179,404
		1,003,783	1,735,298
Portion classified as non-current assets	(i)	**(202,945)**	(371,702)
Current portion		**800,838**	1,363,596

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

Note:

(i) The non-current portion of deposits and other receivables mainly represents reimbursed expenses on behalf of the customers and performance guarantee amounts held by customers as at the reporting date.

The movements in provision for impairment of deposits and other receivables are as follows:

	Six-month period ended 30 June 2018 RMB'000 (Unaudited)	Year ended 31 December 2017 RMB'000 (Audited)
At at 31 December 2017	16,616	11,921
Adjustment of adoption of IFRS 9	(28)	–
As at 1 January 2018	16,588	11,921
Impairment losses recognised	1,567	7,046
Impairment losses reversed	(1,984)	(2,351)
At end of the period/year	16,171	16,616

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9. As at 30 June 2018, a provision of RMB16,171,000 was made against the gross amounts of deposits and other receivables. Included in the above provision for impairment of deposits and other receivables are provisions for individually impaired other receivables of RMB7,298,000 (unaudited) (31 December 2017: RMB7,298,000) with an aggregate carrying amount before provision of RMB7,298,000 (unaudited) as at 30 June 2018 (31 December 2017: RMB7,298,000).

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

The amounts due from joint ventures, associates and other related parties included in the prepayments, deposits and other receivables are as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Joint ventures	**96,696**	489,101
Associates	**2,449**	34,344
An associate of BUCG	**8,582**	8,582
Fellow subsidiaries	**202**	364
Beneficial Shareholders and their affiliates	**257**	–
	108,186	532,391

The above amounts are unsecured, non-interest-bearing and have no fixed terms of settlement, except for the other receivables of RMB199,796,000 (31 December 2017: RMB520,253,000) were pledged to secure certain of the Group's bank loans, amounting to RMB723,966,000 (31 December 2017: RMB2,599,032,000) (note 22).

19. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Cash and bank balances	**3,425,029**	3,402,864
Time deposits	**200**	200
	3,425,229	3,403,064
Less: Pledged bank balances for bidding guarantees and performance guarantees	**(12,799)**	(21,177)
Cash and bank balances in the consolidated statement of financial position	**3,412,430**	3,381,887
Less: Non-pledged time deposits with original maturity of more than three months when acquired	**(200)**	(200)
Cash and cash equivalents in the consolidated statement of cash flows	**3,412,230**	3,381,687
Cash and bank balances and time deposits denominated in:		
– RMB	**3,183,331**	3,164,304
– Other currencies	**241,898**	238,760
	3,425,229	3,403,064

20. TRADE PAYABLES

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

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Within 6 months	**925,476**	1,386,090
6 months to 1 year	**604,986**	230,855
1 to 2 years	**357,685**	549,378
2 to 3 years	**276,226**	278,452
Over 3 years	**462,794**	233,084
	2,627,167	2,677,859

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

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

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Associates of BUCG	**135,465**	193,818
Fellow subsidiaries	**123,639**	129,844
Associates	**3,610**	4,267
A joint venture	**6,890**	3,360
Beneficial Shareholders and their affiliates	**180**	180
BUCG	**–**	43
	269,784	331,512

21. OTHER PAYABLES, ADVANCES FROM CUSTOMERS AND ACCRUALS

	Note	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Advances from customers		–	1,336,066
Accrued salaries, wages and benefits		336,438	411,872
Other taxes payable		529,325	517,455
Retention payables		120,550	115,402
Dividend payable to shareholders		134,058	–
Interest payable		30,078	16,798
Deferred income		21,875	21,210
Other payables		133,417	99,932
		1,305,741	2,518,735
Portion classified as non-current liabilities	(i)	(331,962)	(297,579)
Current portion		973,779	2,221,156

Note:

(i) The non-current portion mainly represents the performance guarantee amounts from subcontractors and suppliers of the Group as at the reporting date.

The above amounts are unsecured, non-interest-bearing and have no fixed terms of settlement.

21. OTHER PAYABLES, ADVANCES FROM CUSTOMERS AND ACCRUALS (CONTINUED)

The amounts due to Beneficial Shareholders and their affiliates, a non-controlling shareholder and other related parties included in other payables, advances from customers and accruals are as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Beneficial Shareholders and their affiliates	291,868	316,064
A non-controlling shareholder	1,246	10,101
Fellow subsidiaries	2,238	8,526
Associates of BUCG	586	6,534
An associate	4,778	4,778
BUCG	2,032	1,946
	302,748	347,949

22. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 30 June 2018 (Unaudited)			As at 31 December 2017 (Audited)		
	Effective interest rate	Maturity	RMB'000	Effective interest rate	Maturity	RMB'000
Non-current						
Long term bank loans:						
– secured (i)	4.41%-4.90%	2019–2029	2,798,621	4.41%-4.90%	2019–2029	2,369,032
Long term other borrowings:						
– unsecured	3.98%-4.90%	2019–2026	708,400	3.98%-4.90%	2019–2026	708,400
			3,507,021			3,077,432
Current						
Current portion of long term bank loans:						
– secured (i)	4.66%-4.90%	2018–2019	320,000	4.66%-4.90%	2018	230,000
			3,827,021			3,307,432
Denominated in:						
– RMB			3,827,021			3,307,432

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

The maturity profile of the interest-bearing bank and other loans as at 30 June 2018 and 31 December 2017 is as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year	**320,000**	230,000
In the second year	**358,000**	374,000
In the third to fifth years, inclusive	**1,074,000**	799,066
Over five years	**1,366,621**	1,195,966
	3,118,621	2,599,032
Other borrowings repayable:		
In the second year	**130,400**	130,400
In the third to fifth years, inclusive	**220,000**	220,000
Over five years	**358,000**	358,000
	708,400	708,400
	3,827,021	3,307,432

Note:

(i) The bank loan of RMB3,118,621,000 (Unaudited) (31 December 2017: RMB2,599,032,000) was secured by the right of future financial receivables for certain service concession arrangements.

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

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
A non-controlling shareholder	**508,400**	508,400

23. OPERATING LEASE ARRANGEMENTS

As lessee

As at the reporting date, the Group had the following total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Within one year	59,959	53,714
In the second to fifth years, inclusive	68,920	63,869
After five years	278	288
	129,157	117,871

24. COMMITMENTS

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

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Contracted, but not provided for:		
Property, plant and equipment	215,687	219,786
Equity investments	3,748,100	2,901,040
	3,963,787	3,120,826

25. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties for the six-month periods ended 30 June 2018 and 2017:

	Six-month period ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Design, survey and consultancy services provided to:		
Beneficial Shareholders and their affiliates	**166,672**	58,260
BUCG	**9,156**	20,475
Fellow subsidiaries	**25,422**	8,683
Affiliates of a shareholder	**–**	212
Associates of BUCG	**476**	111
Associates	**883**	27
	202,609	87,768
Construction contracting services provided to:		
Beneficial Shareholders and their affiliates	**487,673**	492,848
BUCG	**9,145**	–
	496,818	492,848
Construction contracting services provided by:		
Associates of BUCG	**164,503**	127,325
Fellow subsidiaries	**60,131**	52,742
Affiliates of a shareholder	**–**	370
	224,634	180,437
Design, survey and consultancy services provided by:		
Associates	**14,584**	3,860
Associates of BUCG	**106**	378
A Joint venture	**8,629**	291
Fellow subsidiaries	**5,185**	160
	28,504	4,689

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) The Group had the following material transactions with related parties for the six-month periods ended 30 June 2018 and 2017: (continued)

	Six-month period ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Rental expenses and property management fees paid or payable to:		
BUCG	**1,348**	1,283
Fellow subsidiaries	**5,984**	5,984
	7,332	7,267
Construction in progress services provided by:		
A fellow subsidiary	**512**	756
Finance costs paid or payable to:		
A non-controlling shareholder	**12,456**	12,479
Borrowings provided to:		
An associate	**3,000**	11,500
A joint venture	**88,000**	–
	91,000	11,500
Interest income received or receivable from:		
An associate	**98**	588
A joint venture	**4,649**	–
	4,747	588

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

The Group guaranteed certain associates' letters of guarantee for performance for projects undertaken and the outstanding balance of such guarantee letters as at 31 December 2017 was RMB17 million.

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) The Group had the following material transactions with related parties for the six-month periods ended 30 June 2018 and 2017: (continued)

The Group is indirectly controlled by the PRC government and operates in an economic environment predominated by entities directly or indirectly owned or controlled by the government through its agencies, affiliates or other organisations (collectively "State-owned Enterprises" ("SOEs")). During the six-month periods ended 30 June 2018 and 2017, the Group entered into extensive transactions with SOEs other than those transactions disclosed elsewhere in these financial statements, such as bank deposits, rendering and receiving of design, survey and consultancy services and construction contracting services, and purchase of inventories and machinery. In the opinion of the directors of the Company, such transactions are activities conducted in the ordinary course of business, and the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those SOEs are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for rendered services and such pricing policies do not depend on whether or not the customers are SOEs.

(b) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 17, 18, 20 and 21.

(c) Compensation of key management personnel of the Group

	Six-month period ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short term employee benefits	**3,186**	3,428
Pension scheme	**470**	476
	3,656	3,904

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Commitments with related parties

As at the reporting date, the Group entered into several construction contracts and service contracts with related parties. The material commitments are as follows:

Pursuant to certain construction contracts signed by the Company and certain Beneficial Shareholder and a Beneficial Shareholder's affiliate, the Company was engaged to build certain subways and the backlog as at 30 June 2018 amounted to RMB3,227 million (unaudited) (31 December 2017: RMB2,220 million (audited).

Pursuant to certain design services contracts signed by the Company and certain Beneficial Shareholders and its affiliates and BUCG, the Company was engaged to design certain subways and industrial and civil construction and municipal engineering and the backlog as at 30 June 2018 amounted to RMB1,121 million (unaudited) (31 December 2017: RMB1,177 million (audited)).

26. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	As at 30 June 2018 RMB'000 (Unaudited)
Financial assets	
Financial assets at fair value:	
Financial assets at fair value through other comprehensive income	8,650
Financial assets at fair value through profit or loss	76,021
Financial assets at amortised cost:	
Trade and bills receivables	3,276,696
Financial receivables	3,058,496
Financial assets included in prepayments, deposits and other receivables	559,482
Pledged deposits	12,799
Cash and bank balances	3,412,430
	10,404,574
Financial liabilities	
Financial liabilities at amortised cost:	
Interest-bearing bank and other borrowings	3,827,021
Trade payables	2,627,167
Financial liabilities included in other payables, advances from customers and accruals	418,103
	6,872,291

26. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	As at 31 December 2017 RMB'000 (Audited)
Financial assets	
Available-for-sale financial investments:	
Available-for-sale investments	19,902
Loans and receivables:	
Trade and bills receivables	2,390,646
Financial receivables	3,850,621
Financial assets included in prepayments, deposits and other receivables	1,313,909
Pledged deposits	21,177
Cash and bank balances	3,381,887
	10,978,142
Financial liabilities	
Financial liabilities at amortised cost:	
Interest-bearing bank and other borrowings	3,307,432
Trade payables	2,677,859
Financial liabilities included in other payables, advances from customers and accruals	232,132
	6,217,423

27. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments as at the end of the reporting period, are as follows:

	Carrying amount		Fair value	
	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)	**As at 30 June 2018 RMB'000 (Unaudited)**	As at 31 December 2017 RMB'000 (Audited)
Financial assets				
Available-for-sale financial investments:				
Available-for-sale investments	**–**	11,252	**–**	11,252
Financial assets at fair value:				
Financial assets at fair value through other comprehensive income	**8,650**	–	**8,650**	–
Financial assets at fair value through profit or loss	**76,021**	–	**76,021**	–
Loans and receivables:				
Trade receivables, non-current portion	**39,254**	33,421	**39,142**	31,872
Financial receivables	**3,058,496**	3,850,621	**3,078,779**	3,851,560
Financial assets included in prepayments, deposits and other receivables, non-current portion	**14,939**	371,702	**17,052**	371,246
	3,197,360	4,266,996	**3,219,644**	4,265,930
Financial liabilities				
Financial liabilities at amortised cost:				
Interest-bearing bank and other borrowings, non-current portion	**3,507,021**	3,077,432	**3,495,269**	3,050,349
Financial liabilities included in other payables, advances from customers and accruals, non-current portion	**24,607**	21,340	**23,210**	21,273
	3,531,628	3,098,772	**3,518,479**	3,071,622

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

Management has assessed that the fair values of cash and bank balances, pledged deposits, the current portion of trade and bills receivables, trade payables, the current portion of financial assets included in prepayments, deposits and other receivables, the current portion of financial liabilities included in other payables and accruals and the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief accountant. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief accountant. The valuation process and results are discussed with the senior management twice a year for financial reporting purpose.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of trade and bills receivables, financial assets included in prepayments, deposits and other receivables, financial receivables and the non-current portion of financial liabilities included in other payables and accruals and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

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

Fair value hierarchy:

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

30 June 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	**Significant observable inputs (Level 2) RMB'000 (Unaudited)**	**Significant unobservable inputs (Level 3) RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Financial assets at fair value through other comprehensive income:				
Unlisted equity investments	**–**	**8,650**	**–**	**8,650**
Financial assets at fair value through profit or loss:				
Wealth investment products	**–**	**76,021**	**–**	**76,021**
	–	**84,671**	**–**	**84,671**

31 December 2017

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	Total RMB'000 (Audited)
Available-for-sale investments:				
Wealth investment products	–	11,252	–	11,252

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

Fair value hierarchy: (Continued)

Assets for which fair values are disclosed:

30 June 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	**Significant observable inputs (Level 2) RMB'000 (Unaudited)**	**Significant unobservable inputs (Level 3) RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Trade and bills receivables, non-current portion	**–**	**39,142**	**–**	**39,142**
Financial receivables	**–**	**3,078,779**	**–**	**3,078,779**
Financial assets included in prepayments, deposits and other receivables, non-current portion	**–**	**17,052**	**–**	**17,052**
	–	**3,134,973**	**–**	**3,134,973**

31 December 2017

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	Total RMB'000 (Audited)
Trade and bills receivables, non-current portion	–	31,872	–	31,872
Financial receivables	–	3,851,560	–	3,851,560
Financial assets included in prepayments, deposits and other receivables, non-current portion	–	371,246	–	371,246
	–	4,254,678	–	4,254,678

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

Fair value hierarchy: (Continued)

Liabilities for which fair values are disclosed:

30 June 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	**Significant observable inputs (Level 2) RMB'000 (Unaudited)**	**Significant unobservable inputs (Level 3) RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Interest-bearing bank and other borrowings, non-current portion	**–**	**3,495,269**	**–**	**3,495,269**
Financial liabilities included in other payables, advances from customers and accruals, non-current portion	**–**	**23,210**	**–**	**23,210**
	–	**3,518,479**	**–**	**3,518,479**

31 December 2017

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	Total RMB'000 (Audited)
Interest-bearing bank and other borrowings, non-current portion	–	3,050,349	–	3,050,349
Financial liabilities included in other payables, advances from customers and accruals, non-current portion	–	21,273	–	21,273
	–	3,071,622	–	3,071,622

28. EVENTS AFTER THE REPORTING PERIOD

As at the date of this report, there was no any significant subsequent event since 30 June 2018.

29. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 28 August 2018.

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

Beijing, 28 August 2018

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 Shi Yubin, Tang Shuchang, Wu Donghui, Guan Jifa, Ren Yuhang, Su Bin, Yu Xiaojun and Ren Chong; and the independent non-executive directors of the Company are Wang Dexing, Yim Fung, Sun Maozhu, Liang Qinghuai and Qin Guisheng.